

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

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE NINE-MONTH PERIOD ENDED
30 SEPTEMBER 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 September 2021, which comprise the interim consolidated statement of financial position as at 30 September 2021, and the related interim consolidated statement of profit or loss and other comprehensive income for the three-month and nine-month periods then ended and the related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended, and the related explanatory notes.

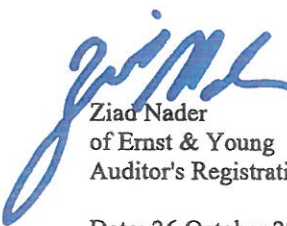
The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements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


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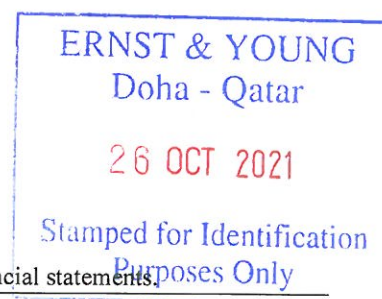
Date: 26 October 2021
Doha

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		<i>30 September 2021 QAR '000 (Reviewed)</i>	<i>31 December 2020 QAR '000 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment	7	4,875,439	5,040,887
Right-of-use assets		26,292	29,516
Intangible assets and goodwill		80,067	84,545
Investments in joint ventures and an associate	8	4,613,464	3,936,650
Equity investment at fair value through other comprehensive income		3,107,872	2,571,376
Finance lease receivables	9	805,063	823,306
Loans receivable from joint ventures and an associate		272,956	207,029
Other assets		<u>10,818</u>	<u>12,157</u>
		<u>13,791,971</u>	<u>12,705,466</u>
Current assets			
Inventories		60,847	66,344
Trade and other receivables		430,495	493,534
Finance lease receivables	9	57,543	150,307
Bank balances and cash	10	<u>4,089,522</u>	<u>3,478,966</u>
		4,638,407	4,189,151
Asset held for sale		<u>255,535</u>	<u>255,535</u>
		<u>4,893,942</u>	<u>4,444,686</u>
TOTAL ASSETS		<u><u>18,685,913</u></u>	<u><u>17,150,152</u></u>
EQUITY AND LIABILITIES			
Equity			
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	(1,964,768)	(2,513,650)
Fair value reserve		991,009	454,513
Foreign currency translation reserve		(24,204)	(14,215)
Retained earnings		<u>7,422,481</u>	<u>6,939,760</u>
Equity attributable to equity holders of the parent		<u>11,316,352</u>	<u>9,758,242</u>
Non-controlling interest		<u>199,921</u>	<u>207,745</u>
Total Equity		<u><u>11,516,273</u></u>	<u><u>9,965,987</u></u>



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

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2021

		<i>30 September 2021 QAR '000 (Reviewed)</i>	<i>31 December 2020 QAR '000 (Audited)</i>
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	12	3,692,733	3,856,019
Negative fair value of interest rate swaps for hedging	13	18,745	50,876
Lease liabilities		25,676	28,971
Employees' end of service benefits		77,233	80,863
		<u>3,814,387</u>	<u>4,016,729</u>
Current liabilities			
Interest bearing loans and borrowings	12	2,640,554	2,447,771
Negative fair value of interest rate swaps for hedging	13	29,700	32,111
Lease liabilities		3,721	3,211
Trade and other payables		681,278	684,343
		<u>3,355,253</u>	<u>3,167,436</u>
Total liabilities		<u>7,169,640</u>	<u>7,184,165</u>
TOTAL EQUITY AND LIABILITIES		<u>18,685,913</u>	<u>17,150,152</u>

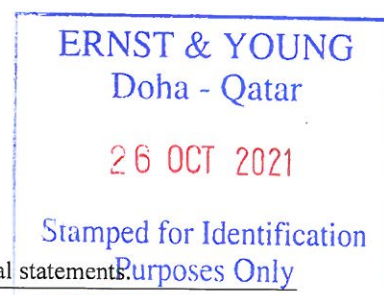
These interim condensed consolidated financial statements were approved by the Parent Company's Board of Directors and signed on its behalf by the following on 26 October 2021.



