

Qatar Electricity and Water Company Q.P.S.C.
Interim Condensed Consolidated Financial statements
For the three-month period ended
31 March 2022

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

**Interim Condensed Consolidated Financial Statements
For the three-month period ended 31 March 2022**

INDEX	Page(s)
Independent auditor's review report	1 - 2
Interim condensed consolidated financial statements:	
Interim consolidated statement of financial position	3
Interim consolidated statement of profit or loss and other comprehensive income	4
Interim consolidated statement of changes in equity	5
Interim consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 -19



KPMG
Zone 25 C Ring Road
Street 230, Building 246
PO Box 4473, Doha
State of Qatar
Telephone: +974 4457 6444
Fax: +974 4436 7411
Website: home.kpmg/qa

Independent auditors' report on review of interim condensed consolidated financial statements

To the Shareholders of

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial position of Qatar Electricity and Water Company Q.P.S.C. (the "Company") and its subsidiaries (together the "Group") as at 31 March 2022, and the interim condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the interim condensed consolidated financial statements ('the interim condensed consolidated financial statements'). 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". 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at and for the three-month period ended 31 March 2022 are not prepared, in all material respects, in accordance with IAS 34 – “Interim Financial Reporting”.

Emphasis of matter

We draw attention to note 8(ii) to the interim condensed consolidated financial statements, which describes the uncertainties related to one of the Group's joint venture investments due to the ongoing conflict in Ukraine. Our conclusion is not modified in respect of this matter.

Other matter

The interim condensed consolidated financial statements as at and for the three-month period ended 31 March 2021 were reviewed, and the consolidated financial statements as at and for the year ended 31 December 2021, were audited by another auditor, whose review and audit reports dated 28 April 2021 and 13 February 2022 respectively, expressed an unmodified review conclusion and an unmodified audit opinion thereon.

17 April 2022
Doha
State of Qatar


Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251


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

**Interim condensed consolidated statement of financial position
As at 31 March 2022**

In thousands of Qatari Riyals

	Notes	31 March 2022 (Reviewed)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	7	4,766,812	4,805,110
Right-of-use assets		35,280	22,935
Intangible assets and goodwill		77,082	78,575
Investments in joint ventures and an associate	8	5,959,790	5,072,541
Equity investments at fair value through other comprehensive income		3,726,658	3,164,944
Finance lease receivables	9	790,587	798,419
Positive fair value of interest rate swaps for hedging	14	20,258	-
Other assets		10,066	10,473
		<u>15,386,533</u>	<u>13,952,997</u>
Current assets			
Inventories		31,710	63,910
Trade and other receivables		424,333	566,040
Finance lease receivables	9	26,922	24,887
Positive fair value of interest rate swaps for hedging	14	878	-
Bank balances and cash	10	5,387,176	3,627,113
		<u>5,871,019</u>	<u>4,281,950</u>
Assets held-for-sale	22	255,535	255,535
		<u>6,126,554</u>	<u>4,537,485</u>
TOTAL ASSETS		<u>21,513,087</u>	<u>18,490,482</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1,100,000	1,100,000
Legal reserve		550,000	550,000
General reserve	12	3,241,834	3,241,834
Hedge reserve	14	(894,981)	(1,778,702)
Fair value reserve		1,609,795	1,048,081
Foreign currency translation reserve		34,058	(34,344)
Retained earnings		7,192,660	7,683,966
Equity attributable to equity holders of the parent		12,833,366	11,810,835
Non-controlling interest		181,451	177,124
Total equity		<u>13,014,817</u>	<u>11,987,959</u>
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	13	3,552,899	3,582,956
Negative fair value of interest rate swaps for hedging	14	8,983	2,552
Lease liabilities		34,078	23,066
Employees' end of service benefits		78,375	76,094
		<u>3,674,335</u>	<u>3,684,668</u>
Current liabilities			
Interest bearing loans and borrowings	13	4,101,051	2,097,274
Negative fair value of interest rate swaps for hedging	14	486	29,700
Lease liabilities		5,848	3,037
Trade and other payables		716,550	687,844
		<u>4,823,935</u>	<u>2,817,855</u>
Total liabilities		<u>8,498,270</u>	<u>6,502,523</u>
TOTAL EQUITY AND LIABILITIES		<u>21,513,087</u>	<u>18,490,482</u>

These interim condensed consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following on 17 April 2022.


