

**Qatar Electricity and Water Company Q.P.S.C.**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED  
30 JUNE 2021**

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## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR ELECTRICITY AND WATER COMPANY Q.P.S.C.

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Electricity and Water Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") as at 30 June 2021, which comprise the interim consolidated statement of financial position as at 30 June 2021, and the related interim consolidated statement of profit or loss and other comprehensive income for the three-month and six-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the six-month period then ended, and the related explanatory notes.

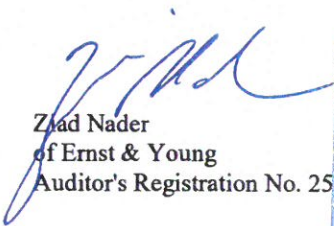
The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

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

  
Ziad Nader  
of Ernst & Young  
Auditor's Registration No. 258

Date: 14 July 2021  
Doha



Qatar Electricity and Water Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		<i>30 June 2021 QAR '000 (Reviewed)</i>	<i>31 December 2020 QAR '000 (Audited)</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	4,942,111	5,040,887
Right-of-use assets		27,343	29,516
Intangible assets and goodwill		81,560	84,545
Investments in joint ventures and an associate	8	4,365,380	3,936,650
Equity investments at fair value through other comprehensive income		2,818,667	2,571,376
Finance lease receivables	9	811,707	823,306
Loan receivable from joint ventures and an associate		272,956	207,029
Other assets		11,314	12,157
		<u>13,331,038</u>	<u>12,705,466</u>
<b>Current assets</b>			
Inventories		63,196	66,344
Trade and other receivables		507,004	493,534
Finance lease receivables	9	90,199	150,307
Bank balances and cash		3,408,770	3,478,966
		<u>4,069,169</u>	<u>4,189,151</u>
Asset held for sale		255,535	255,535
		<u>4,324,704</u>	<u>4,444,686</u>
<b>TOTAL ASSETS</b>		<u><u>17,655,742</u></u>	<u><u>17,150,152</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	1,100,000	1,100,000
Legal reserve		550,000	550,000
General reserve		3,241,834	3,241,834
Hedge reserve	13	(2,135,560)	(2,513,650)
Fair value reserve		701,804	454,513
Foreign currency translation reserve		(22,426)	(14,215)
Retained earnings		7,031,219	6,939,760
		<u>10,466,871</u>	<u>9,758,242</u>
Equity attributable to equity holders of the parent		10,466,871	9,758,242
Non-controlling interest		194,290	207,745
		<u>10,661,161</u>	<u>9,965,987</u>
<b>Total equity</b>		<u>10,661,161</u>	<u>9,965,987</u>



The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

Qatar Electricity and Water Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

		30 June 2021 QAR '000 (Reviewed)	31 December 2020 QAR '000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	12	3,716,522	3,856,019
Negative fair value of interest rate swaps for hedging	13	21,629	50,876
Lease liabilities		26,197	28,971
Employees' end of service benefits		81,762	80,863
		<u>3,846,110</u>	<u>4,016,729</u>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	12	2,455,827	2,447,771
Negative fair value of interest rate swaps for hedging	13	34,269	32,111
Current portion of lease liabilities		3,696	3,211
Trade and other payables		654,679	684,343
		<u>3,148,471</u>	<u>3,167,436</u>
<b>Total liabilities</b>		<u>6,994,581</u>	<u>7,184,165</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,655,742</u>	<u>17,150,152</u>

These interim condensed consolidated financial statements were approved by the Parent Company's Board of Directors and signed on its behalf by the following on 14 July 2021.

Saad Bin Sherida Al-Kaabi  
Chairman

Mohammed Nasser Al-Hajri  
Managing Director and General Manager

ERNST & YOUNG  
Doha - Qatar

14 JUL 2021

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The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

Qatar Electricity and Water Company Q.P.S.C.

