ACWA POWER
كوا باور

Business Report

2014 | Enduring Progress

ACWA Power Barka, Oman

بسم الله الرحمن الرحيم

King Salman bin Abdulaziz Al-Saud
The Custodian of the Two Holy Mosques

Prince Mohammed bin Naif bin Abdulaziz Al-Saud
Crown Prince, Deputy Prime Minister
and Minister of Interior

Prince Mohammed bin Salman bin Abdulaziz Al-Saud
Deputy Crown Prince, Second Deputy Prime Minister
and Minister of Defense

At a Glance

NET PROFIT (SAR MILLIONS)/
YOY GROWTH

532/15.9%

EARNINGS PER SHARE (SAR)/
YOY GROWTH

1.01/7.45%

NO. OF EMPLOYEES[1] 2850

NATIONALITIES 30

LOCAL EMPLOYMENT[2] 95%+

NUMBER OF COUNTRIES 12

SHARE OF RENEWABLE ENERGY IN THE TOTAL PORTFOLIO[3] 8%

1 ASSET THAT COMMENCED OPERATIONS

4 ASSETS THAT COMMENCED CONSTRUCTION

SAFE CONSTRUCTION BOOKLET

8 languages
8,000 copies

HSE REPORTABLE INCIDENTS & INCIDENT RATE

0.22/0.25[4]

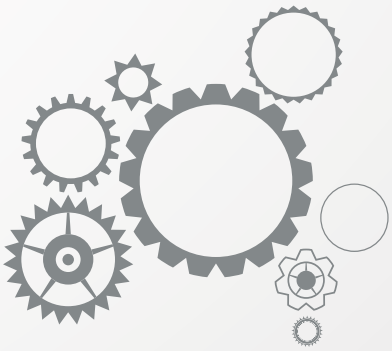
AFRICAN RENEWABLE DEVELOPER OF THE YEAR 2014

EMEA DEAL OF THE YEAR 2014 BY PROJECT FINANCE INTERNATIONAL FOR KIRIKKALE

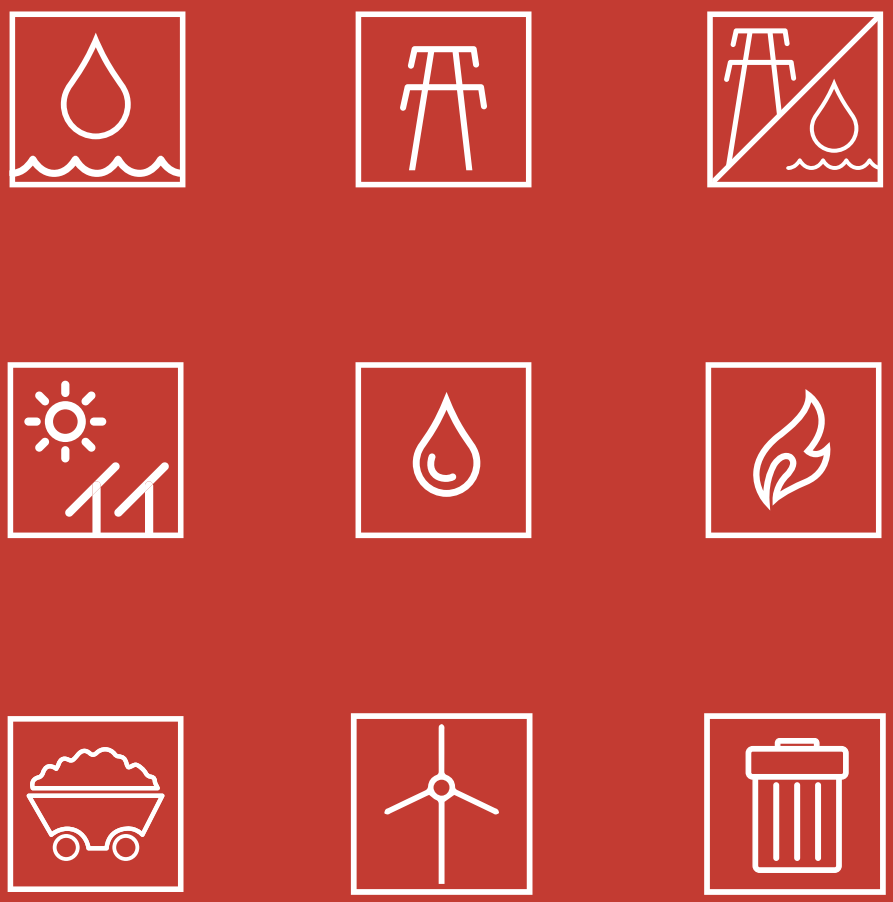
2015 OUTLOOK

PROJECT SIGNINGS 10+

ASSETS TO COMMENCE OPERATIONS 4



[1] ACWA Power Group
[2] Average % of employees in each country who are citizens of that country
[3] By Total Investment Cost
[4] European Benchmark



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"Our strategy remains one of **sustainable growth – access to power and water** is essential to **help economies grow** and **communities to develop,** and at ACWA Power we are proud that we have been able to **grow our business** through not only **providing reliable sources of energy and water,** but at **the lowest prices** in the industry."

From the desk of the Chairman

To our esteemed Shareholders, Customers, Partners and Colleagues,

ACWA Power has made excellent progress in only a decade since its inception and I am pleased to report that in 2014, we again successfully fulfilled our sustainable growth objectives. Our focus on addressing the most fundamental needs of the people of some of the fastest growing countries through the reliable provision of power and desalinated water at the lowest possible cost has resulted in ACWA Power becoming one of the fastest growing independent bulk power and / or desalinated water producers in our chosen markets.

2014 was a pivotal year for the company. We now have a presence in twelve countries and remain financially strong, delivering record financial results and enduring growth. The International Finance Corporation (IFC), a member of the World Bank Group, came on board as a shareholder, once more proving the attractiveness of our long-term business model.

Our strategy remains one of enduring growth – access to power and water is essential to help economies grow and communities to develop, and at ACWA Power we are proud that we have been able to grow our business through not only providing reliable sources of energy and water, but at the lowest prices in the industry. It is our cost competiveness, along with the ability to develop optimum solutions for our customer needs, which sets ACWA Power apart from the competition.

The strategic expansion of our geographic footprint continued in 2014 as we entered new markets identified as having developing economies with high growth rate potential. Both of these elements are requisite for ACWA Power to deliver long term growth for the Company, whilst also allowing us to play a pivotal role in the socio-economic development of these countries. With each new market we enter, we learn more about how best to perform this important role efficiently, sustainably and commercially. The knowledge and experience we have gained from our strategic expansion throughout the last decade provides us with a solid template for success as we continue to roll out this strategy going forward.

Demand for power and desalinated water continues to grow in our target markets at a rate that ensures a steady requirement for ACWA Power's services over the long term. It is these market factors that provide us with the confidence in our ability to grow in line with our stated strategy, both in terms of geographic expansion as well as portfolio diversification. Access to reliable power and water at the lowest possible cost is a basic need of all people and ACWA Power takes great pride in the role it plays in helping to create high-quality and energy-efficient assets that enhance the communities in which we operate. Our relentless efforts to create shared value with the communities and countries in which we operate is a core strand of ACWA Power's growth strategy and our operating model is predicated on our role as an investor in communities, jobs and assets, all of which combine to deliver stable long term returns over the life cycle of each asset.

Having achieved such consistent and impressive growth since our inception, the focus of the Company going forward will be to ensure that we have in a place the required strategy to efficiently operate the increasing portfolio of power generation and desalination plants and at the same time sustain this growth momentum. A key element of this strategy will be our ability to continue to attract high calibre talent to add to the highly talented and motivated professionals who provide the core strength of ACWA Power. In celebrating the remarkable success of the first decade, it is our people who I would like to single out and recognize for the passion and commitment they so consistently display and thank them for enthusiastically embracing the diversity we are privileged to have, and for recognizing the importance of integrity and fairness and for the ingenuity, rigor and sheer hard work they apply to ensure we achieve our goals.

We believe that the combination of the strong market drivers powering our business, our stable and focused growth strategy, our growing industry reputation grounded on solid foundation of landmark achievements and the quality and commitment of our team, partners and investors brings together all the required elements to sustain the growth trajectory. Whilst we remain most proud of our achievements to date, our ambition to reliably deliver long term value to our customers, shareholders and all of our stakeholders means that we cannot even pause to celebrate. We enter the second decade of this exciting journey with confidence in our ability to achieve even more than what we have delivered in the first decade of our existence.

Mohammed A. Abunayyan
Chairman

Shareholders

Arabian Company for Water & Power Development (ACWA Holding)

ACWA Holding is registered in Riyadh, Saudi Arabia. Founded in 2002 by Al Muhaidib Group and Abdullah Abunayyan Group (Abunayyan Holding), ACWA Holding holds diversified investments in complementary infrastructure activities including utilities and water management, district cooling, civil contracting, manufacturing, industrial mining, and other infrastructure-related businesses such as the development of privately-owned industrial cities and commercial and residential real estate, facilities management and logistics.

MADA Group for Industrial & Commercial Investment

MADA Group for Industrial & Commercial Investment is registered in Riyadh, Saudi Arabia and having been founded by Al-Rajhi Group as a special purpose vehicle for strategic investments, its activities encompass real estate, construction and industrial projects. In addition, its activities include the wholesale and retail sales of air-conditioners, water and sanitary equipment, importing and exporting raw materials for textiles and carpets.

Sanabil Direct Investments Company

Sanabil Direct Investments Company is registered in Riyadh, Saudi Arabia and is wholly-owned by Saudi Arabian Investment Company (Sanabil Investments). Sanabil Investments is owned by the Public Investment Fund (which is ultimately owned by the Government of Saudi Arabia). The company's objective is to invest its capital and reinvest the profits generated from such investments (and such other funds that may be allocated to it from time to time by its sole shareholder), within and outside Saudi Arabia.

Saudi Public Pension Agency

Saudi Public Pension Agency was established pursuant to Article (eighth) of the Pension Law issued by Royal Decree No. (21/1/271) dated 28/01/1378H and entrusted with the administration of pension affairs for the civil and military government personnel. The Pension Department has been converted to a public institution with a legal personality and independent budget that enjoys financial and administrative independence, according to the Council of Ministers Resolution No. (277) and dated 30/12/1423H.

International Finance Corporation (IFC)

IFC, a member of the World Bank Group, is owned by 184 member countries. It is the largest global development institution focussing exclusively on the private sector in developing countries. IFC's main business activities include providing: (i) investment services, including making loans to and loan guarantees for, and making equity capital investments in, private companies in developing countries; (ii) advisory services to private companies in developing countries, and to government agencies that promote the advancement of the private sector in developing countries; and (iii) asset management services that facilitate the raising of capital from a broad range of investors and the investment of that capital in private sector companies in developing countries.

