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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2018

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

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Electricity & Water Company Q.P.S.C. (the "Company") and its subsidiaries (the "Group") as at 30 September 2018, comprising of the interim consolidated statement of financial position as at 30 September 2018 and the related interim consolidated statements of profit or loss and other comprehensive income for the three-month and nine-month period ended 30 September 2018, the interim consolidated statement of changes in equity and the interim consolidated statement of 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

Date: 17 October 2018
Doha

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	Notes	***30 September 2018 QAR'000 (Reviewed)***	*31 December 2017 QAR'000 (Audited)*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**5,502,783**	5,744,593
Investment property	7	**174,901**	174,901
Intangible assets and goodwill		**97,977**	102,455
Investments in joint ventures	8	**4,959,047**	3,136,097
Equity investments at fair value through other comprehensive income		**1,384,339**	701,577
Finance lease receivables	9	**1,152,439**	1,248,845
Positive fair value of interest rate swaps for hedging	13	**54,407**	34,856
Other assets		**16,307**	17,843
		13,342,200	11,161,167
Current assets			
Inventories		**209,066**	230,828
Trade and other receivables		**557,338**	848,714
Finance lease receivables	9	**127,224**	117,487
Positive fair value of interest rate swaps for hedging	13	**7,897**	2,374
Bank balances and cash	10	**3,666,303**	3,436,017
		4,567,828	4,635,420
Total assets		**17,910,028**	15,796,587
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
Cash flow hedge reserve	13	**(719,475)**	(1,507,588)
Fair value reserve		**406,319**	123,124
Retained earnings		**5,774,029**	5,470,145
Equity attributable to equity holders of the parent		**10,352,707**	8,977,515
Non-controlling interest		**263,264**	250,218
Total equity		**10,615,971**	9,227,733

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
As at 30 September 2018

	Notes	***30 September 2018 QAR'000 (Reviewed)***	*31 December 2017 QAR'000 (Audited)*
Non-current liabilities			
Interest bearing loans and borrowings	12	**4,326,632**	4,441,794
Negative fair value of interest rate swaps for hedging	13	**5,359**	27,069
Employees' end of service benefits		**68,850**	73,985
		4,400,841	4,542,848
Current liabilities			
Interest bearing loans and borrowings	12	**2,334,456**	1,424,286
Negative fair value of interest rate swaps for hedging	13	**3,921**	15,297
Trade and other payables		**554,839**	586,423
		2,893,216	2,026,006
Total liabilities		**7,294,057**	6,568,854
TOTAL EQUITY AND LIABILITIES		**17,910,028**	15,796,587

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 17 October 2018.

Dr. Mohamed Bin Saleh Al-Sada
Chairman

Mr. Fahad Bin Hamad Al-Mohannadi
Managing Director

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three-month and nine-month period ended 30 September 2018

		For the three-month period ended 30 September		***For the nine-month period ended 30 September***	
		2018	*2017*	***2018***	*2017*
		QAR'000	*QAR'000*	***QAR'000***	*QAR'000*
	Notes	***(Reviewed)***	*(Reviewed)*	***(Reviewed)***	*(Reviewed)*
Revenue	14	**671,474**	826,221	**2,015,629**	2,364,371
Cost of sales		**(405,673)**	(420,055)	**(1,098,893)**	(1,297,662)
Gross profit		**265,801**	406,166	**916,736**	1,066,709
Other income		**91,076**	31,575	**185,718**	95,918
General and administrative expenses		**(48,466)**	(44,202)	**(144,518)**	(143,938)
Operating profit		**308,411**	393,539	**957,936**	1,018,689
Finance costs		**(59,560)**	(46,600)	**(162,031)**	(134,585)
Share of profit of joint ventures		**102,539**	161,214	**382,637**	447,797
Profit for the period		**351,390**	508,153	**1,178,542**	1,331,901
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income from joint ventures	13	**186,126**	61,725	**729,954**	2,408
Effective portion of changes in fair value of interest rate swaps for hedging	13	**9,893**	6,884	**58,159**	100
		196,019	68,609	**788,113**	2,508
Other comprehensive income not to be reclassified to profit or loss in subsequent periods :					
Net change in fair value of equity investments at fair value through other comprehensive income		**188,413**	(25,694)	**283,195**	(128,421)
Other comprehensive income (loss) for the period		**384,432**	42,915	**1,071,308**	(125,913)
Total comprehensive income		**735,822**	551,068	**2,249,850**	1,205,988
Profit attributable to:					
Equity holders of the parent		**343,826**	500,824	**1,156,384**	1,311,383
Non-controlling interest		**7,564**	7,329	**22,158**	20,518
		351,390	508,153	**1,178,542**	1,331,901
Total comprehensive income attributable to:					
Equity holders of the parent		**728,258**	543,739	**2,227,692**	1,185,470
Non-controlling interest		**7,564**	7,329	**22,158**	20,518
		735,822	551,068	**2,249,850**	1,205,988
Earnings per share:					
Basic and diluted earnings per share (Qatari Riyals)	15	**3.13**	4.55	**10.51**	11.92