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME

For the six-month period ended 30 June 2021

	Notes	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2021 QAR '000 (Reviewed)	2020 QAR '000 (Reviewed)	2021 QAR '000 (Reviewed)	2020 QAR '000 (Reviewed)
Revenue from water and electricity	14	574,363	625,655	1,150,144	1,195,695
Lease interest		25,804	29,882	50,815	59,219
Cost of sales		600,167 (358,454)	655,537 (426,422)	1,200,959 (725,126)	1,254,914 (807,411)
<b>Gross profit</b>		<b>241,713</b>	<b>229,115</b>	<b>475,833</b>	<b>447,503</b>
Other operating income		70,061	34,355	150,447	131,908
General and administrative expenses		(30,336)	(38,999)	(68,102)	(82,323)
<b>Operating profit</b>		<b>281,438</b>	<b>224,471</b>	<b>558,178</b>	<b>497,088</b>
Finance costs		(28,740)	(37,905)	(58,235)	(89,521)
Net share of profit of joint ventures and an associate		166,330	160,942	297,530	266,583
<b>Profit for the period</b>		<b>419,028</b>	<b>347,508</b>	<b>797,473</b>	<b>674,150</b>
<b>Other comprehensive income (loss):</b>					
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive income (loss) from joint ventures – interest rate swaps for hedging	13	(243,990)	(104,895)	351,001	(844,190)
Share of other comprehensive loss from joint ventures - exchange differences on translation of foreign operations		5,190	-	(8,211)	-
Effective portion of changes in fair value of interest rate swaps for hedging	13	1,313	(5,805)	27,089	(70,367)
		(237,487)	(110,700)	369,879	(914,557)
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>					
Net change in fair value of equity investments at fair value through other comprehensive income		124,972	196,236	247,291	(343,226)
<b>Other comprehensive income (loss) for the period</b>		<b>(112,515)</b>	<b>85,536</b>	<b>617,170</b>	<b>(1,257,783)</b>
<b>Total comprehensive income (loss) for the period</b>		<b>306,513</b>	<b>433,044</b>	<b>1,414,643</b>	<b>(583,633)</b>
<b>Profit attributable to:</b>					
Equity holders of the parent		412,727	340,454	784,684	660,563
Non-controlling interest		6,301	7,054	12,789	13,587
		419,028	347,508	797,473	674,150
<b>Total comprehensive income (loss) attributable to:</b>					
Equity holders of the parent		300,212	425,990	1,401,854	(597,220)
Non-controlling interest		6,301	7,054	12,789	13,587
		306,513	433,044	1,414,643	(583,633)
<b>Earnings per share:</b>					
Basic and diluted earnings per share (Qatari Riyals)	15	0.38	0.31	0.71	0.60

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

## Qatar Electricity and Water Company Q.P.S.C.

### INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2021

	<i>Attributable to equity holder of the parent</i>									
	Share capital QAR '000	Legal reserve QAR '000	General reserve QAR '000	Cash flow hedge reserve QAR '000	Fair value reserve QAR '000	Foreign currency translation reserve QAR '000	Retained earnings QAR '000	Total QAR '000	Non-controlling interest QAR '000	Total equity QAR '000
Balance as at 1 January 2021	1,100,000	550,000	3,241,834	(2,513,650)	454,513	(14,215)	6,939,760	9,758,242	207,745	9,965,987
Profit for the period	-	-	-	-	-	-	784,684	784,684	12,789	797,473
Other comprehensive income	-	-	-	378,090	247,291	(8,211)	-	617,170	-	617,170
Total comprehensive income	-	-	-	378,090	247,291	(8,211)	784,684	1,401,854	12,789	1,414,643
Dividends relating to year 2020 (Note 11)	-	-	-	-	-	-	(693,000)	(693,000)	(26,244)	(719,244)
Additional contribution to social and sports support fund - 2020	-	-	-	-	-	-	(225)	(225)	-	(225)
<b>Balance at 30 June 2021 (Reviewed)</b>	<b>1,100,000</b>	<b>550,000</b>	<b>3,241,834</b>	<b>(2,135,560)</b>	<b>701,804</b>	<b>(22,426)</b>	<b>7,031,219</b>	<b>10,466,871</b>	<b>194,290</b>	<b>10,661,161</b>
Balance as at 1 January 2020	1,100,000	550,000	3,241,834	(1,891,900)	338,349	-	6,660,841	9,999,124	235,948	10,235,072
Profit for the period	-	-	-	-	-	-	660,563	660,563	13,587	674,150
Other comprehensive loss	-	-	-	(914,557)	(343,226)	-	-	(1,257,783)	-	(1,257,783)
Total comprehensive income (loss)	-	-	-	(914,557)	(343,226)	-	660,563	(597,220)	13,587	(583,633)
Dividends relating to year 2019 (Note 11)	-	-	-	-	-	-	(852,500)	(852,500)	(25,515)	(878,015)
Balance at 30 June 2020 (Reviewed)	1,100,000	550,000	3,241,834	(2,806,457)	(4,877)	-	6,468,904	8,549,404	224,020	8,773,424