Al Mutlaq Group Company

Al-Mutlaq Group Company is registered in Riyadh, Saudi Arabia and is part of the Al-Mutlaq Group, which is based in Riyadh since 1954 with activities encompassing diverse sectors including manufacturing, electro-mechanical engineering, real estate, utilities and financial investments through strategic stakes in local and international companies.

Omar Kassem Alesayi Marketing Company

Omar Kassem Alesayi Marketing Company is registered in Jeddah, Saudi Arabia. The company is part of the Omar Kassem Alesayi Group, which was founded in 1945 and has interests in food, real estate, consumer and trading, engineering and technology, services, manufacturing and investment sectors across 18 countries.

Badad International Company for Trading and Contracting

Badad International Company for Trading and Contracting is registered in Riyadh, Saudi Arabia and has interests across the building materials, plastic products and the fast food and leisure sectors.

Future Industrial Investments Company

Future Industrial Investments Company is registered in Dammam, Saudi Arabia. Belonging to the Ali Zaid Al Quraishi & Brothers Group, which was founded in 1958, it currently has activities, among others, in the marketing and distribution of retail, leisure, household products as well as in office furniture, telecommunications, electronics, electrical equipment and motor vehicles.

Al-Toukhi Commercial Group Company

Al-Toukhi Commercial Group Company is registered in Riyadh, Saudi Arabia. It is a part of the Al-Toukhi Group, which is one of the leading holding groups in the Kingdom of Saudi Arabia, with interests in architectural and interior design engineering consultancy, distribution of building materials and pharmaceutical products. ■

ACWA Power Barka, Oman

“2014 represented another **year of growth** where we also not just achieved but **beat all of the milestones** that we set ourselves at the start of the year. We continue to make significant progress towards meeting our **longer term objectives.** We are most excited about **the opportunities that lie ahead of us** and feel that ACWA Power is well positioned **to capitalise on these** as we continue along our path of **enduring growth.**”

Leadership Statement

Dear Stakeholders,

Another year of growth

The year 2014 represented ACWA Power's tenth anniversary and a decade of considerable achievement. The past year has also been the most progressive year to date as we continued to successfully execute our strategy of expanding our business on all fronts from broadening the geography of our operations, adding to the fuel mix of our portfolio, growing the customer base we serve and expanding our shareholder register. Having laid the foundations for enduring growth in prior years, we are now able to leverage our growing reputation, both in our home market of the Kingdom of Saudi Arabia, as well as internationally, to deliver our mission of reliably providing power and desalinated water at the lowest possible cost in all the markets within which we operate.

The record year for growth at ACWA Power also delivered commensurate record financial results, with net income of SAR 532 million, up 16% from SAR 459 million in 2013. Having achieved a significant steady pace of growth since our inception, the challenge for the management team has been to ensure that while the rapidly increasing portfolio of contracts at hand are reliably fulfilled and the customers we are already serving are nurtured, the growth momentum is maintained. In order to achieve this, we continue to focus our efforts on adding breadth and depth to our team of professionals and strengthening our well established relationship with our partners and supply chain.

Growth strategy

ACWA Power's management team has a clearly defined growth strategy which has already proven successful and we are confident that we have created a platform from which we can continue to roll out the well-honed methodology to deliver long term enduring growth.

Paddy Padmanathan
President and CEO

Thamer Al Sharhan
Managing Director

Our ability to identify the markets in developing economies with the ingredients for sustained high growth rates, in the Gulf Co-operation Council countries and beyond, enables us to benefit, as an independent provider of power and desalinated water, from a first mover advantage and share in the growth potential provided by these markets. We have demonstrated the success of this strategy via the entry into countries such as Morocco, South Africa, Mozambique, and more recently into Vietnam. The core drivers of demographic changes, improvements in living standards, expanding economic activity and rapid industrialisation are all propelling the need for increasing volume of reliable and cost competitive electricity and desalinated water which underpins our own long term growth potential. Given how essential electricity and water are to sustain life and support all human endeavour, as producers of reliable cost competitive power and desalinated water, we are thus privileged to enable social development and economic growth of the communities and the countries we serve.

Our ambition is to add and sustain a growing portfolio of multi-fuel power generation and desalinated water production plants, which stood at 27 at the end of 2014. The past year also saw the addition of 4 projects with an aggregate contracted capacity of 3,170 MW + 111 million m^3/day achieving financial close and commencing construction, while 1 project with contracted capacity of 45 million m^3/day started operations. Diversifying and expanding the technology mix within our portfolio will enable us to further add value to our existing customer base whilst also providing a broader range of customers to approach with a wider set of market leading solutions for their rapidly increasing power and water requirements.

Operational review

ACWA Power achieved a number of key operational milestones this year including new country entries,

completion of projects and further strengthening of our capabilities in renewable energy.

In line with our strategy to expand our geographic footprint, last year we commenced development activities in two new countries; at Mozambique with the Moatize mine mouth power project, a 300 MW coal fired power plant, and in Vietnam with the Nam Dinh 1 IPP, a 1200 MW coal fired power plant which represents our first foothold in South East Asia. We see considerable growth potential for ACWA Power in not just both of these countries but also in the regions of South East Asia and Southern Africa over the next decade and therefore are pleased to be already establishing a profile, reputation and network in these regions. We now have a presence in 12 countries, an excellent foundation to grow from into the next decade.

A key operational milestone in 2014 included the achievement of Financial Close on Kirikkale Merchant Power Plant in Turkey. This represented a remarkable achievement for ACWA Power and the Turkish Electricity sector as we have delivered a truly limited recourse project financing for a merchant plant for the first time ever in this country. This project was not without its challenges and it is exactly the traits of superior capability and unwavering focus and commitment which defines ACWA Power's operational and corporate culture; that enabled achievement of financial closure, thus snatching the project away from the "jaws of defeat".

While as a service provider focused on reliably delivering electricity and desalinated water at the lowest possible tariff, we respond to customer's preference of fuel and technology, we are committed to efficiency of resource utilization, reducing carbon footprint and environmental stewardship. Thus we not only focus on complying with Equator Principles but also ensure utilization of the lowest possible amount of fossil fuels by maximizing plant efficiency and by keep pushing the boundaries of renewable energy deployment by focusing on reducing cost.

ACWA Power will recognises the importance of the role that renewables will play in future world energy supply and the past year has seen us put considerable effort in structuring competitive solutions for renewable energy projects in Dubai, Morocco and South Africa pushing the boundaries on both Photo-Voltaic (PV) and Concentered Solar Power (CSP) technologies. While the most highlighted success was the bid to build and operate the 200 MWe PV BOT project for DEWA, the Middle East's largest renewable energy power plant, located in Dubai which set a global benchmark for delivering electricity produced by solar energy, with a tariff of 5.84 US cents/kWh for a 25 year power purchase agreement from 2017, which is competitive with fossil fuel powered energy in the region; the Noor II and Noor III projects in Morocco and the Redstone project in South Africa all of which were secured in 2014 set global benchmarks for tariff on CSP projects using both Trough and Tower technologies.

Another key milestone achieved during the year was the closing on the Powervest Fund, yet another innovation in the area of increasing the pool of available equity capital for ACWA Power. The fund, conceptualised and incubated by ACWA Power, is a first of its kind initiative involving the establishment of a dedicated captive infrastructure fund which shall have the right to co-invest with ACWA Power in various projects in the conventional power generation and water desalination space and across the various core geographies of ACWA Power.

Our people

We enter 2015 as a multi-billion dollar corporation with a growing international footprint of operations and a portfolio of power generation and desalinated water production plants which are worth in excess of US$ 23.5 billion. Our track-record of delivery and the reputation we have established as a company with the required expertise to relentlessly seek solutions that maximize value for money to our customers has allowed us win a disproportionately higher number of projects than we lose via well executed transparent competitive tender processes. This above average industry record is something that we are most proud of and is testament to our entire team of over 2,850.

Our people remain the key pillar of our success. The need to attract, retain and nurture expanding teams to support our growth will be a significant focus at ACWA Power as we enter the second decade of our journey. In order to proactively address this challenge at the technician and operator level where the large number of staff will be needed at a faster pace and where the skill gap is the widest, ACWA Power established The Higher Institute for Water and Power Technologies in Rabigh, in the Kingdom of Saudi Arabia, which focuses on developing the necessary skills of a new generation of appropriately qualified technical staff to support the growth strategy and deliver our vision. We are delighted to report that the first 212 students completed the two and half year program in January 2014.

While we are blessed with a highly talented, committed and enthusiastic team of professionals with diverse backgrounds and from a broad base of nationalities which sets us apart from our peers, we also place significant emphasis on developing local workforce in the various countries in which we work.

Our stated strategy is to improve the local economies within which we operate through maximizing local content, including employment, supply chain and materials. Whilst delivering returns for shareholders is a key consideration for any business, we are mindful of the fact that in order to create enduring long-term value for our stakeholders, we must strive to share the value we create with the local communities and countries in which we operate. This is a core aspect of ACWA Power's operating philosophy and our successful business model is predicated on our role as an investor in people, jobs and assets, all of which combine to deliver long term returns over the life cycle of each asset. We believe that this philosophy

is paramount to ensuring long term growth and we have an unwavering commitment to the countries and communities in which we operate.

Operational excellence

ACWA Power's management team believes that long term enduring growth can only be achieved if the core fundamentals underpinning the business are both sound and stable. As such, we place enormous emphasis on strong corporate governance and operational excellence. Our focus on best practice corporate governance is a key differentiating factor for ACWA Power and provides all our stakeholders with the knowledge and confidence that ACWA Power is a world class business partner and operator. Such is the importance of both of these themes that they are addressed at length in a standalone Sustainability Report, which we are pleased to have published for the first time for 2014.

Our commitment to operational excellence focuses on providing our services to the very highest industry standards whilst also ensuring the safety of our people as well as the communities and environments in which we operate. It also provides a solid platform to ensure we are operating as efficiently and effectively as possible which in turn allows us to deliver a better quality service to all of our stakeholders.

Health and safety is at the heart of what we do at ACWA Power. We are continually striving to reach our goal detailed in our Zero Harm Campaign launched in 2014, and firmly maintain that the protection of our employees and contractors is key to ensuring the enduring growth of our business which we seek. ACWA Power operates in some challenging locations and sometimes under difficult circumstances and so it is a credit to our staff and operational excellence that we have a year which saw a lost time incident rate of only 0.22 versus the European benchmark of 0.25.