Saad Bin Sheridah Al-Kaabi
Chairman



Mohammed Nasser Al-Hajri
Managing Director and General Manager



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 three and nine-month period ended 30 September 2021

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2021	2020	2021	2020
		QAR '000 (Reviewed)	QAR '000 (Reviewed)	QAR '000 (Reviewed)	QAR '000 (Reviewed)
Revenue from water and electricity	14	616,645	668,928	1,766,789	1,864,623
Lease interest		22,436	27,090	73,251	86,309
		<u>639,081</u>	<u>696,018</u>	<u>1,840,040</u>	<u>1,950,932</u>
Cost of sales		(407,031)	(467,481)	(1,132,157)	(1,275,030)
Gross profit		232,050	228,537	707,883	675,902
Other operating income		43,556	24,413	194,003	156,462
General and administrative expenses		(38,039)	(37,836)	(106,141)	(120,162)
Operating profit		237,567	215,114	795,745	712,202
Finance costs		(29,270)	(30,623)	(87,505)	(120,144)
Net share of profit of joint ventures and an associate		188,596	194,925	486,126	461,508
Profit for the period		396,893	379,416	1,194,366	1,053,566
Other comprehensive income (loss):					
<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	163,339	137,824	514,340	(706,366)
- Exchange differences on translation of foreign operations		(1,778)	(23,575)	(9,989)	(23,575)
Effective portion of changes in fair value of interest rate swaps for hedging	13	7,453	6,659	34,542	(63,708)
		<u>169,014</u>	<u>120,908</u>	<u>538,893</u>	<u>(793,649)</u>
<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		289,205	275,737	536,496	(67,489)
Other comprehensive income (loss) for the period		458,219	396,645	1,075,389	(861,138)
Total comprehensive income		855,112	776,061	2,269,755	192,428
Profit attributable to:					
Equity holders of the parent		391,262	373,685	1,175,946	1,034,248
Non-controlling interest		5,631	5,731	18,420	19,318
		<u>396,893</u>	<u>379,416</u>	<u>1,194,366</u>	<u>1,053,566</u>
Total comprehensive income attributable to:					
Equity holders of the parent		849,481	770,330	2,251,335	173,110
Non-controlling interest		5,631	5,731	18,420	19,318
		<u>855,112</u>	<u>776,061</u>	<u>2,269,755</u>	<u>192,428</u>
Earnings per share:					
Basic and diluted earnings per share (Qatari Riyals)	15	0.36	0.34	1.07	0.94

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 nine-month period ended 30 September 2021

	<i>Attributable to equity holder of the parent</i>							<i>Total equity QAR '000</i>		
	<i>Share capital QAR '000</i>	<i>Legal reserve QAR '000</i>	<i>General reserve QAR '000</i>	<i>Cash flow hedge reserve QAR '000</i>	<i>Fair value reserve QAR '000</i>	<i>Foreign currency translation reserve QAR '000</i>	<i>Retained earnings QAR '000</i>		<i>Total QAR '000</i>	<i>Non- controlling interest QAR '000</i>
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	-	-	-	-	-	-	1,175,946	1,175,946	18,420	1,194,366
Other comprehensive loss	-	-	-	548,882	536,496	(9,989)	-	1,075,389	-	1,075,389
Total comprehensive (loss) income	-	-	-	548,882	536,496	(9,989)	1,175,946	2,251,335	18,420	2,269,755
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)
Balance at 30 September 2021 (Reviewed)	1,100,000	550,000	3,241,834	(1,964,768)	991,009	(24,204)	7,422,481	11,316,352	199,921	11,516,273
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	-	-	-	-	-	-	1,034,248	1,034,248	19,318	1,053,566
Other comprehensive loss	-	-	-	(770,074)	(67,489)	(23,575)	-	(861,138)	-	(861,138)
Total comprehensive (loss) income	-	-	-	(770,074)	(67,489)	(23,575)	1,034,248	173,110	19,318	192,428
Dividends relating to year 2019 (Note 11)	-	-	-	-	-	-	(852,500)	(852,500)	(25,515)	(878,015)
Balance at 30 September 2020 (Reviewed)	1,100,000	550,000	3,241,834	(2,661,974)	270,860	(23,575)	6,842,589	9,319,734	229,751	9,549,485