Saad Bin Sherida Al-Kaabi
Chairman


Mohammed Nasser Al-Hajri
Managing Director and General Manager

The notes on pages 7 to 19 form an integral part of these interim condensed consolidated financial statements.

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

**Interim condensed consolidated statement of profit or loss and other comprehensive income
For the three-month period ended 31 March 2022**

In thousands of Qatari Riyals

	Notes	For the three-month period ended 31 March	
		2022 (Reviewed)	2021 (Reviewed)
Revenue from contracts with customers	15(a)	349,560	368,847
Operating lease revenue	15(b)	195,760	206,934
Finance lease income		19,548	25,011
		564,868	600,792
Cost of sales	16	(360,345)	(366,672)
Gross profit		204,523	234,120
Other income	17	168,425	80,386
General and administrative expenses		(40,673)	(37,766)
Operating profit		332,275	276,740
Finance costs		(31,659)	(29,495)
Share of results from joint ventures and an associate – net of tax		92,405	131,200
Profit for the period		393,021	378,445
Other comprehensive income:			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income from joint ventures and an associate – interest rate swaps for hedging – net of related tax	14	839,802	594,991
Share of other comprehensive income from joint ventures and an associate – exchange differences on translation of foreign operations		68,402	(13,401)
Effective portion of changes in fair value of interest rate swaps for hedging – net of related tax	14	43,919	25,776
		952,123	607,366
<i>Items that will not be reclassified to profit or loss:</i>			
Net change in fair value of equity investments at fair value through other comprehensive income		561,714	122,319
Other comprehensive income for the period		1,513,837	729,685
Total comprehensive income for the period		1,906,858	1,108,130
Profit attributable to:			
Owners of the Company		388,694	371,957
Non-controlling interests		4,327	6,488
		393,021	378,445
Total comprehensive income attributable to:			
Owners of the Company		1,902,531	1,101,642
Non-controlling interests		4,327	6,488
		1,906,858	1,108,130
Earnings per share:			
Basic and diluted earnings per share (Qatari Riyals)	18	0.35	0.34



The notes on pages 7 to 19 form an integral part of these interim condensed consolidated financial statements.

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

**Interim condensed consolidated statement of changes in equity
For the three-month period ended 31 March 2022**

In thousands of Qatari Riyals

	Attributable to equity holder of the parent							Total	Non-controlling interest	Total equity
	Share capital	Legal reserve	General reserve	Cash flow hedge reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings			
Balance as at 1 January 2022	1,100,000	550,000	3,241,834	(1,778,702)	1,048,081	(34,344)	7,683,966	11,810,835	177,124	11,987,959
Profit for the period	-	-	-	-	-	-	388,694	388,694	4,327	393,021
Other comprehensive income	-	-	-	883,721	561,714	68,402	-	1,513,837	-	1,513,837
Total comprehensive income	-	-	-	883,721	561,714	68,402	388,694	1,902,531	4,327	1,906,858
Dividends relating to year 2021 (Note 11)	-	-	-	-	-	-	(880,000)	(880,000)	-	(880,000)
Balance at 31 March 2022 (Reviewed)	1,100,000	550,000	3,241,834	(894,981)	1,609,795	34,058	7,192,660	12,833,366	181,451	13,014,817
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	-	-	-	-	-	-	371,957	371,957	6,488	378,445
Other comprehensive income	-	-	-	620,767	122,319	(13,401)	-	729,685	-	729,685
Total comprehensive income	-	-	-	620,767	122,319	(13,401)	371,957	1,101,642	6,488	1,108,130
Dividends relating to year 2020 (Note 11)	-	-	-	-	-	-	(693,000)	(693,000)	-	(693,000)
Balance at 31 March 2021 (Reviewed)	1,100,000	550,000	3,241,834	(1,892,883)	576,832	(27,616)	6,618,717	10,166,884	214,233	10,381,117

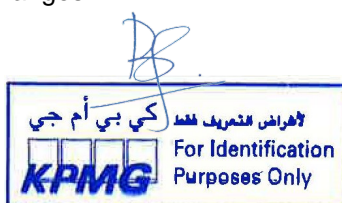
The notes on pages 7 to 19 form an integral part of these interim condensed consolidated financial statements.