Social responsibility also lies at the heart of what ACWA Power does – not only are we looking to contribute to improving the wellbeing of the countries within which we operate by providing sufficient power and clean water reliably at the lowest possible cost; we are also committed to improving the lives of the communities immediately impacted by our projects.

The past year saw ACWA Power continue to increase its investment in our operating systems and control mechanisms, two elements that are essential to supporting enduring growth. In the Kingdom of Saudi Arabia, all of our assets operate under a single ARB operating system, streamlining key functions from procurement through to human resources, bringing substantial efficiencies to our business. We have also refined our procedures across the whole business, implementing best of breed technology with best in class industry practices. The focus on constantly improving our operating systems and procedures across all of ACWA Power's operations has resulted in not only cost savings, which are ultimately passed on to our customers, but is also further consolidating our industry leading safety record.

Beyond implementing processes and procedures across all of our businesses and assets, the Company ensures that all of its operations can function on a stand-alone basis, without the need of a central office or support network. This is a key facet of our strategy to empower our employees, and ensures that the considerable experience of our workforce is shared amongst all of our projects, allowing ACWA Power to continually improve its performance on an asset by asset basis.

Summary & Outlook

This year, we were very pleased to welcome the International Finance Corporation (IFC), a member of the World Bank group, as a shareholder in ACWA Power and view their decision to invest SAR 375 million of equity in our company as validation of our operational and financial performance, social contribution and environmental stewardship. As stated within the enclosed Sustainability Report, sustainability underpins everything we do as a company and it is our objective to create mutually beneficial long-term socio-economic value in every country in which we operate.

I would like to thank our shareholders for the unwavering support they have continued to provide and the trust they have placed in ACWA Power. We at ACWA Power in turn are privileged and proud to share and deliver the long term vision to grow the company by maintaining our mission of reliably delivering power and water at the lowest possible cost in the markets in which we operate.

We could not have achieved our success to date without our partners. The quality of the partnerships that we have developed throughout our supply chain are industry-leading. It is these trusted relationships that provide us with the successive wins which provides the platform from which to grow and give us the confidence to successfully execute our vision and mission. This is particularly important as we enter new markets and develop new partnerships which will allow us to replicate our success we have achieved in established markets.

Finally, I would like to thank the team at ACWA Power who continue to perform with dedication, passion and innovation. We are a small team of people with a strong culture based on the core values of diversity, integrity, rigour, fairness and ingenuity. These principals are ingrained in our company's DNA and will not be compromised as we continue our growth trajectory.

In summary, 2014 represented another year of growth where we not just achieved but beat all of the milestones that we set ourselves at the start of the year. We continue to make significant progress towards meeting our longer term objectives. We are most excited about the opportunities that lie ahead and know that ACWA Power is well positioned to capitalise on these as we continue along our path of enduring growth. ■

Corporate Profile

ACWA Power is a developer, investor, co-owner and operator of a portfolio of power generation and desalinated water production plants currently with operations in 12 countries in the Middle East and North Africa, Southern Africa and South East Asia regions. ACWA Power's portfolio, with an investment value in excess of US$ 23.5 billion, can generate 16.1 GW of power and produce 2.5 million m^3/day of desalinated water to be delivered on a bulk basis to state utilities and industrial majors on long term off-take contracts under Public-Private-Partnership, Concession and Utility Services Outsourcing models.

Vision, Mission and Values

The provision of sustainable power and water supplies is of critical importance for the sustenance and growth of communities and nations. ACWA Power aims to play an important role in this sector and has set for itself the following vision and mission:

Vision

To ensure the **ingenuity and entrepreneurship** of the private sector make available **electricity and desalinated water** in a reliable manner to **support social development and economic growth** of nations.

Mission

Reliably deliver electricity and desalinated water at the **lowest possible cost** in the Company's target countries.

The Company's management and business model are rooted in the following values:

Integrity

We uphold the **responsibility to do business ethically and transparently with all stakeholders** as we recognize the impact our services have on communities and the population at large.

Rigor

We are **precise and diligent** in every aspect of our business, from pricing to execution, to ensure the achievement of long-term returns at the lowest possible risk.

Fairness

We believe that **equitable long-term partnerships and balanced stakeholder relationships** based on **respect and honor** are essential to delivering sustainable utilities solutions.

Ingenuity

Creativity and resourcefulness are part of our DNA and have been essential in providing effective solutions to address clients' requirements and challenges, while optimizing the Company's returns.

Diversity

We draw on the **cultural and professional diversity of our talent** to better understand our partners and the global markets in which we operate, to ensure talent scalability and community commitment.

Business Model

ACWA Power's business model is grounded in the creation of sustainable shareholder value by being an active contributor to socio-economic development of local economies through our projects that are a result of the relentless pursuit to deliver the best value-for-money solutions. ACWA Power's business focuses on three main activities – Business Development, Investment Management and Operation and Maintenance, which complement each other over the life cycle of each of our projects. ACWA Power also adopts a financing model that is backed by the Company's solid business model and long-term vision. As a product of both this and the solvency of its operations, the Company has continued to finance its investments in its projects primarily via a mix of operating cashflows and corporate debt.

The success of this business model is largely driven by our human capital, since the Company's presence in such specialized sectors means only the very best professionals are capable of delivering our products. ACWA Power embraces an unwavering commitment to a sustainable business strategy focused on creating long-term value, which makes the Company's business model attractive to potential investors.

The Company adopted a progressive set of business principles that guide its business model and interaction with stakeholders:

Comprehensive technology offering to meet the requirements of its customers

The Company is fuel-agnostic and technology-neutral and remains open to all fuels, including renewable energy sources. To the extent that the Purchaser is creditworthy and the Company's targeted return for a specific opportunity is achievable, the Company aims to formulate an optimal technical and financial asset delivery and operations and maintenance solution to address the purchaser's requirements at the lowest possible cost. In doing so, the Company focuses on, amongst other things, the efficiency of fuel utilisation to minimise consumption and maximise output. Given the rapid innovation and cost reduction in renewable energy technologies, the Company continues to play an increasing role in this growing sector.

Transparent and independent relationships with partners

Throughout the various phases of its projects' lifecycle, the Company aims to deal with its stakeholders, including co-investors, off-takers, equipment suppliers, EPC contractors, lenders, and insurers in a transparent manner. The Company recognizes that equitable partnerships and balanced stakeholder relationships are essential to delivering sustainable utility solutions over the long term. To ensure no cross-subsidisation and to extract maximum value, the Company also rigorously maintains its independence by always entering into contracts with other parties on an arm's length basis.

Rigorous bottom-up pricing approach to bids

The Company acknowledges the fact that winning bids in competitive procurement is a defining factor of its growth. As such, in formulating a bid, the Company adopts a rigorous bottom-up pricing approach that seeks to maximize the 'value for money' to the Purchasers by allocating risks to those who are most capable of mitigating and/or managing them without compromising on the quality of the plant and reliability of the service delivery (whilst maintaining a reasonable required level of risk adjusted returns that must be secured for every given project).

Cost-effective funding structure

The Company aims to adopt an optimum funding model for each project, tapping into limited recourse debt markets, capital markets or bank loans, with the aim to reduce the funding cost of each project and to optimise its shareholders' risk/return profile. The Company typically utilises cash flow-based project finance that is collateralised by the projects' assets and where there is no recourse on the debt to the shareholders of the project companies (including ACWA Power). Furthermore, the Company uses equity bridge loans in markets where such financing is commercially viable to postpone the capital injections until the later stages of a project's construction phase in order to further optimise the funding cost of the project and further reduce the cost of tariff being provided.

High-quality, culturally-diverse and empowered talent

In the interest of continuous innovation and robust risk management, the Company aims to attract, retain and develop high-quality and culturally diverse employees while seeking to also ensure sustainability of its own operations by recruiting, nurturing and developing employees in each country to remove dependence on expatriate workforce. The Company intends to continue to promote entrepreneurship and leadership by maintaining a culture of empowerment that enables decision-making at all levels, without compromising on the adherence to the Company's policies and procedures which is essential for risk management and efficient operation.

Commitment to sustainability, health, safety, security and corporate social responsibility

Recognising the significance of the long-term nature of its investments and the necessity for the ultimate consumer of the electricity and desalinated water to also benefit, the Company also places significant emphasis on social and economic development, protecting and contributing to environmental sustainability, the security of the assets, and the health and safety of the communities in which it operates. In addition to ensuring compliance with applicable environmental standards, and ensuring the following of world-class health and safety processes in all it does, the Company is actively committed to supporting social development and economic growth in the countries where it is present, through employment of locals and other targeted corporate social responsibility initiatives including maximisation of value retention in the local economy.

Market Strategy

The Company's market strategy aims to sustainably grow its power and desalinated water contracted capacities by focusing on sovereign and industrial offtake markets in the Kingdom of Saudi Arabia and other select growing economies, through the expansion of existing platforms, the development of greenfield projects and the acquisition of existing plants. In addition, the Company aims to build positions in select merchant markets that offer a higher risk/return profile as compared to markets that offer long term offtake contracts.

Focus on sovereign and industrial offtake markets

The Company aims to generate the bulk of its revenues from offtake markets, where the Company typically enters into 15-30 year agreements with investment grade offtakers to sell a project's production capacity at a pre-agreed tariff. Such offtakers include investment grade sovereign and quasi-sovereign entities, as well as resource/commodity-based industrial companies that require significant quantities of utility services and are usually capable of supplying their own fuel resources (e.g. gas, coal, oil) to the projects (e.g. captive power plants for oil and gas or mining companies).

Focus on the Kingdom of Saudi Arabia with expansion to other high growth offtake markets

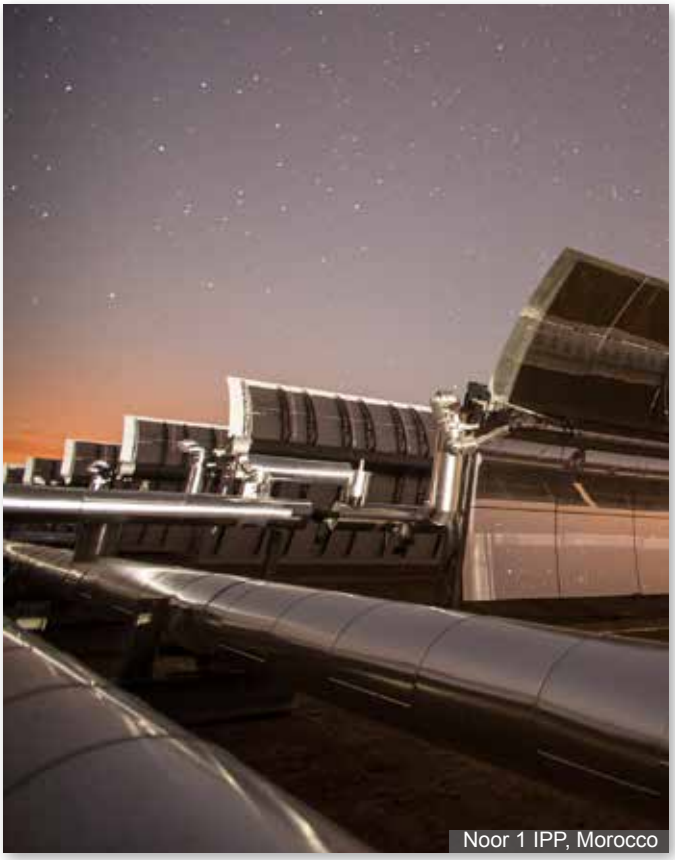
In targeting sovereign and industrial offtake markets for electricity generation and water desalination, the Company intends to continue to focus on Saudi Arabia as its home market and grow its position through greenfield developments utilising fossil fuels and renewable energy sources. As private sector participation in utility services in Saudi Arabia expands, the Company remains well positioned to pursue acquisition opportunities as they arise.