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended 30 September 2018

	Attributable to the equity holders of the parent								
	Share capital QAR'000	*Legal reserve QAR'000*	*General reserve QAR'000*	*Cash flow hedge reserve QAR'000*	*Fair value reserve QAR'000*	*Retained earnings QAR'000*	*Total QAR'000*	*Non-controlling interests QAR'000*	*Total equity QAR'000*
Balance at 1 January 2017 (Audited)	1,100,000	550,000	3,241,834	(1,557,002)	219,328	4,720,969	8,275,129	253,871	8,529,000
Profit for the period	-	-	-	-	-	1,311,383	1,311,383	20,518	1,331,901
Other comprehensive income/(loss)	-	-	-	2,508	(128,421)	-	(125,913)	-	(125,913)
Total comprehensive income for the period	-	-	-	2,508	(128,421)	1,311,383	1,185,470	20,518	1,205,988
Dividends relating to year 2016 (Note 11)	-	-	-	-	-	(825,000)	(825,000)	(13,483)	(838,483)
Balance at 30 September 2017 (Reviewed)	1,100,000	550,000	3,241,834	(1,554,494)	90,907	5,207,352	8,635,599	260,906	8,896,505
Balance at 1 January 2018 (Audited)	1,100,000	550,000	3,241,834	(1,507,588)	123,124	5,474,510	8,981,880	250,218	9,232,098
Adoption of IFRS9	-	-	-	-	-	(4,365)	(4,365)	-	(4,365)
Restated balances as at 1 January 2018	1,100,000	550,000	3,241,834	(1,507,588)	123,124	5,470,145	8,977,515	250,218	9,227,733
Profit for the period	-	-	-	-	-	1,156,384	1,156,384	22,158	1,178,542
Other comprehensive income	-	-	-	788,113	283,195	-	1,071,308	-	1,071,308
Total comprehensive income for the period	-	-	-	788,113	283,195	1,156,384	2,227,692	22,158	2,249,850
Dividends relating to year 2017 (Note 11)	-	-	-	-	-	(852,500)	(852,500)	(9,112)	(861,612)
Balance at 30 September 2018 (Reviewed)	**1,100,000**	**550,000**	**3,241,834**	**(719,475)**	**406,319**	**5,774,029**	**10,352,707**	**263,264**	**10,615,971**

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the nine-month period ended 30 September 2018