**Interim condensed consolidated statement of cash flows
For the three-month period ended 31 March 2022**

In thousands of Qatari Riyals

	Notes	For the three-month period 31 March	
		2022 (Reviewed)	2021 (Reviewed)
OPERATING ACTIVITIES			
Profit for the period		393,021	378,445
Adjustments for:			
Depreciation of property, plant and equipment		71,157	67,783
Depreciation of right-of-use assets		1,690	1,054
Interest expense on lease liabilities		72	1,131
Net share of profits of joint ventures and an associate		(92,405)	(131,200)
Provision for employees' end of service benefits		3,455	2,213
Dividend income	17	(136,340)	(60,237)
Amortization of intangible assets		1,493	1,493
Provision for slow-moving inventories		3,119	3,585
Amortization of non-current assets		406	420
Gain in termination of lease		79	-
Profit on sale of property, plant and equipment		9	-
Interest income	17	(25,168)	(13,934)
Interest expense		31,587	28,364
Operating profit before working capital changes		252,175	279,117
<i>Working capital adjustments:</i>			
Inventories		29,081	41,657
Trade and other receivables		144,392	(26,960)
Finance lease receivables		5,797	35,853
Trade and other payables		12,567	(29,840)
Cash flows from operating activities		444,012	299,827
Employees' end of service benefits paid		(1,173)	(684)
Net cash generated from operating activities		442,839	299,143
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	7	(32,869)	(37,856)
Dividends received from equity investments at fair value through other comprehensive income		136,340	60,237
Dividends received from joint ventures and an associate	8	113,360	202,844
Loan receivable from joint ventures and an associate		-	(64,249)
Interest received		22,482	8,304
Additional investment in term deposits with original maturity over 90 days		(414,052)	(1,307,055)
Proceeds received from maturity of term deposits		654,961	1,442,160
Net cash generated from investing activities		480,222	304,385
FINANCING ACTIVITIES			
Proceeds from interest-bearing loans and borrowings	13	2,004,749	-
Repayment of interest-bearing loans and borrowings	13	(29,890)	(22,472)
Dividends paid		(864,923)	(672,416)
Payment of lease liabilities		(291)	(1,700)
Lease interest paid		(72)	(1,131)
Interest on loans and borrowings paid		(31,662)	(32,525)
Net cash generated from / (used in) financing activities		1,077,911	(730,244)
NET CHANGE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at 1 January		2,000,972	(126,716)
Cash and cash equivalents at 31 March	10	2,630,440	535,804



The notes on pages 7 to 19 form an integral 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 three-month period ended 31 March 2022

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 Qatar Navigation Tower in Al-Dafna Area, West Bay, 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 31 March are as follows:

Name of entities	Principal activity	Country of incorporation	Ultimate ownership interest	
			2022	2021
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 31 March:

Name of entities	Principal activity	Country of incorporation	Ultimate ownership interest	
			2022	2021
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%	49%

**Notes to the interim condensed consolidated financial statements
For the three-month period ended 31 March 2022**

2. Basis of preparation

The interim condensed consolidated financial statements for the three-month period ended 31 March 2022 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 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 2021. In addition, the results for the three-month period ended 31 March 2022 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2022.

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 17 April 2022.

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 2021, except for the adoption of new standards and interpretations effective as of 1 January 2022.

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

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these interim condensed consolidated financial statements.

Description	Effective for annual periods beginning after
COVID-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16	1 April 2021
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) Annual Improvements to IFRS Standards 2018–2020 Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022

These amendments had no impact on the interim condensed consolidated financial statements of the Group.

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.

3. Significant accounting policies (continued)

Standards issued but not yet effective (continued)

Topics	Effective date
Classification of Liabilities as Current or Noncurrent – Amendments to IAS 1 IFRS 17 Insurance Contracts Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 Definition of Accounting Estimate – Amendments to IAS 8 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

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 2021.

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 2021.

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 three-month period ended 31 March 2022, the Group acquired assets with a cost of QAR 32,869 thousand (Year ended 31 December 2021: QAR 42,435 thousand).