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14 JUL 2021

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Qatar Electricity and Water Company Q.P.S.C.  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the six-month period ended 30 June 2021

	Notes	<i>For the six-month period 30 June</i>	
		<i>2021 QAR '000</i>	<i>2020 QAR '000</i>
<b>OPERATING ACTIVITIES</b>			
Profit for the period		797,473	674,150
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		136,145	137,164
Depreciation of right-of-use assets		2,111	1,174
Property, plant and equipment written-off		1,946	-
Interest expense on lease liabilities		1,255	5,662
Net share of profits of joint ventures and an associate		(297,530)	(266,583)
Provision for employees' end of service benefits		4,337	6,090
Dividend income		(71,056)	(70,534)
Amortization of intangible assets		2,985	2,985
Amortization of non-current assets		843	903
Interest income		(30,887)	(45,034)
Interest expense		56,493	84,395
		<b>604,115</b>	<b>530,372</b>
Operating profit before working capital changes			
<i>Working capital adjustments:</i>			
Inventories		3,148	(8,520)
Trade and other receivables		(9,710)	(20,548)
Finance lease receivables		71,707	68,367
Trade and other payables		(39,967)	(37,500)
		<b>629,293</b>	<b>532,171</b>
Cash flows from operating activities			
Employees' end of service benefits paid		(3,438)	(873)
		<b>625,855</b>	<b>531,298</b>
<b>Net cash flows from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	7	(39,315)	(4,996)
Investments in equity investments at fair value through other comprehensive income		-	(200,000)
Dividends received from equity investments at fair value through other comprehensive income		71,056	70,534
Dividends received from joint ventures		211,590	436,051
Additional investments made in an associate		-	(15,531)
Net movement in loan receivable from joint ventures and an associate		(65,927)	(10,629)
Interest received		27,127	45,034
Net movement in term deposits with original maturity over 90 days		34,783	614,499
		<b>239,314</b>	<b>934,962</b>
<b>Net cash from investing activities</b>			
<b>FINANCING ACTIVITIES</b>			
Net movements in interest bearing loans and borrowings		(130,032)	(309,840)
Dividends paid		(682,922)	(839,695)
Dividend paid to non-controlling interest		(26,244)	(25,515)
Payment of lease liabilities		(3,482)	(6,598)
Interest paid		(57,902)	(84,395)
		<b>(900,582)</b>	<b>(1,266,043)</b>
<b>Net cash used in financing activities</b>			
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(35,413)</b>	<b>200,217</b>
Cash and cash equivalents at 1 January		<b>662,520</b>	<b>489,029</b>
		<b>627,107</b>	<b>689,246</b>
<b>Cash and cash equivalents at 30 June</b>	10		

The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

# Qatar Electricity and Water Company Q.P.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

### 1 REPORTING ENTITY

Qatar Electricity and Water Company Q.P.S.C. (the "Company") is a Qatari Public Shareholding Company incorporated in the State of Qatar under commercial registration number 14275. The Company commenced its commercial operations in March 1992. The head office of the Company is located at Woqod Tower, West Bay Area, Doha, State of Qatar. The Company's shares are listed on the Qatar Exchange since 3 May 1998.

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

The principal activities of the Group, which have not changed from the previous year, are to develop, own and operate plants to produce electricity and desalinated water and to supply them to the state owned "Qatar General Electricity and Water Corporation" (otherwise known as "KAHRAMAA").