	Notes	*For the nine-month period ended 30 September* **2018 QAR'000 (Reviewed)**	*2017 QAR'000 (Reviewed)*
OPERATING ACTIVITIES			
Profit for the period		**1,178,542**	1,331,901
Adjustments for:			
Depreciation of property, plant and equipment		**270,729**	353,030
Profit on sale of property, plant and equipment		**(58,762)**	(225)
Share of profits of joint ventures		**(382,637)**	(447,797)
Provision for employees' end of service benefits		**4,922**	5,295
Dividend income from equity investments at fair value through other comprehensive income		**(38,049)**	(16,051)
Amortization of intangible asset		**4,478**	4,478
Provision for slow-moving inventories		**15,179**	18,600
Amortization of other assets		**1,536**	1,511
Interest income		**(77,261)**	(67,241)
Interest expense		**155,551**	129,238
Operating profit before working capital changes		**1,074,228**	1,312,739
Working capital adjustments:			
- Trade and other receivables		**291,376**	(236,282)
- Inventories		**6,583**	(32,601)
- Finance lease receivables		**86,669**	91,544
- Trade and other payables		**(31,587)**	(112,164)
Cash flows from operating activities		**1,427,269**	1,023,236
Employees' end of service benefits paid		**(10,057)**	(6,721)
Net cash flows from operating activities		**1,417,212**	1,016,515
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	**(28,918)**	(38,519)
Dividends received from joint ventures		**208,859**	277,749
Investment made in a joint venture	8	**-**	(2,187)
Additional investment made in Umm Al Houl Power Company Q.S.C.	8	**(919,218)**	-
Investments in equity investments at fair value through other comprehensive income		**(399,566)**	(159,684)
Proceed from disposal of property, plant and equipment		**58,762**	307
Dividends received from equity investments at fair value through other comprehensive income		**38,049**	16,051
Interest income received		**77,261**	67,241
Net movement in term deposits with original maturity over 90 days		**(17,027)**	(955,139)
Net cash flows used in investing activities		**(981,798)**	(794,181)
FINANCING ACTIVITIES			
Dividends paid	11	**(852,500)**	(825,000)
Dividend paid to non-controlling interest		**(9,112)**	(13,487)
Net movements in interest bearing loans and borrowings		**795,008**	94,642
Interest expense paid		**(155,551)**	(129,238)
Net cash flows used in financing activities		**(222,155)**	(873,083)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**213,259**	(650,749)
Cash and cash equivalents at beginning of period		**564,021**	1,936,451
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	**777,280**	1,285,702

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

1 REPORTING ENTITY

Qatar Electricity & Water Company Q.P.S.C. ("the Company") is a Qatari 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 Al-Markhiya Street, Madinah Khalifah North Area, Doha, State of Qatar. The Company's shares are listed on the Qatar Stock Exchange since 3 May 1998.

The Company was previously known as Qatar Electricity & Water Company Q.S.C. As per the Qatar Commercial Companies Law No. 11 of 2015 requirement, the legal status of the Company has changed into "Qatar Public Shareholding Company" after the amendment made into the Article of Association on 06 March 2017.

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

The principal activity of the Group, which have not changed from the previous year, is the production of electricity and desalinated water for supplying them to the state owned "Qatar General Electricity and Water Corporation'' (otherwise known as "KAHRAMAA").

Details of the Company's subsidiaries at 30 September 2018 are as follows:

Name of entities	***Principal activity***	***Country of incorporation***	***Ultimate ownership interest***	
			2018	*2017*
Ras Laffan Operating Company W.L.L.	Generation of electricity & production of desalinated water	Qatar	**100%**	100%
Ras Laffan Power Company Q.S.C.	Generation of electricity & production of desalinated water	Qatar	**80%**	80%

The Company had the following joint ventures at 30 September 2018:

Name of entities	***Principal activity***	***Country of incorporation***	***Ultimate ownership interest***	
			2018	*2017*
Qatar Power Q.S.C.	Generation of electricity & production of desalinated water	Qatar	**55%**	55%
Ras Girtas Power Company Q.S.C.	Generation of electricity & production of desalinated water	Qatar	**45%**	45%
Umm Al Houl Power Q.S.C.	Generation of electricity & production of desalinated water	Qatar	**60%**	60%
Mesaieed Power Company Q.S.C.	Generation of electricity	Qatar	**40%**	40%
Nebras Power Q.S.C.	Investments in electricity and desalinated water projects outside the State of Qatar	Qatar	**60%**	60%
Siraj Energy	Identifying, evaluating and development of Solar power opportunities.	Qatar	**60%**	60%

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the nine months ended 30 September 2018 have been prepared in accordance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting" ("IAS 34").

The interim condensed consolidated financial statements have been presented in Qatar Riyals ("QR"), 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 as at 31 December 2017. In addition, the results for the nine months ended 30 September 2018 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2018.

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 17 October 2018.

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 financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018.

The following amended accounting standards became effective in 2018 and have been adopted by the Group in preparation of these interim condensed consolidated financial statements as applicable. Whilst they did not have any material impact on these interim condensed consolidated financial statements, they may require additional disclosures in the annual financial statements for the year ending 31 December 2018:

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 2018:

The Group has applied, for the first time, IFRS 15 Revenue from Contracts with Customers, and IFRS 9 Financial Instruments, but has not elected to restate comparative information. As a result, the comparative information provided continued to be accounted for in accordance with the Group's previous accounting policy. As required by IAS 34, the nature and effect of these changes are disclosed as below.