Outside of the Kingdom of Saudi Arabia, the Company's expansion plans target high-growth economies, based on a comprehensive assessment of several criteria, including the Company's ability to create value and the availability of creditworthy purchasers. Accordingly, the Company, focuses its international market strategy on four key regions:

- **Rest of the GCC:** Following the Company's investments in Oman and the UAE, the Company aims to continue its strategy of pursuing both greenfield and acquisition opportunities in the GCC countries, all of which have embraced private sector participation in the ownership, development and operation of power generation and water desalination plants;
- **Selected MENAT countries:** Outside of the GCC, the Company intends to focus on four MENAT countries, namely Jordan, Morocco, Turkey and Egypt. In these markets, the Company seeks to expand its portfolio through a mix of acquisitions and greenfield developments and diversify its fuel mix to address respective governments' renewable energy plans;
- **Southern Africa:** The Company intends to position itself in this fast growing region by targeting natural resource-based economies such as South Africa, Mozambique and Botswana across fossil fuel and renewable energy based plants in both the sovereign and industrial offtake markets; and
- **South-East Asia:** The Company plans to establish a presence in South-East Asia by initially focusing on Vietnam and later on Indonesia and Philippines by targeting greenfield developments and acquisition opportunities through planned capacity addition by sovereign and quasi-sovereign purchasers, and pursuing opportunities in the merchant market of the Philippines.

Selectively build positions in merchant markets

In addition to its focus on sovereign and industrial offtake markets, the Company aims to participate in select merchant market transactions, characterised by the sale of electricity in the spot markets and/or shorter duration contracts with wholesale buyers at tariffs that are based on supply and demand dynamics. More specifically, the Company intends to initially seek merchant market opportunities in Turkey and potentially in the Philippines and Oman. While the Company seeks to build positions in merchant markets to develop knowledge and expertise in a growing segment, it also intends to limit its exposure to this market given its higher risk/return profile. ■


Noor 1 IPP, Morocco

Key milestones 2014

Q1 2014

- A consortium led by ACWA Power signed a 25-year concession contract with the Government of Mozambique for development of the Moatize IPP project, a 300 MW coal fired power project located at Tete Province in Mozambique

Q2 2014

- ACWA Power acquired a 6% shareholding in Shuqaiq Water and Electricity Company, Saudi Arabia from Mitsubishi Corporation
- ACWA Power signed a co-investment agreement for power generation and water desalination projects with Arab Petroleum Investment Corporation, Saudi Arabia
- ACWA Power increased its effective shareholding in Petro-Rabigh IWSPP, Saudi Arabia from 23.9% to 37%
- ACWA Power Barka Phase 1 Expansion IWP – a 45,000 m^3/day Reserve Osmosis Water Desalination plant in Sultanate of Oman, successfully commenced operations

Q3 2014

- ACWA Power signed a Joint Development Agreement with Teakwang Power Holdings, Korea, for the Nam Dinh1, a 1200 MW coal-fired power project in Vietnam
- ACWA Power bought out the remaining shareholding in NOMAC, Saudi Arabia
- International Finance Corporation, a member of the World Bank Group, became a shareholder of ACWA Power

Q4 2014

- Kirikkale Merchant IPP - a 926 MW CCGT plant in Turkey, commenced construction
- ACWA Power acquired 70% of Khalladi Wind IPP – 120 MW wind farm under advance development stage in Morocco
- ACWA Power was announced as the preferred bidder for Redstone Solar Thermal Power - a 100 MWe CSP plant in South Africa
- ACWA Power Barka Phase 2 Expansion IWP – a 57,000 m^3/day Reserve Osmosis Water Desalination plant in Sultanate of Oman, achieved financial close and commenced construction

Board of Directors

Mohammad A. Abunayyan

Mr. Abunayyan represents ACWA Holding on ACWA Power's Board.

Mr. Abunayyan is the Chairman of Abunayyan Holding Company, and also serves as Chairman and member of the Board of Directors (Board) of many reputed companies, including the National Agriculture Development Company and the Saudi Research and Marketing Group besides holding a number of prestigious leadership positions helping spearhead the kingdom's economic development.

Suliman A.K. Al Muhaidib

Mr. Al Muhaidib represents ACWA Holding on ACWA Power's Board.

Mr. Al Muhaidib is the Chairman of Al Muhaidib Group and a number of companies that include Savola Group, Al-Oula Development Company, Middle East Paper Company, Amwal Al-Khaleej Commercial Investment Company, RAFAL Real Estate Development Company, Al Shamiyah Urban Development Company and Swicorp Joussour. In addition, Al Muhaidib sits on the Board of Directors of Saudi Arabian British Bank (SABB), Almarai Company, National Industrialization Company (TASNEE), Prince Salman Center for Disability Research, Prince Fahad Bin Salman Charity Association for Renal Failure Patients Care and The Centennial Fund.

Ahmed S. Al Rajhi

Mr. Al Rajhi represents MADA Group for Industrial & Commercial Investment on ACWA Power's Board.

Mr. Al Rajhi is the Vice Chairman of Al Rajhi Holding Company. He also serves as the Vice Chairman of Industrial Committee of the Chamber of Commerce & Industry, Central Province - Saudi Arabia, In addition, he sits on the Board of Directors of the Saudi Industrial Property Authority (MODON), the National Industrial Committee, Saudi Arabia and of various companies including Al Rajhi Insurance Company, Injaz Real Estate Company, Farabi Petrochemicals Company, Hail Cement Company, Trio Mada International Plastic Company, and Chairman of Gulf Packaging Industries Ltd.

Ibrahim M. Al Romaih

Mr. Al Romaih represents Sanabil Direct Investments Company on ACWA Power's Board.

Mr. Al Romaih has more than twenty-five years of experience in the development of strategies and policies with governments and leading organizations concentrating on, developing and managing capital markets and financial systems, policies that protect investors and enhance access to investments. In addition, he serves on the management team of Gulf Investment Corporation and sits on the Board of Directors of the National Commercial Bank, Saudi Arabia.

Majid Al Shathry

Mr. Al Shathry is an Independent member of ACWA Power's Board and represents Saudi Public Pension Agency on ACWA Power's Board.

Mr. Al Shathry serves as the Deputy Project Manager at Al Ra'edah Investment Company, the investment arm of the Saudi Public Pension Agency. He has more than fifteen years of experience in the field of project management construction and infrastructure, and worked on projects such as the King Abdullah Financial District, and the Communication and Information Technology Commission Complex project.

Tariq M. Al Mutlaq

Mr. Al Mutlaq is an Independent member of ACWA Power's Board, and represents the Strategic Investors (Al Mutlaq Group Company, Badad International Company for Trading and Contracting, Future Industrial Investments Company and Al Toukhi Commercial Group Company) on ACWA Power's Board.

Mr. Al Mutlaq is the Managing Partner and sits on the Board of Al Mutlaq Group. He also serves as the Chairman Daikin Saudi Arabia, United Feed Manufacturing Company and Al Mutlaq Real Estate Investment Company besides sitting on the Board of Directors of various companies including Al Mutlaq Group Company, Sahara Petrochemical Company, Saudi Oryx Leasing Company and Riyadh Cables Group of Companies.

Rasheed A. Al Rasheed

Mr. Al Rasheed represents ACWA Holding on ACWA Power's Board.

Mr. Al Rasheed sits on the Board of Directors of ACWA Holding. In addition, Mr. Al- Rasheed is a member of the Saudi Organization for Certified Public Accountants (SOCPA), The Saudi Economy Association and The Family Business Council of the Gulf Cooperation Council.

Salah C. Brahimi

Mr. Brahimi represents ACWA Holding on ACWA Power's Board.

Mr. Brahimi is the Chairman of Gray Matter International, USA, and sits in the Board of Directors of various companies including the Alliance for Peacebuilding and Water Safe Solutions. In addition, he is also a a member of the American Banks Association in North America, the American-Arab Anti-Discrimination Committee, the Arab-American institute, the American Business Council and the Arab American Chamber of Commerce.

Dato Mohammed Izzaddin Idris

Dato Izzaddin represents MADA Group for Industrial & Commercial Investment on ACWA Power's Board.

Dato Izzaddin is the Group Managing Director / Chief Executive Officer of UEM Group Bhd, Malaysia. He was previously the CFO / Senior Vice President (Group Finance) of Tenaga Nasional Bhd, a Senior Vice President (Corporate Finance) of Southern Bank Bhd and the CFO of Ranhill Bhd. He is also the Non-Executive Deputy Chairman of PLUS Expressways International Bhd and sits on the Board of Directors of several UEM Group of Companies.

Board of Directors Report

Dear Shareholders,

The members of the Board are pleased to present the Board of Directors Report and Audited Financial Statements of the International Company for Water & Power Projects (ACWA Power, the Company) for the year ended 31 December 2014.

General

The International Company for Water and Power Projects is a Saudi joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5 July 2008) and registered in Riyadh, Kingdom of Saudi Arabia under commercial registration number 1010253392 dated 10 Rajab 1429H (corresponding to 13 July 2008).

The Company and its project companies, collectively the "Group", are engaged in the development, acquisition, leasing, operation and maintenance of power generation, steam production and desalinated water production plants and the sale of electricity and desalinated water, and other related or auxiliary businesses activities complimentary to it.