Details of the Company's subsidiaries at 30 June are as follows:

<i>Name of entities</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ultimate ownership interest</i>	
			<i>2021</i>	<i>2020</i>
Ras Laffan Operating Company W.L.L.	Plant operation and maintenance	Qatar	100%	100%
Ras Laffan Power Company Q.P.S.C.	Generation of electricity and production of desalinated water	Qatar	80%	80%

The Company has the following joint ventures and an associate at 30 June:

<i>Name of entities</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ultimate ownership interest</i>	
			<i>2021</i>	<i>2020</i>
Qatar Power Q.J.P.S.C.	Generation of electricity and production of desalinated water	Qatar	55%	55%
Mesaieed Power Company Q.P.S.C.	Generation of electricity	Qatar	40%	40%
Ras Girtas Power Company Q.P.S.C.	Generation of electricity and production of desalinated water	Qatar	45%	45%
Nebras Power Q.P.S.C.	Investments in electricity and desalinated water projects outside Qatar	Qatar	60%	60%
Umm Al Houl Power Q.P.S.C.	Generation of electricity and production of desalinated water	Qatar	60%	60%
Siraj Energy Q.P.S.C. (Note i)	Identifying, evaluating and development of Solar power opportunities.	Qatar	49%	60%

Note:

(i) On 30 November 2020, the Company entered into a share sales and purchase agreement with Qatar Petroleum ("QP") to dispose 11% of its share of equity in Siraj Energy Q.P.S.C. Subsequently, during the period, the Group has classified its investment in Siraj Energy as an investment in associate. The revised percentage of shareholdings in Siraj Energy Q.P.S.C. were as follows:

- Qatar Electricity and Water Company Q.P.S.C. (49%)
- Qatar Petroleum (51%)

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standard IAS 34 “Interim Financial Reporting” (“IAS 34”).

The interim condensed consolidated financial statements are prepared under the historical cost convention, except for equity investments at fair value through other comprehensive income and derivative financial instruments which are measured at fair value.

The interim condensed consolidated financial statements have been presented in Qatar Riyals (“QAR”), which is the functional and presentation currency of the Group.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020. In addition, the results for the six-month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 14 July 2021.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards and interpretations effective as of 1 January 2021.

The following amendments to the existing standards have been applied by the Group in preparation of these interim condensed consolidated financial statements. The adoption of the below amendments to existing standards did not result in changes to previously reported net profit or equity of the Group, but they may result in additional disclosures at year end:

### **New and amended standards and interpretations adopted by the Group**

During the current period, the Group adopted the below amendments and improvements to the International Financial Reporting Standards that are effective for annual periods beginning on 1 January 2021:

<i>Description</i>	<i>Effective from</i>
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments did not have a material impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

### **Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s interim condensed consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

<i>Topics</i>	<i>Effective date</i>
IFRS 17 Insurance Contracts	1 January 2023

# Qatar Electricity and Water Company Q.P.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

### 4 USE OF JUDGMENTS AND ESTIMATES

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

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

### 5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements for the year ended 31 December 2020.

### 6 SEGMENTAL INFORMATION

The Group operates integrated plants for the generation of electricity and desalination of water in the State of Qatar. The water desalination process is completely dependent upon electricity generation. The electricity generation and water desalination processes are interrelated and are subject to similar risks and returns. Consequently, the Group presents both generation of electricity and production of desalinated water as a single operating segment.

### 7 PROPERTY, PLANT AND EQUIPMENT

#### Acquisitions

During the six-month period ended 30 June 2021, the Group acquired assets with a cost of QAR 39,315 thousand (Year ended 31 December 2020: QAR 4,843 thousand).

#### Disposals

There were no disposals made during the six-month period ended 30 June 2021, as well as during the year ended 31 December 2020. The Group has written-off capital work-in-progress amounting to QAR 1.9 million during the period ended 30 June 2021 (31 December 2020: QAR nil).