Disposals / write-offs

Disposals / write-offs made during the three-month period ended 31 March 2022 amounted to QAR 17,714 thousand (Year ended 31 December 2021: QAR 66,624 thousand)

8. Investments in joint ventures and an associate

	Country of incorporation	Group effective ownership %	31 March 2022 (Reviewed)	31 December 2021 (Audited)
<i>The Group has the following investments in joint ventures:</i>				
Nebras Power Q.P.S.C. (Note i and ii)	Qatar	60%	3,261,588	3,205,145
Umm Al Houl Power Q.P.S.C.	Qatar	60%	1,355,695	994,485
Qatar Power Q.J.P.S.C. (Note iii)	Qatar	55%	387,169	412,960
Ras Girtas Power Company Q.P.S.C. (Note iv)	Qatar	45%	477,009	150,202
Mesaieed Power Company Q.P.S.C.	Qatar	40%	278,177	138,398
			<u>5,759,638</u>	<u>4,901,190</u>
<i>The Group has the following investments in an associate:</i>				
Siraj Energy Q.P.S.C. (Note v)	Qatar	49%	200,152	171,351
			<u>5,959,790</u>	<u>5,072,541</u>

Notes:

- (i) Pursuant to the Board of Directors' approval, the Group has entered into a share sale and purchase agreement ("agreement") with Qatar Holding LLC, to acquire the remaining 40% shareholding of Nebras Power Q.P.S.C. on 30 December 2021. The completion of the agreement is subject to the fulfillment of the conditions stated in the agreement including a resolution of the QEWC shareholders authorizing the execution of the transaction before the long stop date, being on 30 June 2022.

On 5 January 2022, the Company entered into a bridge loan facility amounting to USD 550 million (QAR 2 billion) with Mizuho Bank, Ltd., to be applied towards its payment of the purchase price, fees and associated costs in respect to the acquisition of the remaining 40% interest in Nebras Power Q.P.S.C.

On 13 February 2022, the shareholders of the Company has approved the above transaction. However, the other conditions which includes obtaining approvals from various authorities are still pending, as a result, the Group has continued to classify Nebras Power Company Q.P.S.C. as a joint venture, since the joint venture agreement between the two parties are effective until the Group fulfill all the conditions of the share sale and purchase agreement including the transfer of consideration and the voting rights.

- (ii) During 2021, Nebras Power Company Q.P.S.C. (Nebras) acquired 75% shareholding in solar assets in Ukraine over which a provisional goodwill of QR 76.7 million was recognised. During the first quarter of 2022, the socio-economic and political landscape in Ukraine has suffered due to the ongoing conflict with Russia. Nebras management is in close liaison with the local O&M contractor and are assured that all of the solar plants are operational. The off-taker of electricity in Ukraine, is facing challenges in settling the invoices, however, this impact is compensated by certain other relaxations offered by Ukrainian government including loan repayment relaxation by the banks. Therefore, the impact on the carrying values of the property, plant and equipment including the other assets, and the provisional goodwill recognised at Nebras level is presently determined to be immaterial. However, the management will continue to monitor the situation to accurately estimate the financial impact, if any, that the ongoing conflict could cause over its Ukrainian assets in the foreseeable future and will also continue to explore alternative options to counter these impacts.
- (iii) On 3 September 2020, the General Tax Authority (GTA) issued an income tax assessment for the years from 2016 to 2017 requiring 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. In light of the tax assessment received, a provision for tax has been recognised amounting to USD 17.2 million (QAR 62.7 million). Qpower recognized the same amount as a receivable as per the MOU signed on 2 February 2020.

8. Investments in joint ventures and an associate (continued)

Notes: (continued)

Subsequently, on 26 January 2022, the GTA, in its response, clarified these taxation related uncertainties in favour of Qpower. Further, in the appeal court hearing dated 27 January 2022, the appeal court verbally communicated their decision with regard to the taxability of foreign shareholders' share of profits in the company which is in line with the GTA response letter. However, there were certain matters which were not clarified by the appeal court, and were expected to be clarified in the formal written decision.

The formal written decision letter was received by Qpower on 14 February 2022, wherein it was clarified that foreign shareholding needs to be adjusted while also disallowing "Directors' remuneration" from taxable profits and reducing the resultant penalties to 30%. Management has noted certain interpretation related differences which were not clarified in the written letter, pertaining to the adjustment of foreign shareholding in Qpower, where the letter does not specify to what extent the foreign shareholding of QEWC will be adjusted. Further, the decision is also silent with regards to the retrospective application of taxability of indirect foreign shareholding of QEWC in Qpower, for the years 2016 and 2017 (open assessment years) since this requirement was introduced in 2019 only after the enactment of the New Executive Tax Regulations. Qpower management is currently seeking to raise this matter to GTA to provide a corrective tax assessment while also exploring options to take up this matter in court, in case GTA does not agree to the Company's interpretation.