Financial Results

For its fiscal year 2014, the Company recorded a steady financial performance resulting from the favorable performance of the project companies owning and operating power generation and steam and desalinated water production plants, and income arising out of the completion of projects that were actively pursued in the year. As a result, the Group has achieved income from main operations of SAR 686.7 million and a net income of SAR 532 million. *Please refer to the Financial Highlights section for further details.*

Key Accomplishments in 2014

The performance of ACWA Power's asset portfolio in 2014 continued the progress of previous years and by the end of 2014, ACWA Power's asset portfolio comprised 27 assets in 12 countries with the ability to generate 16.1 GW and 2.47 million m^3/day of desalinated water. ACWA Power manages its activities through seven regional offices, including a new regional office in Hanoi, Vietnam, that was started during the year.

Some of the highlights of the portfolio for the year include:

Projects in Operations

- ACWA Power Barka Phase 1 Expansion project commenced commercial operations
- Overall the portfolio delivered 71,965 GWh of electricity, with commercial availability of 93% (including 97.2% summer commercial availability) and a load factor of 86% and exported 747 million m^3 of desalinated water, with commercial availability of 92% (including 95.5% summer commercial availability) and an 87% load factor
- There have been no fatalities, prosecutions, fines or environmental pollution incidents over the year; the lost time incident rate has been 0.22, which is consistent with international performance benchmarks

Projects under Construction

- Hajr IPP progressed through hot commissioning and achieved partial ICOD status for five of the six power groups. However the project encountered technical issues related to its gas turbines, which delayed the project commercial operation date. During the second half of 2014, the project still delivered early production of 6,440 GWh of electricity
- Kirikkale IPP reached dry financial close and commenced the construction works; the project is expected to achieve financial close in 2015
- ACWA Power Barka Phase 2 Expansion project achieved financial close and commenced the construction of the plant

Investments in Existing Projects

- ACWA Power increased its ownership in in Shuqaiq Water and Electricity Company from 34% to 40% by acquiring a 6% indirect shareholding from Mitsubishi Corporation
- ACWA Power increased its effective shareholding in Rabigh Arabian for Water and Electricity Company from 23.9% to 37%

Business Development / Growth

- An ACWA Power consortium including Vale SA (a Brazilian mining company) and Mitsui Co. Ltd. signed a 25-year concession contract with the government of Mozambique for the development for Phase 1 of the Moatize IPP Project. ACWA Power is the lead developer, investor and operator of this coal fired power project located at Tete Province, 1,500 km north of the Mozambique capital Maputo
- ACWA Power signed a Joint Development Agreement with Taekwang Power Holdings for Phase 1 of the 1200 MW Nam Dinh 1 Coal Fired power production in Vietnam
- ACWA Power acquired a 70% effective equity stake in Khalladi Wind IPP, located 30 km to the east of Tangier, Morocco. The project is expected to have an initial capacity of 120 MW

Other Strategic Developments

- International Finance Corporation (IFC), a member of the World Bank Group, joined ACWA Power as a shareholder by subscribing to a primary equity shares issuance
- ACWA Power and Arab Petroleum Investment Corporation (APICORP) entered into a co-investment agreement, wherein APICORP gets the right to co-invest with ACWA Power in its various projects

Board of Directors

The Board of Directors held eight meetings during the year beginning 01 January 2014 to determine the Company's business progress and to review the strategies advanced by the management team for developing new projects that fall within the targeted geographical regions. The Board of Directors received a total sum of SAR 2,919,500 as remuneration for their services and attendance for the period of 01 January 2014 to 31 December 2014.

At the end of 2014, the board comprised the following nine directors:

- Mr. Mohammad A. Abunayyan (Chairman)
- Mr. Sulaiman A.K. Al Muhaidib
- Mr. Ahmed S. Al Rajhi
- Mr. Ibrahim M. Al Romaih
- Mr. Majed A. Al Shathry
- Mr. Tariq M. Al Mutlaq
- Mr. Rasheed A. Al Rasheed
- Mr. Salah C. Brahimi
- Dato Mohammed Izzaddin Idris

Advisory Board

The Advisory Board provides advice, guidance and makes recommendations to the Board of Directors and the Leadership Team of the Company with respect to matters within the areas of their expertise and experience, including improving the Company's corporate governance, supplementing the Board's experience in wider areas including finance, technology and standards, infrastructure, administration, and other areas felt to be relevant to the development, growth and profitability of the Company. In addition to providing an objective, independent views of the Company's strategic vision and growth plans, The Advisory Board shares knowledge about the overseas markets in which the members of the team have lived and worked. The Advisory Board held four meetings during the period from 01 January 2014 to 31 December 2014.

The Advisory Board comprised the following members:

- Dr. Abdullah Ibrahim El Kuwaiz (Chairman)
- Mr. Henri Meyers
- Ambassador Kim Jong-Yong (resigned during 2014)
- Mr. Rachid Mohammed Rachid (completed term during 2014)
- Dr. Khalid Al Sulaiman

Audit Committee

The Audit Committee held four meetings during the year beginning 01 January 2014 at which they reviewed key audit findings covering operational, financial and compliance areas and financial policies following the Company's decision to conform to international standards, in addition to providing the Board of Directors with a clear picture of the Company's financial position.

The Audit Committee of the Board comprised the following four members:

- Mr. Khalid M. Al Solai (Chairman)
- Mr. Rasheed A. Al Rasheed
- Mr. Khalid Al Khowaiter
- Mr. Abdullah Al Arifi

Risk Management Oversight Committee

The Risk Management Oversight Committee is a fully delegated committee of the Board and performs its functions in accordance with its terms of reference drawn up in compliance with the Code of Corporate Governance approved by the Board. The Committee supports the Board to monitor the risk environment for the Company and provides direction for the activities to mitigate the risks that may adversely affect the Company's ability to achieve its goals.

The Committee comprised the following four members, with the Chairman being an independent member of the committee:

- Mr. Khalid M. Al Solai (Chairman)
- Dato Mohammed Izzaddin Idris
- Mr. Suntharesan Padmanathan
- Mr. Mrinal Sengupta

In accordance with the approval of the Board on 17 June 2014, the functions of the Risk Management Oversight Committee were merged with the Board Audit Committee.

Investment Committee

The Investment Committee is a standing committee of the Board deriving its powers under full delegation of responsibility from the Board of Directors. The Investment Committee consists of six members who are appointed by the Board and all of whom are members of the Board of Directors. The BIC held twelve meetings during 2014. The primary purpose of the Investment Committee is to give its directions, guidelines and approvals relating to investments in projects, investment guidelines, strategic business plans and related decisions.

The committee comprised the following six members:

- Mr. Mohammed A. Abunayyan (Chairman)
- Mr.Tariq M. Al Mutlaq
- Mr. Ahmed S. Al Rajhi
- Mr. Ibrahim M. Al Romaih
- Mr. Salah C. Brahimi
- Dato Mohammed Izzaddin Idris

Related Party Transaction Committee

The Related Party Transaction Committee met once during the year beginning 01 January 2014. It is constituted by the Board and performs its functions in compliance with the Code of Corporate Governance approved by the Board. The Committee supports the Board to review and approve matters and transactions that involve related party transactions with its direct shareholders and potential conflicts of interest within the Company. Any approval or rejection given by the RPTC is considered as having been given by the Board themselves.

The committee consists of four members, with the Chairman being an independent member of the Committee.

- Dato Mohammed Izzaddin Idris (Chairman)
- Mr. Tariq M. Al Mutlaq
- Mr. Salah C. Brahimi
- Mr. Ibrahim M. Al Romaih

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee performs its functions in accordance with its terms of reference drawn up in compliance with the Code of Corporate Governance approved by the Board. The Nomination and Remuneration Committee formed to assist the Board of Directors in performing their duties and responsibilities related to the policies and standards of the appointment of members to the Board, policies and remuneration of the Board members and senior executives as well as other related tasks delegated to the committee by the Board.

The Committee consist of three members, one of whom is an independent member.

- Mr. Ahmed S. Al Rajhi (Chairman)
- Mr. Tariq M. Al Mutlaq
- Mr. Chance Wilson

Acknowledgement

The Board of Directors would like to take this opportunity to express their gratitude to The Custodian of the Two Holy Mosques, King Salman Bin Abdulaziz Al Saud (May Allah protect him), His Royal Highness Crown Prince Deputy Prime Minister, Minister of Interior, as well as His Royal Highness Deputy Crown Prince the Second Prime Minister and H.E. The Minister of Finance. Much is owed to H.E. The Minister of Water and Electricity, for his continued support for the privatization of the power and water sector. The Directors' appreciation extends to all government officials and relevant authorities for their continued cooperation with the Company. We also take this opportunity to thank our management and employees for their dedication and commitment to keeping ACWA Power as a leader in this sector, not only in Saudi Arabia, but also in all of our target geographic regions.

Mohammed A. Abunayyan
Chairman

Ibrahimiya & Hofa Wind Farm, Jordan

Corporate Governance Report

Our Corporate Governance Approach

ACWA Power's corporate governance philosophy is based on a rich legacy of fair, ethical and transparent governance practices, many of which were in place even before they were mandated by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. The corporate governance practices ACWA Power and its subsidiaries follow are compatible with both local and international standards and best practices. Through the governance mechanism in the Company, the Directors carry out their fiduciary responsibilities to all the Company's stakeholders by making sure their decision-making is transparent, fair and independent. These values are also reflected in the leadership, management and day-to-day operations of the Company.

The Code of Conduct & Business Ethics sets out ACWA Power's values, ethics and business principles, and serves as the ethical road map for the Company, its directors and its employees. The code includes the Company's anti-bribery and anti-corruption policies, and explains how any concern about non-adherence to the code can be reported. Internal audit, risk management and internal control processes continue to meet the progressive governance standards.

Leadership of the Company

The Board of Directors, the Board Committees and the Company's Leadership Team provide leadership and guidance to the Company's management, and direct, supervise and control the performance of the Company. The Leadership Team consisted of the President & CEO, Managing Director and the senior officers of the Company, who are appointed by the President & CEO.

The Board of Directors has nine members, including the Chairman. All the Directors have confirmed that during 2014 they had no conflicts of interest with the Company as mentioned in the Conflict of Interest Policy. The Directors of the Company bring a rich experience of corporate governance, operations and maintenance, finance, business development and institution building. This experience is complemented by their academic and professional qualifications in the fields of administration, management, finance and engineering.

Eight Board meetings were held during 2014. These meetings were convened by issuing proper notices along with the agenda and relevant working papers. The Chairman presided at the meetings, and the minutes of the meetings were appropriately recorded, circulated and approved.

The Board of Directors approved the audited financial statements of the Company on 31 March 2015. Separately, the Board of Directors also met the external auditors, without the presence of the management, to have an independent view and feedback on the management letter and any issues faced by the external auditor during the audit.