### 8 INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE

	Country of incorporation	Group effective ownership %	30 June 2021 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
<i>The Group has the following investments in joint ventures:</i>				
Nebras Power Q.P.S.C.	Qatar	60%	3,127,671	3,048,454
Umm Al Houl Power Q.P.S.C.	Qatar	60%	750,173	451,742
Qatar Power Q.J.P.S.C. (Note i)	Qatar	55%	405,917	422,225
Mesaieed Power Company Q.P.S.C.	Qatar	40%	37,391	-
Ras Girtas Power Company Q.P.S.C. (Note ii)	Qatar	45%	10,111	-
			<u>4,331,263</u>	<u>3,922,421</u>
<i>The Group has the following investment in an associate:</i>				
Siraj Energy (Note iii)	Qatar	49%	34,117	14,229
			<u>34,117</u>	<u>14,229</u>
Investments in joint ventures and an associate			<u>4,365,380</u>	<u>3,936,650</u>

**8 INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE (CONTINUED)**

*Notes:*

- (i) On 3 September 2020, the General Tax Authority (GTA) issued an income tax assessment for the years from 2016 to 2017 requiring the Qatar Power Q.J.P.S.C. (QPower) to pay additional taxes of USD 27.6 million (QAR 100.6 million). This includes penalties amounting to USD 10.4 million (QAR 37.9 million).

QPower wrote a detailed response to GTA on 30 September 2020 as per the requirement of the tax law, rejecting the full amount claimed by the GTA, however QPower was not responded in due time. QPower then filed an appeal with the Appeal Committee under the provisions of the law which is pending for hearing. However, in light of the tax assessment received, a provision for tax of USD 17.2 million (QAR 62.7 million) has been recognised in the QPower financial statements.

As per the Memorandum of Understanding (“MOU”) signed by the Ministry of Finance (MoF), GTA, Qatar Petroleum and the Company on 2 February 2020, the MoF also undertakes to settle the income tax amounts payable by QPower for the previous years. QPower also has pass through arrangements for income tax as per the terms of the Power and Water Purchase Agreement (“PWPA”). Accordingly, QPower has recorded income tax receivables of USD 17.2 million (QAR 62.7 million) against the tax assessment received for the same amount from the GTA. Management has applied its judgment in determining that the above arrangements will also cover any tax penalties to be paid, if any, for the prior years.

- (ii) On 29 August 2019, the GTA issued an income tax assessment for the years from 2010 to 2018 requiring the Ras Girtas Power Company Q.P.S.C. (RGPC) to pay additional taxes of USD 85 million (QAR 310 million). This includes penalties amounting to USD 27 million (QAR 98.4 million). The Company had a tax holiday for the period between April 2011 to March 2017.

RGPC wrote a detailed response to GTA as per the requirement of the tax law, rejecting the full amount claimed by the GTA, however RGPC was not responded in due time. RGPC then filed an appeal with the Appeal Committee under the provisions of the law which is pending for the final decision. However, in light of the tax assessment received, a provision for tax has been recognised of USD 85 million (QAR 310 million).

As per the MOU signed on 2 February 2020, the MoF also undertakes to settle the income tax amounts payable by the RGPC for the previous years. RGPC also has pass through arrangements for income tax as per the terms of the PWPA. Accordingly, RGPC has recorded income tax receivables of USD 85 million (QAR 310 million) against the tax assessment received for the same amount from the GTA. Management has applied its judgment in determining that the above arrangements will also cover any tax penalties to be paid, if any, for the prior years.

- (iii) On 30 November 2020, the Company entered into a share sales and purchase agreement with Qatar Petroleum (“QP”) to dispose 11% of its share of equity in Siraj Energy Q.P.S.C. Subsequent to that execution of the sales purchase agreement and the amendments of shareholders’ agreement, the Group has classified its investment in Siraj Energy as an investment in associate. The revised percentage shareholdings in Siraj Energy Q.P.S.C. were as follows:

- a. Qatar Electricity and Water Company Q.P.S.C. (49%)
- b. Qatar Petroleum (51%)

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**9 FINANCE LEASE RECEIVABLES**

Present value of minimum lease receivable is the gross lease receivable in the lease discounted at the interest rate implicit in the lease. The implicit interest rate is 9.32% per annum (2020: 9.32% per annum). Income from finance lease is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The finance lease receivables at the end of the reporting period were neither past due nor impaired.