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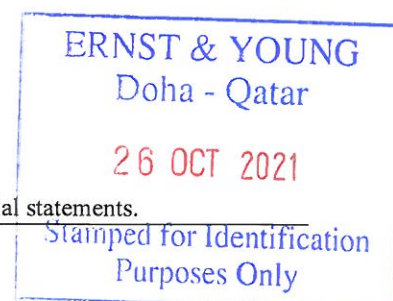
The attached notes 1 to 19 form part of these interim condensed consolidated financial statements.

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

	Notes	<i>For the nine-month ended</i>	
		<i>30 September</i>	
		<i>2021</i>	<i>2020</i>
		<i>QAR '000</i>	<i>QAR '000</i>
OPERATING ACTIVITIES			
Profit for the period		1,194,366	1,053,566
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		205,919	205,386
Depreciation of right-of-use of assets		3,162	2,223
Interest expense on lease liability		1,324	1,336
Net share of profits of joint ventures and an associate		(486,126)	(461,508)
Provision for employees' end of service benefits		6,492	8,249
Dividend income		(81,411)	(70,534)
Amortization of intangible assets		4,478	4,478
Amortization of non-current assets		1,339	1,414
Interest income		(54,693)	(59,999)
Interest expense		85,281	117,847
Operating profit before working capital changes		880,131	802,458
<i>Working capital adjustments:</i>			
Inventories		5,497	(5,531)
Trade and other receivables		81,010	(27,734)
Finance lease receivables		111,007	106,191
Trade and other payables		(6,093)	832
Cash flows from operating activities		1,071,552	876,216
Employees' end of service benefits paid		(10,122)	(3,855)
Net cash flows from operating activities		1,061,430	872,361
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	7	(40,471)	(5,193)
Dividends received from equity investments at fair value through other comprehensive income		81,411	70,534
Dividends received from joint ventures		313,663	590,817
Additional investments made in an associate		-	(15,532)
Investments in equity investments at fair value through other comprehensive income		-	(500,000)
Net movement in loans receivable from joint ventures and an associate		(65,927)	(74,280)
Interest received		36,722	47,233
Net movement in term deposits with original maturity over 90 days		(667,408)	186,047
Net cash (used in)/ from investing activities		(342,010)	299,626
FINANCING ACTIVITIES			
Net movements in interest bearing loans and borrowings		25,479	(147,966)
Dividends paid		(690,197)	(844,943)
Dividend paid to non-controlling interest		(26,244)	(25,515)
Payment of lease liabilities		(2,723)	(2,759)
Interest paid		(82,587)	(117,847)
Net cash used in financing activities		(776,272)	(1,139,030)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(56,852)	32,957
Cash and cash equivalents at 1 January		662,520	489,029
Cash and cash equivalents at 30 September	10	605,668	521,986

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 nine-month period ended 30 September 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 registered 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 interim condensed 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 September 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 September:

<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:

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

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine-month period ended 30 September 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 nine-month period ended 30 September 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 26 October 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 nine-month period ended 30 September 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 nine-month period ended 30 September 2021, the Group acquired assets with a cost of QAR 40,471 thousand (year ended 31 December 2020: QAR 4,843 thousand).

Disposals

There were no disposals made during the nine-month period ended 30 September 2021, as well as during the year ended 31 December 2020.