Bowarege IWP, Saudi Arabia

Board of Directors

The Company held its statutory Annual General Meeting (AGM) of shareholders for the year ended 31 December 2013 on 14 May 2014. The AGM concluded with discussion about normal items of business and passed the annual statutory resolutions as contemplated under the Saudi Companies Law. The Company held one Extraordinary General Meetings on 26 August 2014 to approve, among other things, the amendment of the Company By Laws. The table below lists all the Directors and their attendance at the Board Meetings, the AGM and the EGMs:

		Meetings held during 2014								EXGM	AGM
Name of Director	Role	05 Mar	30 May	17 Jun	13 Jul	21 Jul	24 Jul	18 Aug	11 Dec	26 Aug	14 May
Mohammed A. Abunayyan	Chairman (Non - Executive)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sulaiman A. K. Al Muhaidib	Member (Non-Executive Director)	✓	✓	✓	✓	✓	✓	–	✓	#	#
Ahmed S. Al Rajhi	Member (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	#	#
Ibrahim M. Al Romaih	Member (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	#	#
Majed Al Shathry	Member (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	#	#
Tariq Al Mutlaq	Member (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	#	#
Rasheed A. Al Rasheed	Member (Non-Executive Director)	–	✓	✓	✓	✓	✓	✓	✓	#	✓
Salah C. Brahimi	Member (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	#	#
Dato Mohammed Izzaddin Idris	Member (Non-Executive Director)	–	✓	✓	✓	✓	✓	✓	✓	#	#

Legend: (✓) Present; (–) Apologies; (#) Proxy

Advisory Board

The objective of the Advisory Board is to advise, guide, and make non-binding recommendations to the Board and the Leadership Team in areas where it has expertise and experience. Among other things, it will:

- Improve the Company's corporate governance framework;
- Supplement the Board's expertise in wider areas including finance, technology and standards, infrastructure, administration and other areas felt to be relevant to the development, growth and profitability of the Company;
- Provide an objective, outside view of the Company's strategic vision and growth plans;
- Share knowledge about the overseas markets in which the members of the team have lived and worked; and
- Act as an ambassador, supporting the Company's business as and when required.

The table below lists the remuneration paid to the members of the Advisory Board during 2014:

Name of Member	Remuneration (SAR)
Dr. Abdullah Ibrahim El Kuwaiz	562,500
Henri Meyers	375,000
Ambassador Kim Jong-Kong	93,750
Rachid Mohammed Rachid	93,750
Dr. Khalid Al Sulaiman	Nil

The table below listed the member of the Advisory Board and their respective attendance during 2014:

		Meetings held during 2014			
Name of Member	Role	04 Mar	01 May	16 Jun	10 Dec
Dr. Abdullah Ibrahim El Kuwaiz	Chairman	✓	✓	✓	✓
Henri Meyers	Member	✓	✓	✓	✓
Ambassador Kim Jong-Kong		–	N.A.	N.A.	N.A.
Rachid Mohammed Rachid		–	N.A.	N.A.	N.A.
Dr. Khalid Al Sulaiman	Member	N.A.	N.A.	N.A.	✓

Legend: (✓) Present; (–) Apologies; (N.A.) Not Applicable

Board Committees

There are four Board Committees with specific terms of reference/scope. These committees operate as empowered agents of the Board as per their charter/terms of reference. Targets set by them as agreed with the management are reviewed and corrected periodically. The Board and the Board Committees also take decisions by circular resolutions, which are noted at the next meeting. The minutes of all Board Committee meetings are presented to the Board.

Audit Committee

The Audit Committee's charter defines its composition, authority, responsibility and reporting functions in accordance with the approved rules of the Board and the CMA Standards. The charter is reviewed from time to time. During 2014, the Audit Committee roles were expanded to include risk management oversight responsibility from another sub-committee of the Board (Board Risk Management Oversight Committee). The Audit Committee henceforth became Board Audit and Risk Committee.

During 2014 the Audit and Risk Committee consisted of four members, with the Chairman being an independent member. All the members have the knowledge and experience of accounting standards and commercial laws they need to perform their functions.

During 2014 the Audit and Risk Committee reviewed the main audit findings covering operational, financial and compliance areas. The Audit and Risk Committee makes sure the financial statements are prepared in accordance with the accounting standards in the Kingdom of Saudi Arabia. The Internal Audit function also presented subsidiary companies positions on internal control system, risk mitigation plan to the Audit and Risk Committee. The Audit and Risk Committee heard the views of the external auditors before forwarding the annual accounts of the year 2014 for approval to the Board.

During 2014 the Audit and Risk Committee reviewed the main audit findings covering operational, financial and compliance areas. The Audit and Risk Committee makes sure the financial statements are prepared in accordance with the accounting standards in the Kingdom of Saudi Arabia. The Internal Audit function also presented subsidiary companies positions on internal control system, risk mitigation plan to this committee. The Audit and Risk Committee verifies that the Company's internal control regulations are effectively applied, and that sound accounting records are kept with appropriate supporting documents, and that the policies and measures of corporate performance were prepared and documented according to the required standards. In addition, prior to recommending the approval of the audited financial statements for 2014 to the Board of Directors, the Audit and Risk Committee met the external auditors (without the presence of the management) to hear their views on annual audit, issues and cooperation of the management and management letter points.

Every year, the Audit and Risk Committee, through self-assessment, evaluates its performance, reviews the status on compliance with its obligations under the charter, and confirms that it fulfils its duties and responsibilities. The Chairman of this committee or his nominee briefs the Board on significant discussions at committee meetings.

The table below lists the members of this committee and their respective attendance during 2014:

		Meetings held during 2014			
Name of Member	Role	16 Feb	17 May	10 Sept	27 Nov
Khalid M. Al Solai	Chairman, Independent	✓	✓	✓	✓
Rasheed A. Al Rasheed	Member (Non-Executive Director)	✓	✓	✓	✓
Khalid Al Khowaiter	Independent Member	✓	✓	✓	✓
Abdullah Al Arifi	Independent Member	✓	✓	✓	✓

Legend: (✓) Present; (–) Apologies; (#) Proxy

Investment Committee

The Investment Committee is a standing Board Committee deriving powers under full delegation of responsibility from the Board. The Investment Committee consists of six members, who are appointed by the Board and all of whom are members of the Board of Directors.

The primary purpose of the Investment Committee is to consider the matters designated to it by the Board, which include matters relating to approving the investments in projects, investment guidelines, strategic business plans, and related decisions on behalf of the Board. The Committee also gives its directions, rules and approvals on these matters.

The table below lists members of this committee and their respective attendance during 2014:

		Meetings held during 2014											
Name of Member	Role	23 Feb	04 Mar	30 Mar	12 May	31 May	15 Aug	06 Sept	20 Sept	18 Oct	18 Nov	25 Nov	4 Dec
Mohammed A. Abunayyan	Executive Chairman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Tariq M. Al Mutlaq	Member (Non-Executive Director)	✓	#	✓	✓	✓	-	#	✓	✓	✓	✓	✓
Ahmed S. Al Rajhi	Member (Non-Executive Director)	✓	✓	✓	✓	#	✓	✓	✓	✓	✓	✓	✓
Ibrahim M. Al Romaih	Member (Non-Executive Director)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Salah C. Brahimi	Member (Independent Director) up to 04 July 2014	✓	✓	✓	✓	#	-	✓	✓	✓	✓	✓	#
Dato Mohammed Izzaddin Idris	Member (Independent Director) up to 04 July 2014	✓	#	✓	✓	#	-	#	-	✓	✓	✓	✓

Legend: (✓) Present; (–) Apologies; (#) Proxy

Related Party Transactions Committee

The Related Party Transaction Committee, constituted by the Board, performs its functions in accordance with its terms of reference drawn up in compliance with the Code of Corporate Governance approved by the Board and has approval power. The Related Party Transactions Committee consists of four members, with the committee Chairman being an independent member of the Committee.

The Related Party Transaction Committee helps the Board review and approve matters and transactions that involve related party transactions and conflicts of interest within the Company.

The table below lists all the Committee Members and their attendance at the Committee Meetings held during 2014:

		Meetings held during 2014
Name of Member	Role	30 Mar
Dato Mohammed Izzaddin Idris	Chairman (No-Executive Director)	✓
Salah C. Brahimi	Member (Non-Executive Director)	✓
Tariq M. Al Mutlaq	Member (Non-Executive Director)	✓
Ibrahim M. Al Romaih	Member (Non-Executive Director)	✓

Legend: (✓) Present; (–) Apologies

Karadzhalovo PV IPP, Bulgaria

Nomination and Remuneration Committee

The Nomination and Remuneration Committee performs its functions in accordance with its terms of reference drawn up in compliance with the Code of Corporate Governance approved by the Board. This is a recommendatory committee.

The main duties of the Committee are:

- Recommending the appointment of members to the Board;
- Reviewing the structure of the Board;
- Determining the strengths and weaknesses of the Board;
- Ensuring the independence of the Board;
- Proposing the remuneration for the Directors;
- Reviewing succession planning for the executive management;
- Recommending the total amount of the annual cash bonus; and
- Reviewing and approving the employee share based plan, policies and related provisions.

The table below lists the members of this committee and their respective attendance during 2014:

		Meetings held during 2014		
Name of Member	Role	3 Feb	4 Mar	15 Sept
Ahmed S. Al Rajhi	Chairman (Non-Executive Director)	✓	✓	✓
Tariq M. Al Mutlaq	Member (Non-Executive Director)	✓	✓	✓
Chance Wilson	Independent Member	✓	✓	✓

Legend: (✓) Present; (–) Apologies; (#) Proxy

Shuaibah IWPP, Saudi Arabia

Remuneration of Board Directors

Each member of the Board is entitled to a fee for each meeting they attend during the year. The Board of Directors received a total sum of SAR 2,966,000 as remuneration for their services and attendance, excluding Board expenses of SAR 421,645.41, for the period of 01 January 2014 to 31 December 2014.

The remuneration paid to the officers of the Company reflects the responsibilities of, and the skills required for, each position. The Company has a well laid down policy and process for linking remuneration with performance.