	<i>30 June 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>
Gross investment in the lease	1,267,546	1,383,594
Unearned finance income	<u>(365,640)</u>	<u>(409,981)</u>
Present value of minimum lease receivable	<u><u>901,906</u></u>	<u><u>973,613</u></u>

The finance lease receivables are presented in the interim consolidated statement of financial position as follows:

	<i>30 June 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>
Current portion	90,199	150,307
Non-current portion	<u>811,707</u>	<u>823,306</u>
	<u><u>901,906</u></u>	<u><u>973,613</u></u>

**10 CASH AND CASH EQUIVALENTS**

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<i>30 June 2021 QAR'000 (Reviewed)</i>	<i>30 June 2020 QAR'000 (Reviewed)</i>
Cash at bank – call and current accounts	153,613	168,473
Term deposits ( <i>Note i</i> )	3,255,082	2,855,783
Cash in hand	<u>75</u>	<u>59</u>
Bank balances and cash	3,408,770	3,024,315
Less: Term deposits with original maturity of over 90 days	<u>(2,781,663)</u>	<u>(2,335,069)</u>
<b>Cash and cash equivalents</b>	<u><u>627,107</u></u>	<u><u>689,246</u></u>

*Note:*

- (i) Term deposits are made for varying terms depending on the immediate cash requirements of the Group and earn interest at market rates.

Qatar Electricity and Water Company Q.P.S.C.

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For the six-month period ended 30 June 2021

**11 SHARE CAPITAL**

	<i>30 June 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>
<i>Authorized, issued and paid up share capital</i>		
1,100,000,000 ordinary shares with nominal value of QAR 1 each	<u>1,100,000</u>	<u>1,100,000</u>

**Cash dividend**

During the period, the shareholders of the Company approved a cash dividend of QAR 0.630 per share totalling to QAR 693,000 thousand for the year 2020 (30 June 2020 - QAR 0.775 per share totalling to QAR 852,500 thousand for the year 2019).

**12 INTEREST BEARING LOANS AND BORROWINGS**

	<i>30 June 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>
Loan (1)	973,426	1,007,869
Loan (2)	1,093,500	1,093,500
Loan (3)	919,448	939,247
Loan (4)	457,812	915,624
Loan (5)	769,839	789,141
Loan (6)	462,552	474,149
Loan (7)	401,019	428,739
Loan (8)	304,807	311,406
Loan (9)	200,075	213,905
Loan (10)	182,250	182,250
Loan (11)	<u>457,812</u>	<u>-</u>
<b>Total interest-bearing loans and borrowings</b>	<b>6,222,540</b>	<b>6,355,830</b>
Less: Financing arrangement costs	<u>(50,191)</u>	<u>(52,040)</u>
	<u><b>6,172,349</b></u>	<u><b>6,303,790</b></u>

Interest bearing loans and borrowings are presented in the interim consolidated statement of financial position as follows:

	<i>30 June 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>
Current portion	2,455,827	2,447,771
Non-current portion	<u>3,716,522</u>	<u>3,856,019</u>
	<u><b>6,172,349</b></u>	<u><b>6,303,790</b></u>

Production facilities of RAF A1, RAF A2, RAF A3 and RAF B2 are pledged against the project finance loans, included above.

Qatar Electricity and Water Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

13 INTEREST RATE SWAPS FOR HEDGING

(a) Cash flow hedge reserve

	For the three months ended 30 June		For the six months ended 30 June		31 December
	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2020 QAR'000 (Audited)
Balance at 1 March/ 1 January	(1,892,883)	(2,695,757)	(2,513,650)	(1,891,900)	(1,891,900)
Share of other comprehensive income from joint ventures and an associate	(243,990)	(104,895)	351,001	(844,190)	(566,889)
Net changes in fair value of interest rate swaps of the parent	1,313	(5,805)	27,089	(70,367)	(54,861)
Balance at 30 June/31 December	<u>(2,135,560)</u>	<u>(2,806,457)</u>	<u>(2,135,560)</u>	<u>(2,806,457)</u>	<u>(2,513,650)</u>

(b) Interest rate swaps for hedging

Fair value of interest rate swaps for hedging are presented in the interim consolidated statement of financial position as follows:

	30 June 2021 QAR'000 (Reviewed)	31 December 2020 QAR'000 (Audited)
<b>Liabilities</b>		
Current portion	34,269	32,111
Non-current portion	<u>21,629</u>	<u>50,876</u>
	<u>55,898</u>	<u>82,987</u>