Based on the present available facts and circumstances, income tax provision and corresponding receivable from Kahramaa against its open tax assessments are not reversed, on a conservative basis, until a formal written decision is issued by the appeal court.

As per the MOU signed 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 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.

- (iv) On 29 August 2019, the General Tax Authority (GTA) issued an income tax assessment for the years from 2010 to 2018 requiring 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 and March 2017.

RGPC wrote a detailed response to GTA on 26 September 2019 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 hearing. However, in light of the tax assessment received, a provision for tax has been recognised amounting to 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 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.

- (v) For the construction of the solar asset in Siraj(1) (underlying asset in Siraj Energy), the first target power date was initially planned to be achieved in April 2021, however, due to COVID-19 and other factors the construction has been delayed, and the target first power date is now expected to be achieved by 23 April 2022 and the Target Facility Date is expected to be met on 20 May 2022.

8. Investments in joint ventures and an associate (continued)

Notes: (continued)

Although time extension claim was submitted by the EPC Contractor, which was passed through to KAHRAMAA, Siraj(1) has recorded liquidated damages payable to KAHRAMAA for the entire period of delay (actual and forecast) as an expense in the statement of profit or loss to comply with the requirements of IFRS. Further, as per the EPC contract, Siraj(1) is eligible to claim liquidated damages from the EPC contractor (including compensation for loss of profits) for the delay in achieving the Target First Power Date and Target Facility Date. Siraj(1) has recorded the liquidated damages receivable from the EPC contractor as other income in the statement of profit or loss.

Management has applied significant judgment and have assessed that the EPC contract gives contractual right to Siraj1 to claim the delayed liquidated damages from the EPC contractor and based on the external legal opinion obtained by Siraj1, it is virtually certain that Siraj1 will recover these charges from the EPC contractor.

(vi) The movement in the Group's investment in joint ventures and an associate were as follows:

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Beginning of the period / year	5,072,541	3,999,992
Additional investments during the period / year	-	209,417
Share of results for the period / year	92,405	570,121
Share of other comprehensive income for the period / year	908,204	664,084
Dividends received	(113,360)	(371,073)
End of the period / year	<u>5,959,790</u>	<u>5,072,541</u>

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 (2021: 9.32% per annum). Income from finance leases 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.

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Gross investment in the lease	1,123,325	1,147,871
Unearned finance income	(305,816)	(324,565)
Present value of minimum lease receivable	<u>817,509</u>	<u>823,306</u>

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

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Non-current portion	790,587	798,419
Current portion	26,922	24,887
	<u>817,509</u>	<u>823,306</u>

10. Cash and cash equivalents

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

	31 March 2022 (Reviewed)	31 December 2021 (Audited)	31 March 2021 (Reviewed)
Cash at bank – call and current accounts	399,471	353,915	234,561
Term deposits (Note i)	4,987,630	3,273,123	2,982,509
Cash in hand	<u>75</u>	<u>75</u>	<u>75</u>
Bank balances and cash	5,387,176	3,627,113	3,217,145
Less: Term deposits with original maturity of over 90 days	<u>(2,756,736)</u>	<u>(2,997,645)</u>	<u>(2,681,341)</u>
Cash and cash equivalents for the statement of cashflows	<u>2,630,440</u>	<u>629,468</u>	<u>535,804</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.

11. Share capital

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
<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 0.80 per share totalling to QAR 880,000 thousand for the year 2021 (31 March 2021: QAR 0.63 per share totalling to QAR 693,000 thousand for the year 2020).

12. General reserve

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

13. Interest bearing loans and borrowings

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Interest-bearing loans and borrowings (i)	7,702,469	5,727,610
Less: Financing arrangement costs	<u>(48,519)</u>	<u>(47,380)</u>
	<u>7,653,950</u>	<u>5,680,230</u>

13. Interest bearing loans and borrowings (continued)

(i) The movement in the Group's interest bearing loans and borrowings were as follows;

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Beginning of the period / year	5,727,610	6,355,830
Additional borrowings acquired during the period / year (ii)	2,004,749	640,062
Repayment of borrowings	<u>(29,890)</u>	<u>(1,268,282)</u>
End of the period / year	<u>7,702,469</u>	<u>5,727,610</u>

The Group has obtained loans for its production facilities of RAF A1, RAF A2, RAF A3 and RAF B2 which are also pledged against these production facilities.