Particulars	Role	Remuneration (SAR)	Attendance Fee (SAR)	Committees Remunerations & Attendance Fees (SAR	Total (SAR)	Expenses (SAR)
Mohammed A. Abunayyan*	Chairman (Non-Executive Director)	200,000	18,000	170,500	388,500	–
Sulaiman A. K. Al Muhaidib	Member (Non-Executive Director)	200,000	15,000	–	215,000	–
Ahmed S. Al Rajhi*	Member (Non-Executive Director)	200,000	18,000	186,000	404,000	9,068
Rasheed A. Al Rasheed*	Member (Non-Executive Director)	200,000	18,000	62,000	280,000	11,292
Tariq M. Al Mutlaq*	Member (Non-Executive Director)	150,000	15,000	186,000	351,000	4,979
Ibrahim M. Al Romaih	Member (Non-Executive Director)	200,000	18,000	186,000	404,000	13,327
Majed Al Shathry	Member (Non-Executive Director)	200,000	18,000	–	218,000	–
Salah C. Brahimi*	Member (Non-Executive Director)	200,000	15,000	170,500	385,500	351,830
Dato Mohammed Izzaddin Idris*	Member (Non-Executive Director)	150,000	15,000	155,000	320,000	31,149
Total		**1,700,000**	**150,000**	**1,116.000**	**2,966,000**	**421,645**

* Directors of the Board also representing as members of the Board Committees

Regulatory Penalties

During 2014 no statutory authority of any country where the Company has an office imposed a penalty on the Company.

Communication with Shareholders

The Company communicated with its shareholders effectively during 2014, using all the available means of communication. Quarterly financial statements reviewed by the Audit Committee and approved by the Board were sent to the shareholders.

Professional Profile of the External Auditor

Ernst & Young is an established 'Big Four' accounting firm and has a permanent office in Saudi Arabia. Ernst & Young, Riyadh, is the principal office that manages the audits for the Company and most of its subsidiaries, joint ventures and associates. ■

Executive Summary of Sustainability and Corporate Responsibility Report

ACWA Power has published a standalone Sustainability Report covering its management and performance during 2014 which accompanies this Report as Volume 2. The Sustainability Report complies with the international Global Reporting Initiative (GRI) G4 standards at the core level and at the GRI's requirements for Electricity Utilities. The following section presents extracts from the Sustainability Report relating to some of ACWA Power's main sustainability and corporate responsibility issues.

ACWA Power's sustainability strategy has three key elements:

- Ensuring we meet and surpass legal and regulatory compliance
- Driving socio-economic development by creating shared value
- Championing a sustainable future in the power and desalination sectors

Ensuring legal and regulatory compliance

ACWA Power's first and central sustainability priority is to ensure compliance with all relevant legal obligations and to ensure the safety of our employees. Ensuring that our people and the entire organization behaves in accordance with our Code of Governance and that our operational facilities demonstrate legal compliance and avoidance of health, safety, social and environmental (HSSE) impacts are the cornerstones of sustainability and international good practice. ACWA Power's ability to demonstrate performance on HSSE, governance, ethics and sustainability internationally is seen as a de facto license to operate and is a necessity to our stakeholders. For example, all our projects, as has been true since our first project, must meet World Bank/IFC environmental, health and safety (EHS) standards in order to enable funders to comply with their obligations under the Equator Principles.

Driving socio-economic development

Our next sustainability priority is to support socio-economic development through our sustainable business practices and along our value chain in the countries, regions and communities where we operate. We ensure that our sustainability programs are tied to our operational investments, and we are already witnessing the benefits and impact of this approach, including the benefits of supporting local education and health development; training & skills development; and strong development of local suppliers.

Championing change toward a sustainable future

The third priority is championing change and focusing our sector's debate on correctly valuing the true cost of generation to serve the different layers of the daily electricty demand curve. This will ensure the most appropriate fuel mix, including the adoption of the renewable energy given that renewable energy has become increasingly cost competitive compared to fossil fuel alternatives, for certain components of the daily need. Carbon is dominating the agenda of the international power industry.

Carbon emissions reduction plans, must begin with preventing emissions by harnessing renewable energy sources. ACWA Power has fast-tracked our renewables portfolio, such that between mid 2014 and the start of 2015 we secured an inrease in our renewables capacity of 700 MW, to take the total to 1,038 MW.

This comprehensively demonstrates our commitment to renewable energy. In parallel, we are increasing the efficiency of old and new facilities to reduce fuel consumption and gain more value out of the fuel consumed.

Whenever we use fossil fuels we strive to deliver maximum efficiency of fuel utilization, thus reducing carbon emissions as per the performance of our Rabigh 2 and Qurayyah IPPs. In 2014, our asset portfolio avoided emitting 857 ktCO_2 of which 257 ktCO_2 was ACWA Power's share (based on net equity shareholding) as a result of technology advances and improved efficiency over the year.

In 10 years from now, we know that the opportunities and challenges of sustainable development will continue to inspire our business. We will still be driving fundamental

change in our industry through efficiencies and reduction in the carbon intensity of electricity and desalinated water production. We will also be a larger company, making a broader socioeconomic contribution in the countries and communities in which we operate. We see this not only as the best path forward, but also as the only path to future sustained success.

Commitment to Climate Action and Renewable Energy

ACWA Power is currently investing US$ 7 billion in its renewables portfolio. At the beginning of 2012, we had 2.5 MW of renewable energy in our portfolio of 13,500 MW of contracted capacity. At the end of 2014, four assets were in operation: the Hofa and Ibrahimiya windfarms in Jordan, a 50 MW photovoltaic plant in Bulgaria; and a waste-to-energy plant in the Czech Republic. plus Two plants were under construction, the 160 MW Concentrated Solar Power (CSP) Noor 1 IPP plant in Morocco and the 50 MW Bokpoort CSP IPP in South Africa. These facilities constitute a renewable energy portfolio with total capacity of 262.5 MW.

In early January 2015, we received confirmation and the award of four new projects: Noor II (200 MW) & Noor III (150 MW), both in Morocco and Phase 2 of Mohammed bin Rashid Solar Park (200 MW) in the UAE and the Redstone CSP (100 MW), South Africa. These are in addition to acquisitions of the Khalladi wind IPP (120 MW) in Morroco which provide a combined output of 770 MW.

ACWA Power has achieved its success by delivering the lowest tariff the world has seen and then bettering this level in the next bid. The 2012 bid price for the Noor I CSP parabolic trough project in Ouarzazate, Morocco was US$18.9 cents per kWh. This was improved on in 2014, for Noor II with a price of US$ 15.7 cents per kWh. We bid US$ 12 cents per kWh in 2013 for a 100 MW PV plant in Saudi Arabia, which was eclipsed by our 2014 price of US$ 5.84 cents per kWh for the 200 MW Phase 2 Mohammed bin Rashid Solar Park for the Dubai Electricity and Water Authority.

These reductions are made possible by focusing on every element of the cost model, and keeping margins at a reasonable level. Our team works hand in hand with a broad base of technical, financial and tax specialists to identify continuous improvements and bottom up savings.

The sharp drop in technology costs experienced in recent years have also played a major role in ACWA Power's achieving record-low tariffs though a further contributing factor has been the highly leveraged financing we have been able to acquire.

Socio Economic Impact Sustainability

The focus of ACWA Power's Sustainability Program is to support local and regional communities by improving their members' technical skills and employability; improving local standards and infrastructure; engaging in charitable donations; and nurturing financial sustainability; thus aligning socio-economic improvements with ACWA Power's core business objectives.

ACWA Power actively advocates the development of sustainability practices in all regions where we work. We work closely with governments and engage and encourage them to improve sustainability expectations on the local level for all companies.

ACWA Power contributes to financial sustainability through finding robust and innovative techno-commercial solutions for each and every project. This enables us to be first adopters and drive the IPP sector to deliver continually improving pricing, enabling governments to either pass on these savings to end users or reinvest the avoided costs in other ways.

One of the other focuses for ACWA Power is to work towards reducing poverty and the promoting sustainable prosperity through local hiring and skills-development policies that go further than typical practices by developing semi-skilled or unskilled potential or current employees.

ACWA Power's indirect economic contributions are also visible through the development of local and regional infrastructure that is not directly related to the organization's core operations. *Please see pages 17-24 of our 2015 Sustainability Report for full details.*

Health, Safety, Social and Environmental Management and Performance

ACWA Power's HSSE management process is designed in accordance with globally accepted good practice standards across all levels of operation. We believe we are leading HSSE improvement and safety cultural change in the locations in which we invest and operate, based on our ongoing international benchmarking activities.

Our integrated environmental, health and safety management system was recently assessed by the IFC for conformance to the IFC Performance Standards. The few minor deficiencies that were identified have been improved and now meet IFC's stringent guidelines.

As part of the development of the HSE management framework, we perform a formal risk assessment of all our products, activities and services. The most significant HSE risks encountered by ACWA Power's office based staff arise from office conditions and business travel, both of which are actively managed by our administration team. Facility-related technical issues and choices with HSE consequences are covered by ACWA Power's minimum functional specifications, which are applied to all projects.

During the early phase of construction, project-specific HSE and social action plans are developed as part of the implementation of the Environmental & Social Impact Assessment (ESIA), which is included as a contractual requirement. ESIA compliance is monitored by both the respective project company's and the corporate HSSE teams, who are supported by independent environmental consultants who conduct audits on the lenders' behalf. For example at CEGCO, audits were conducted over an 8-month period and were accompanied by capacity building activity such as employee lectures, workshops and vocational training around HSSE. We have published a customized HSE training booklet titled "Safe Construction." To date over 8,000 copies have been distributed, and the booklet has been translated into eight languages - Arabic, English, Hindi, Chinese, Korean, Spanish, Portuguese and Afrikaans.

ZERO HARM
بدون أذى

At the start of 2014, we launched our Zero Harm campaign, which translates into Arabic as "Without Harm" and is transliterated as "Bedoon Adah." To our knowledge, we are the first GCC-based organization to adopt and translate this global safety maxim, which supports our HSSE vision of "Positive societal contribution with Zero Harm." Our HSSE mission statement is "ACWA Power's HSSE standards and practices consistently deliver performance that meets international principles, exceeds stakeholder expectations and provides sector leadership," which is consistent with our overall organizational vision and mission. This "Zero Harm" campaign was supported by the comprehensive HSE management plan covering our top 10 HSE risks and spanning, with specific objectives, each of the corporate, project company, O&M and facility levels.

ACWA Power offers rewards programs to motivate stakeholders to abide by the Company's HSE policies. They include recognition, bonuses and cash incentives for good performance, including motivational rewards for reporting near-misses. We believe that incentives combined with a zero-tolerance enforcement of standards is instrumental in driving HSE in action and fostering a safety culture across ACWA Power.

GHG Emissions

ower accounts for carbon emissions across all of our operations in accordance with the scope boundaries and guidance of the Greenhouse Gas (GHG) Protocol and the GRI G4 Guidelines. Total CO_2 emissions for 2014 were 48,237 ktCO_2, of which 15,520 ktCO_2 was ACWA Power's share based on our percentage ownership of each asset. The weighted average carbon intensity of our portfolio's electricity was 525 kg/MWh and 14.04 kgCO2/m^3 of desalinated water, which is comparable to best European performance.