14 REVENUE FROM WATER AND ELECTRICITY

	For the three months ended 30 June		For the six months ended 30 June	
	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)
<b>Revenue from contract with customers:</b>				
Sale of water	90,619	114,036	180,379	213,805
Sale of electricity	162,885	196,718	336,925	369,872
Operations and maintenance:				
Water	59,377	65,386	121,372	127,762
Electricity	<u>44,265</u>	<u>35,641</u>	<u>87,317</u>	<u>67,143</u>
<b>Total revenue from contract with customers</b>	<b>357,146</b>	<b>411,781</b>	<b>725,993</b>	<b>778,582</b>
<b>Operating lease revenue – capacity charges</b>				
Water	162,443	162,379	322,635	323,769
Electricity	<u>54,774</u>	<u>51,495</u>	<u>101,516</u>	<u>93,344</u>
<b>Revenue from water and electricity</b>	<u><b>574,363</b></u>	<u><b>625,655</b></u>	<u><b>1,150,144</b></u>	<u><b>1,195,695</b></u>

Qatar Electricity and Water Company Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

**14 REVENUE FROM WATER AND ELECTRICITY (CONTINUED)**

Revenue from sale of water and sale of electricity are recognised at point in time.

Revenue from operations and maintenance is recognised over a period of time upon satisfaction of the services to the customer using the output method. The Group applied the practical expedient which allows the Group to recognise the revenue in the amount to which the entity has a right to invoice as this corresponds directly with the value to the customer of the entity's performance completed to date. Total revenue is generated within the State of Qatar.

**15 EARNINGS PER SHARE**

The calculation of basic earnings per share ('EPS') is arrived by dividing the profit attributable to the owners of the parent Company for the period by the weighted average number of ordinary shares outstanding during the period.

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2021 QAR'000 (Reviewed)</i>	<i>2020 QAR'000 (Reviewed)</i>	<i>2021 QAR'000 (Reviewed)</i>	<i>2020 QAR'000 (Reviewed)</i>
Profit for the period attributable to equity holder of the parent	412,727	340,454	784,684	660,563
Weighted average number of shares outstanding during the period (number of shares in thousands)	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>0.38</u>	<u>0.31</u>	<u>0.71</u>	<u>0.60</u>

**Diluted earnings per share**

As the parent has no potential dilutive shares, the diluted EPS equals to the basic EPS.

**16 COMMITMENTS AND CONTINGENT LIABILITIES**

	<i>30 June 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>
<b>(a) Commitments:</b>		
Capital commitments	<u>3,175</u>	<u>68,847</u>
<b>(b) Contingent liabilities:</b>		
Corporate guarantees issued on behalf of joint ventures	<u>550,987</u>	<u>550,987</u>
Letter of credits	<u>94,972</u>	<u>100,160</u>
	<u>645,959</u>	<u>651,147</u>
<b>(c) Other commitments:</b>		
<i>Derivative financial instruments:</i>		
Interest rate swaps (notional amount)	<u>1,174,968</u>	<u>1,198,482</u>

# Qatar Electricity and Water Company Q.P.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2021

### 17 RELATED PARTY DISCLOSURES

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

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

	<i>Nature of the relationship</i>	<i>Nature of the transactions</i>	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
			<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
			<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
			<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
KAHRAMAA	Shareholder	Sale of electricity	261,925	283,853	525,759	530,359
		Sale of water	310,031	338,915	619,435	659,482
		Lease interest	25,804	29,882	50,815	59,219
			<u>597,760</u>	<u>652,650</u>	<u>1,196,009</u>	<u>1,249,060</u>
Qatar Petroleum	Shareholder	Sale of water	2,408	2,887	4,950	5,854
Qatar Petroleum	Shareholder	Cost of gas consumed/take or pay gas	199,376	254,862	401,036	478,902