(ii) On 5 January 2022, the Company entered into a bridge loan facility with Mizuho Bank, Ltd. acting as a Facility Agent, mainly to be applied towards its payment of the purchase price, fees and associated costs in respect to the acquisition of the remaining 40% interest in Nebras Power Q.P.S.C [refer note 8(i)]. The loan facility of USD 550 million (QAR 2 billion) carries interest at the aggregate of the applicable margin of 0.285% per annum and compounded Reference Rate for that day. The loan is payable in one year, after the date of the agreement.

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

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Non-current portion	3,552,899	3,582,956
Current portion	<u>4,101,051</u>	<u>2,097,274</u>
	<u>7,653,950</u>	<u>5,680,230</u>

14. Interest rate swaps for hedging

(a) Cash flow hedge reserve

	For the three-month period ended 31 March		31 December 2021 (Audited)
	2022 (Reviewed)	2021 (Reviewed)	
Balance at 1 January	(1,778,702)	(2,513,650)	(2,513,650)
Share of other comprehensive income from joint ventures	839,802	594,991	684,213
Net changes in fair value of interest rate swaps of parent company	43,919	25,776	50,735
Balance at 31 March / 31 December	<u>(894,981)</u>	<u>(1,892,883)</u>	<u>(1,778,702)</u>

14. Interest rate swaps for hedging (continued)

(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:

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
Assets		
Non-current portion	20,258	-
Current portion	878	-
	<u>21,136</u>	<u>-</u>
Liabilities		
Non-current portion	8,983	2,552
Current portion	486	29,700
	<u>9,469</u>	<u>32,252</u>

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Group has exposure to IBORs on its hedging instruments that either have been or will be reformed as part of these market-wide initiatives. The Group considers that a contract is not yet transitioned to an alternative benchmark rate when interest under the contract is indexed to a benchmark rate that is still subject to IBOR reform, even if it includes a fallback clause that deals with the cessation of the existing IBOR (referred to as an 'unreformed contract').

The Group's remaining IBOR exposures at the reporting date are hedging instruments indexed to US dollar LIBOR. The alternative reference rate for US dollar LIBOR is the Secured Overnight Financing Rate (SOFR). In March 2021, the Financial Conduct Authority announced that US dollar setting (except for one-week and two-month US dollar settings) will either cease to be provided or no longer be representative after 30 June 2023.

There has been no significant change in the balance of unreformed contracts, which include those with a fallback clause that deals with the cessation of the existing IBOR since the previous annual reporting date.

15. Revenue

	For the three-month period ended 31 March	
	2022 (Reviewed)	2021 (Reviewed)
(a) Revenue from contract with customers:		
Water	141,984	151,755
Electricity	207,576	217,092
	<u>349,560</u>	<u>368,847</u>
(b) Operating lease revenue – capacity charges		
Water	148,749	160,192
Electricity	47,011	46,742
	<u>195,760</u>	<u>206,934</u>
Revenue from water and electricity	<u>545,320</u>	<u>575,781</u>

15. Revenue (continued)

Revenue from contracts with customers includes revenue from supply of water and electricity and revenue from operations and maintenance.

Revenue from supply of water and electricity is 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.

16. Cost of sales

	For the three-month period ended 31 March	
	2022 (Reviewed)	2021 (Reviewed)
Cost of gas consumed	193,090	201,660
Depreciation of property, plant and equipment	70,832	67,294
Staff costs	45,542	44,290
Spare parts, chemicals and consumables	11,651	20,064
Others	39,230	33,364
	<u>360,345</u>	<u>366,672</u>

17. Other income

	For the three-month period ended 31 March	
	2022 (Reviewed)	2021 (Reviewed)
Interest income	25,168	13,934
Dividend income from equity investments at fair value through other comprehensive income	136,340	60,237
Miscellaneous income	6,917	6,215
	<u>168,425</u>	<u>80,386</u>

18. 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.