ACWA Power is continually increasing the efficiency of fossil fuel conversion and thermal power generation, hence reducing the carbon intensity of electricity and desalinated water (CO_2/kWh and CO_2/m^3). The 3,927 MW CCGT Qurrayah facility in Saudi Arabia has a world-class performance of 390kg CO_2/MWh. The Rabigh 2 IPP 2,060 MW CCGT that is currently under construction has improved performance by a further 7.2% and emits just 359kg CO_2/MWh. This will result in an annual reduction of 472 ktCO_2 of emissions compared with an equivalent electrical energy production of Qurrayah while using 8.8% less gas. In addition, as most of our asset portfolio is comparatively new, our overall carbon intensity is significantly lower than that of the older coal and oil-fueled power plants of our regional competitors.

Safety indicators

HSE performance across the asset portfolio sustained the trend of previous years with no work-related fatalities occurred during 2014. Reportable or Lost Time Incidents (LTIs) on our construction projects had a moderate increase but are still better than international benchmarks. The majority of our operational sites were professionally managed and avoided lost time incidents. The year on year increase in LTIs occurred at one set of sites that has subsequently been addressed and the early indications are that there has been a step change in attitude and culture. Environmental incidents, occupational diseases and dangerous occurrences are infrequent events. HSE reportable incidents and rate, both composite KPIs, saw performance better than ACWA Power's target and so the organization achieved three out of its four corporate HSE targets. *Please see pages 36-38 of our 2015 Sustainability Report for full details.*

Financial Highlights

Overview of the Group

ACWA Power and its subsidiaries (collectively the "Group") are engaged in the development, construction, acquisition, generation and sale of electricity and desalinated water, leasing, operation and maintenance of power generation, water desalination and steam plants, and other related or auxiliary businesses activities complimentary to it.

Subsidiaries are entities which are controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated in full. Minority interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Minority interests comprise of the amount of those interests at fair value at the date of the original business acquisition and the minority's share of changes in equity since the date of the acquisition.

Financial Performance Year 2014

The financial information presented in the consolidated financial statements has been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia (SOCPA standards) and in reference to International Financial Reporting Standards (IFRS) (for instances where SOCPA standards do not address accounting issues). For the year 2014, we achieved income from the Group's main operations of SAR 687 million (2013: SAR 744 million) and a net income of SAR 532 million (2013: SAR 459 million). The drivers of net income are services rendered (including development fee income), the Group's share of net income from joint ventures and associates and results of operations from our subsidiaries.

Significant Subsequent Event

Subsequent to the year end, the Group in accordance with the nature of its business, has entered into or is negotiating various agreements including share purchase agreements and the sale of capital equipment. The Company does not expect these to have any material impact on the financial position and results as of the reporting date.

Financial and Operational Highlights

Particulars	2014	2013	%
FINANCIAL			
Income from main operations (SAR millions)	**687**	744	8% ⇩
Net income (SAR millions)	**532**	459	16% ⇧
Earnings per share - main operations (SAR)	**1.30**	1.53	15% ⇩
Earnings per share - net income (SAR)	**1.01**	0.94	7% ⇧
Return on Capital Employed (in percentage)	**6.0%**	7.8%	23% ⇩
Funded Committed Capital (SAR millions)	**417**	355	17% ⇧
OPERATIONAL			
Power availability (in percentage)	**93%**	89%	4% ⇧
Water aviailability (in percentage)	**92%**	93%	1% ⇩
Forced outage - power (in percentage)	**4%**	7%	43% ⇩
Forced outage - water (in percentage)	**6%**	4%	50% ⇧
SAFETY			
Lost time incident rate - construction phase	**0.15**	0.03	
Lost time incident rate - operational phase	**0.38**	0.25	
Reportable incident rate - construction phase	**0.26**	0.12	
Reportable incident rate - operational phase	**0.65**	0.74	

Financial Performance Summary

A summary of the Group's financial performance evaluated based on key performance indicators that impact shareholder value is as follows:

Income from main operations and net income:

- Decrease in income from main operations mainly relates with impairment loss booked at Bulgarian assets pursuant to management's assessment of revised cash flows arising from changes in legislation. The impairment loss represents the write-down of certain property, plant and equipment in the Generation (Power & Water) segment pursuant to management's assessment of revised cash flows arising from changes in legislation in our plant in Bulgaria.

Earnings per share

- Decline in earnings per share from income from main operations is due to the impairment loss booked (see above). However increase in earnings per share from net profit is attributable to lower minority interest due to minority's portion of impairment loss and higher other income on account of insurance and liquidated damages at the businesses.

Return on Capital Employed and Funded Committed Capital

- The decrease mainly relates with higher external loans utilisation specifically to fund the projects under construction.

Operational indicators

Water Availability and Forced Outages

- The water availability was negatively impacted due to one of the barge at the Bowerage IWP project was out of production from beginning of year till 04 August 2014 due to repair work in relation with fire incident occurred in later part of 2013. In addition an outage arising out of tube leakages at the Shuaibah IWPP project further affected water production.

Power Availability and Forced Outages

- The year 2014 is comparatively better year than 2013 where majority of the outages were in relation with EPC defects rectification in relation with Rabigh and Marafiq plants together with some outages at Shuaibah and CEGCO plants.

Safety indicators

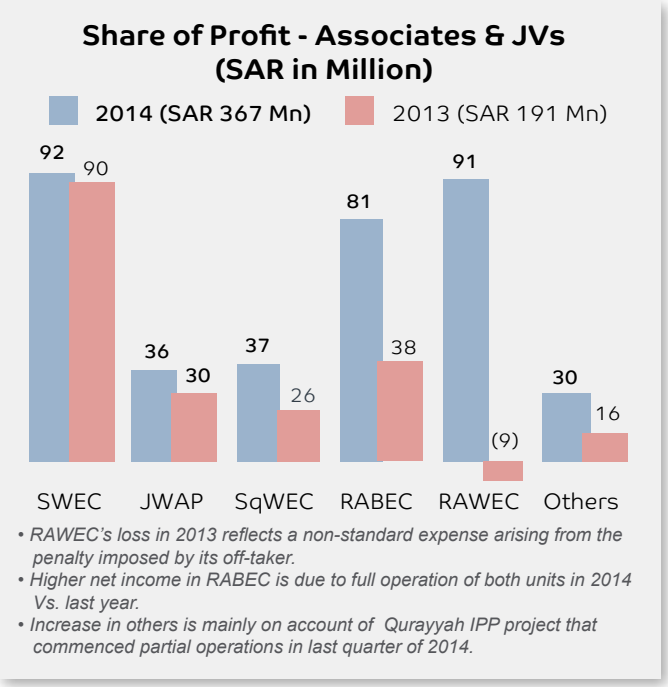
HSE performance across the asset portfolio sustained the trend of previous years with no work-related fatalities during 2014. Reportable or Lost Time Incidents (LTIs) on our construction projects had a moderate increase but are still better than international benchmarks. The year on year increase in LTIs occurred at one set of sites that has subsequently been addressed and the early indications are that there has been a step change in attitude and culture. HSE reportable incidents and rate, both composite KPIs, saw performance better than ACWA Power's targets.

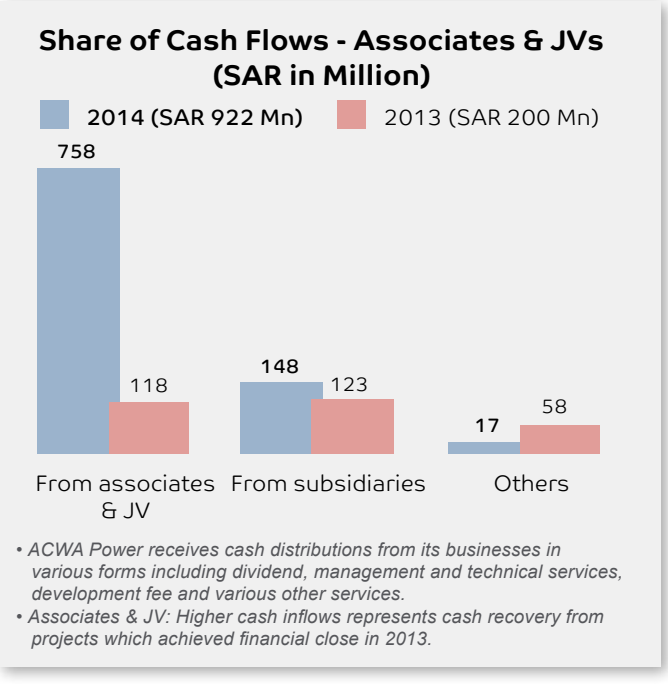
Share of Profit and Cash flows from Associates and Joint Ventures

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Joint ventures are those entities where the Group shares effective control with other shareholders of the investee company.

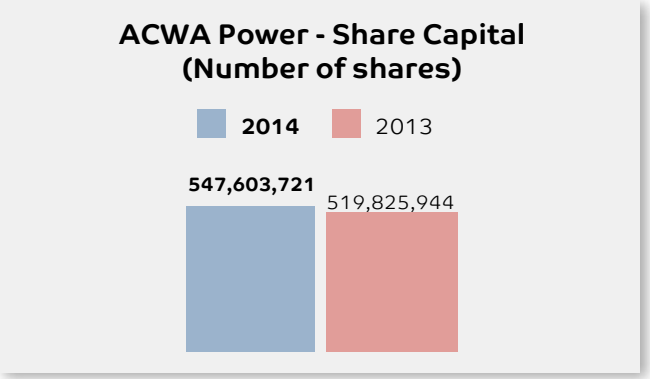
The Group's investments in its associates and joint ventures are accounted for using the equity method of accounting from the date that the significant influence or joint-control commence until the date that such influence or joint-control ceases.

The profit and cash flows from joint ventures and associates continues to strengthen and recorded a substantial growth in 2014.





ACWA Power – Share Capital & Group Tangible Net Worth



Marafiq IWPP, Saudi Arabia

Share Capital

- In September 2014 the share capital of the company was increased when International Finance Corporation ("IFC") subscribed to 27.8 million shares of the Company aggregating to SAR 375 million.
- Tangible net worth, as defined by the management of the Group, is total equity of the Group before cash flow hedge reserve (comprising the elements detailed below) deducted by the carrying value of Goodwill in the consolidated balance sheet as of the reporting date

SAR in '000	2014	2013
Share capital	**5,466,215**	5,190,959
Share premium	**97,222**	–
Statutory reserve	**194,229**	141,014
Retained earnings	**1,541,443**	1,082,769
Minority interests	**1,000,022**	1,093,533
	8,299,131	7,508,275
Less: Goodwill	**(2,264,671)**	(2,264,671)
Tangible Net Worth	**6,034,460**	5,243,604

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