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

	<i>Nature of the relationship</i>	<i>30 June 2021</i>		<i>31 December 2020</i>	
		<i>Trade and other receivables</i>	<i>Trade payables and accrued expenses</i>	<i>Trade and other receivables</i>	<i>Trade payables and accrued expenses</i>
		<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>	<i>(Audited)</i>
KAHRAMAA	Shareholder	464,687	144,912	432,254	143,339
Qatar Petroleum	Shareholder	19,180	129,496	20,529	127,891
Nebras Power Q.P.S.C.	Joint venture	4,145	-	2,698	-
Siraj Energy Q.P.S.C.	Associate	4,251	-	3,321	-
Umm Al Houl Power Q.P.S.C.	Joint venture	2,063	-	1,806	-
Qatar Power Q.P.J.S.C.	Joint venture	1,171	-	1,196	-
Ras Girtas Power Company Q.P.S.C.	Joint venture	1,363	-	783	-
Mesaieed Power Company Limited Q.P.S.C.	Joint venture	1,015	-	468	-
		<u>497,875</u>	<u>274,408</u>	<u>463,055</u>	<u>271,230</u>

The loans receivable from joint venture include amounts due from Umm Al Houl Power Q.P.S.C. of QAR 145,365 thousand (31 December 2020: QAR 143,687 thousand) carried at LIBOR plus 0.46% per annum and loan to an associate includes non-interest bearing loan receivable from Siraj Energy Q.P.S.C. of QAR 127,591 thousand (31 December 2020: QAR 63,342 thousand).

**17 RELATED PARTY DISCLOSURES (CONTINUED)****Compensation of key management personnel**

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

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2021 QAR'000 (Reviewed)</i>	<i>2020 QAR'000 (Reviewed)</i>	<i>2021 QAR'000 (Reviewed)</i>	<i>2020 QAR'000 (Reviewed)</i>
Management remuneration	900	2,158	1,800	3,499
Directors' fees	2,938	2,938	5,875	5,875
Board committee remuneration	257	-	515	-
	<u>4,095</u>	<u>5,096</u>	<u>8,190</u>	<u>9,374</u>

**18 FAIR VALUES OF FINANCIAL INSTRUMENTS**

The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments carried at fair value. It does not include fair value hierarchy information for financial assets and financial liabilities not measured at fair value as the carrying amount is a reasonable approximation of fair value.

As at 30 June 2021, the Group held the following classes of financial instruments measured at fair value:

<i>At 30 June 2021 (Reviewed)</i>	<i>Level 1 QAR'000</i>	<i>Level 2 QAR'000</i>	<i>Level 3 QAR'000</i>	<i>Total QAR'000</i>
<b>Financial assets measured at fair value:</b>				
Equity investment at fair value through other comprehensive income	<u>2,818,667</u>	<u>-</u>	<u>-</u>	<u>2,818,667</u>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	<u>-</u>	<u>55,898</u>	<u>-</u>	<u>55,898</u>

As at 31 December 2020, the Group held the following classes of financial instruments measured at fair value:

<i>At 31 December 2020 (Audited)</i>	<i>Level 1 QAR'000</i>	<i>Level 2 QAR'000</i>	<i>Level 3 QAR'000</i>	<i>Total QAR'000</i>
<b>Financial assets measured at fair value:</b>				
Equity investment at fair value through other comprehensive income	<u>2,571,376</u>	<u>-</u>	<u>-</u>	<u>2,571,376</u>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	<u>-</u>	<u>82,987</u>	<u>-</u>	<u>82,987</u>

During the reporting period/year ended 30 June 2021 and 31 December 2020, respectively, there were no transfers between Level 1 and Level 2 fair value measurements.

## 18 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### *Valuation techniques*

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

## 19 EFFECT OF COVID 19

The Coronavirus (“COVID-19”) pandemic has spread across various geographies globally, causing disruption to business and economic activities. The Group has been closely monitoring the latest developments in the current evolving situation and the volatility in the oil prices and, has carried out an assessment based on the observable information as at 30 June 2021.

Based on the management’s assessment carried at 30 June 2021, there has been no material impact on the ECL of financial assets as the financial assets relates to the State of Qatar and highly rated banks. Financial investment securities are listed in the Qatar Exchange and necessary fair value adjustments has been incorporated in the interim condensed consolidated financial statements as at 30 June 2021. The Group has not availed any relief measures given by the Banks for sectors affected by Covid-19. Also, there were no material impact on the carrying values of non-financial assets, since the PWPA agreements are long term in nature and management does not expect to have significant volatility in its power and water generation. The Group has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group’s financial and non-financial assets and liabilities as at 30 June 2021.