	For the three-month period ended 31 March	
	2022 (Reviewed)	2021 (Reviewed)
Profit for the period attributable to equity holder of the parent	388,694	371,957
Weighted average number of shares outstanding during the period (number of shares in thousands)	<u>1,100,000</u>	<u>1,100,000</u>
Basic and diluted earnings per share (expressed in QAR per share)	<u>0.35</u>	<u>0.34</u>

Diluted earnings per share

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

19. Commitments and contingent liabilities

	31 March 2022 (Reviewed)	31 December 2021 (Audited)
(a) Commitments:		
Capital commitments	<u>1,911</u>	<u>2,332</u>
(b) Contingent liabilities:		
Corporate guarantees issued on behalf of joint ventures	450,244	450,244
Letter of credits	<u>89,648</u>	<u>95,562</u>
	<u>539,892</u>	<u>545,806</u>
(c) Other commitments:		
<i>Derivative financial instruments:</i>		
Interest rate swaps (notional amount)	<u>253,161</u>	<u>1,146,260</u>

20. 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-month period ended 31 March	
			2022 (Reviewed)	2021 (Reviewed)
KAHRAMAA	Shareholder	Sale of electricity	254,586	263,834
		Sale of water	288,848	309,404
		Lease interest	19,548	25,011
QatarEnergy	Shareholder	Sale of water	<u>1,886</u>	<u>2,542</u>
QatarEnergy	Shareholder	Cost of gas consumed/take or pay gas	<u>193,090</u>	<u>201,660</u>

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

	Nature of the relationship	31 March 2022		31 December 2021	
		Trade and other receivables (Reviewed)	Trade payables and accrued expenses (Reviewed)	Trade and other receivables (Audited)	Trade payables and accrued expenses (Audited)
KAHRAMAA	Shareholder	419,235	5,346	428,750	145,143
QatarEnergy	Shareholder	1,213	154,925	19,036	130,263
Siraj Energy Q.P.S.C.	Associate	6,660	-	5,920	-
Nebras Power Q.P.S.C.	Joint venture	4,145	-	4,145	-
Umm Al Houl Power Q.P.S.C.	Joint venture	1,283	-	4,918	-
Qatar Power Q.P.J.S.C.	Joint venture	2,292	-	1,176	-
Ras Girtas Power Company Q.P.S.C.	Joint venture	1,297	-	58,674	-
Mesaieed Power Company Limited Q.P.S.C.	Joint venture	650	-	1,197	-
		<u>436,775</u>	<u>160,271</u>	<u>523,816</u>	<u>275,406</u>

20. 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:

	For the three-month period ended 31 March	
	2022 (Reviewed)	2021 (Reviewed)
Directors' fees – short term	2,937	2,937
Management remuneration – short term	1,067	900
Board Committee remuneration – short term	258	258
	<u>4,262</u>	<u>4,095</u>

21. 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 31 March 2022, the Group held the following classes of financial instruments measured at fair value:

At 31 March 2022 (Reviewed)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
<i>Derivative instruments:</i>				
Equity investment at fair value through other comprehensive income	<u>3,726,658</u>	-	-	<u>3,726,658</u>
Positive fair value of interest rate swaps	-	<u>21,136</u>	-	<u>21,136</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	-	<u>9,469</u>	-	<u>9,469</u>

As at 31 December 2021, the Group held the following classes of financial instruments measured at fair value:

At 31 December 2021 (Audited)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value:				
Equity investment at fair value through other comprehensive income	<u>3,164,944</u>	-	-	<u>3,164,944</u>
Financial liabilities measured at fair value:				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	-	<u>32,252</u>	-	<u>32,252</u>

During the reporting period/year ended 31 March 2022 and 31 December 2021, there were no transfers between Level 1, Level 2, and Level 3 fair value measurements.

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)

21. Fair values of financial instruments (continued)

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. The fair value of derivative instruments is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty, this is calculated based on credit spreads derived from current credit default swap or bond prices.

22. Assets held-for-sale

On 14 December 2020, the Board of Directors of the Group approved the sale of the land including related improvements and instructed management to execute this sale within one year. Accordingly, the land including related improvements, were classified as assets held for sale. As at 31 March 2022, the assets are still being actively marketed and the management considers the sale to be highly probable. Further, there was no write-down of the carrying value of the land including related improvements, as the carrying amount of the land including related improvements, did not fall below its fair value less costs of disposal.

23. Subsequent events

There were no material events subsequent to the reporting date, which have a bearing on the understanding of these interim condensed consolidated financial statements.