8 INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE

The Group has the following investments in joint ventures:

	Country of incorporation	Group effective ownership %	30 September 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%	3,183,591	3,048,454
Umm Al Houl Power Q.P.S.C.	Qatar	60%	801,533	451,742
Qatar Power Q.J.P.S.C. (Note i)	Qatar	55%	391,293	422,225
Mesaieed Power Company Q.P.S.C.	Qatar	40%	70,379	-
Ras Girtas Power Company Q.P.S.C. (Note ii)	Qatar	45%	133,470	-
			<u>4,580,266</u>	<u>3,922,421</u>
<i>The Group has the following investment in an associate:</i>				
Siraj Energy (Note iii)	Qatar	49%	33,198	14,229
			<u>33,198</u>	<u>14,229</u>
Investments in joint ventures and an associate			<u>4,613,464</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%)

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

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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 September 2021</i>	<i>31 December 2020</i>
	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
Gross investment in the lease	1,207,709	1,383,594
Unearned finance income	<u>(345,103)</u>	<u>(409,981)</u>
Present value of minimum lease receivable	<u><u>862,606</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 September 2021</i>	<i>31 December 2020</i>
	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
Current portion	57,543	150,307
Non-current portion	<u>805,063</u>	<u>823,306</u>
	<u><u>862,606</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 September 2021</i>	<i>30 September 2020</i>
	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Cash at bank – call and current accounts	436,878	173,135
Term deposits (<i>Note i</i>)	3,652,569	3,112,297
Cash in hand	<u>75</u>	<u>75</u>
Bank balances and cash	4,089,522	3,285,507
Less: Term deposits with original maturity of over 90 days	<u>(3,483,854)</u>	<u>(2,763,521)</u>
Cash and cash equivalents	<u><u>605,668</u></u>	<u><u>521,986</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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11 SHARE CAPITAL

	<i>30 September 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 paid

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 September 2020 - QAR 0.775 per share totalling to QAR 852,500 thousand for the year 2019).

12 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 September 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)	910,584	939,247
Loan (4)	457,812	915,624
Loan (5)	762,473	789,141
Loan (7)	458,126	474,149
Loan (6)	401,019	428,739
Loan (8)	301,852	311,406
Loan (9)	200,075	213,905
Loan (10)	364,500	182,250
Loan (11)	<u>457,812</u>	<u>-</u>
Total interest-bearing loans and borrowings	6,381,179	6,355,830
Less: Financing arrangement costs	<u>(47,892)</u>	<u>(52,040)</u>
	<u>6,333,287</u>	<u>6,303,790</u>

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

	<i>30 September 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>
Current portion	2,640,554	2,447,771
Non-current portion	<u>3,692,733</u>	<u>3,856,019</u>
	<u>6,333,287</u>	<u>6,303,790</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 nine-month period ended 30 September 2021

13 INTEREST RATE SWAPS FOR HEDGING

(a) Cash flow hedge reserve

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</i>		<i>31 December</i>
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>	<i>2020</i>
	<i>QAR'000</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>	<i>(Audited)</i>
Balance at 1 July/ 1 January	(2,135,560)	(2,806,457)	(2,513,650)	(1,891,900)	(1,891,900)
Share of other comprehensive income from joint ventures	163,339	137,824	514,340	(706,366)	(566,889)
Net changes in fair value of interest rate swaps of parent	7,453	6,659	34,542	(63,708)	(54,861)
Balance at 30 September/ 31 December	<u>(1,964,768)</u>	<u>(2,661,974)</u>	<u>(1,964,768)</u>	<u>(2,661,974)</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:

	<i>30 September 2021</i>	<i>31 December 2020</i>
	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
Liabilities		
Current portion	29,700	32,111
Non-current portion	18,745	50,876
	<u>48,445</u>	<u>82,987</u>

14 REVENUE FROM WATER AND ELECTRICITY

	<i>For the three months ended 30 September</i>		<i>For the nine months ended 30 September</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>
Revenue from contract with customers:				
Sale of water	90,512	111,563	270,891	325,368
Sale of electricity	198,375	236,655	535,300	606,527
Operations and maintenance:				
Water	64,131	66,302	185,503	194,064
Electricity	44,484	36,560	131,801	103,703
Total revenue from contract with customers	397,502	451,080	1,123,495	1,229,662
Operating lease revenue – capacity charges				
Water	163,926	162,984	486,561	486,753
Electricity	55,217	54,864	156,733	148,208
Revenue from water and electricity	616,645	668,928	1,766,789	1,864,623

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14 REVENUE (CONTINUED)

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

Revenue from operations and maintenance is recognised over the period of time upon satisfaction of the services to the customer using an 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 September</i>		<i>For the nine months ended 30 September</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	391,262	373,685	1,175,946	1,034,248
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 QAR per share)	<u>0.36</u>	<u>0.34</u>	<u>1.07</u>	<u>0.94</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 September 2021 QAR'000 (Reviewed)</i>	<i>31 December 2020 QAR'000 (Audited)</i>
(a) Commitments:		
Capital commitments	<u>2,745</u>	<u>68,847</u>
(b) Contingent liabilities:		
Corporate guarantees issued on behalf of joint ventures	<u>450,244</u>	<u>550,987</u>
Letter of credits	<u>95,245</u>	<u>100,160</u>
	<u>545,489</u>	<u>651,147</u>
(c) Other commitments:		
<i>Derivative financial instruments:</i>		
Interest rate swaps (notional amount)	<u>1,160,422</u>	<u>1,198,482</u>

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

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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:

	Nature of the relationship	Nature of the transactions	For the three months ended 30 September		For the nine months ended 30 September	
			2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)	2021 QAR'000 (Reviewed)	2020 QAR'000 (Reviewed)
KAHRAMAA	Shareholder	Sale of electricity	298,075	328,080	823,834	858,439
		Sale of water	316,223	337,997	935,658	997,479
		Lease interest	22,436	27,090	73,251	86,309
			<u>636,734</u>	<u>693,167</u>	<u>1,832,743</u>	<u>1,942,227</u>
Qatar Petroleum	Shareholder	Sale of water	<u>2,347</u>	<u>2,851</u>	<u>7,297</u>	<u>8,705</u>
Qatar Petroleum	Shareholder	Cost of gas consumed/take or pay gas	<u>241,720</u>	<u>296,126</u>	<u>642,756</u>	<u>775,028</u>

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

Nature of the relationship	30 September 2021		31 December 2020	
	Trade and other receivables QAR'000 (Reviewed)	Trade payables and accrued expenses QAR'000 (Reviewed)	Trade and other receivables QAR'000 (Audited)	Trade payables and accrued expenses QAR'000 (Audited)
KAHRAMAA	363,846	143,639	432,254	143,339
Qatar Petroleum	19,022	163,844	20,529	127,891
Siraj Energy Q.P.S.C.	5,084	-	3,321	-
Umm Al Houl Power Q.P.S.C.	4,160	-	1,806	-
Nebras Power Q.P.S.C.	4,145	-	2,698	-
Qatar Power Q.P.J.S.C.	2,342	-	1,196	-
Mesaieed Power Company Limited Q.P.S.C.	650	-	468	-
Ras Girtas Power Company Q.P.S.C.	400	-	783	-
	<u>399,649</u>	<u>307,483</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).

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

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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 September</i>		<i>For the nine months ended 30 September</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	1,391	706	3,191	4,205
Directors' fees	2,937	2,937	8,812	8,812
Board committee remuneration	257	-	772	-
	<u>4,585</u>	<u>3,643</u>	<u>12,775</u>	<u>13,017</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 September 2021, the Group held the following classes of financial instruments measured at fair value:

<i>At 30 September 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>
Financial assets measured at fair value:				
Equity investment at fair value through other comprehensive income	<u>3,107,872</u>	<u>-</u>	<u>-</u>	<u>3,107,872</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	<u>-</u>	<u>48,445</u>	<u>-</u>	<u>48,445</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>
Financial assets measured at fair value:				
Equity investment at fair value through other comprehensive income	<u>2,571,376</u>	<u>-</u>	<u>-</u>	<u>2,571,376</u>
Financial liabilities measured at fair value:				
<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 September 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 asset or liability
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the 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 September 2021.

Based on the management’s assessment carried at 30 September 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 September 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 September 2021.