Several other amendments and interpretation apply for the first time in 2018, but do not have impact on the interim condensed consolidated financial statements of the Group.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 construction contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five–step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying the model to each of contracts with their customers. The standards also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Management has assessed the effects of applying the new standard on the Group's interim condensed consolidated financial statements and has identified the following areas that will be affected:

Supply of electricity and desalinated water
Revenue from the capacity availability

The Group has assessed the impact of IFRS 15 and concluded that the standard has no material effect, when applied, on the interim condensed consolidated financial statements of the Group.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards and interpretations adopted by the Group (continued)

IFRS 9 Financial instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied IFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning 1 January 2017.

Effect of adjustment of IFRS 9 is as follows:

Impact on the consolidated statement of financial position as at 31 December 2017:

	QAR '000
Assets	
Cash and cash equivalents	**(4,365)**
Equity	
Retained earnings	**(4,365)**

There is no material impact on the interim condensed consolidated statement of profit and loss, cash flows and the basic and diluted EPS.

Impairment
The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forwards-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at Fair Value through Profit or Loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, the shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Group has applied the Standard's simplified approach and has calculated ECL based on lifetime expected credit losses. The group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers financial assets in default when contractual payment are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into accounts any credit enhancements held by the Group.

As per the assessment of the management, there has been no impact on classification of financial assets or financial liabilities.

Hedge accounting
The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with the prior periods, the Group has continued to designate the change in fair value of the entire interest rate swaps in the Group's cash flow hedge relations and, as such, the adoption for the hedge accounting requirements of IFRS 9 has no significant impact on the Group's interim condensed consolidated financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and amended standards and interpretations adopted by the Group (continued)

IFRS 9 Financial instruments (continued)

Hedge accounting (continued)
Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising from cash flow hedges of forecast purchased of non-financial assets need to be incorporated in to initial carrying amount of the non-financial assets. Therefore, upon adoption of IFRS 9, the Net gain or loss on cash flow hedges was presented under 'Other Comprehensive income not to be reclassified to profit or loss in subsequent periods'. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the interim condensed consolidated financial statements of the Group, since the Group is not a party in such hedge relationship.

Other changes
IFRIC interpretation 22 Foreign Currency Transactions and Advances Considerations
Amendments to IAS 40 Transferred of Investment Properties
Amendments to IFRS 2 Classification and Measurement of Share-based Payment transactions
Amendments to IFRS 4 applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
Amendments to IAS 28 Investments I Associated and Joint Ventures – Clarification that measuring Investees at fair value through profit or loss is an investment-by-investment choice
Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards – Deletion of short-term exemptions for fist-time adopters

The adoption of the above amendments and improvements had no significant impact on the interim condensed consolidated financial statements.

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.

Topics	***Effective date***
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 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 estimates.

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 2017.

Measurement of fair values
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)

4 USE OF JUDGMENTS AND ESTIMATES (CONTINUED)

Measurement of fair values (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.

Further information about the assumption made in measuring fair values is included in Note 18 - Fair values of financial instruments.

5 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.

6 PROPERTY, PLANT AND EQUIPMENT

Acquisitions
During the nine months period ended 30 September 2018, the Group acquired assets with a cost of QR 28,918 thousands (nine months ended 30 September 2017: QR 29,098 thousands).

Disposals
During the nine months period ended 30 September 2018, the Group disposed assets with a cost of QR 405,928 thousands for a total amount of QR 58,762 thousands of which the net carrying value at the disposal date was Nil. (nine months ended 30 September 2017: the Group disposed assets with a cost of QR 476 thousands for a total amount of QR 307 thousands of which the net carrying value at the disposal date was QR 82 thousand).

7 INVESTMENT PROPERTY

	30 September 2018 QAR'000 (Reviewed)	*31 December 2017 QAR'000 (Audited)*
Balance at end of the period/year	**174,901**	174,901

Investment property comprises a land in Lusail purchased from Qatari Diar Real Estate Company Q.S.C. Based on an internal valuation exercise, the fair value of the investment property as at 31 December 2017 was QR 457 million. The Management is of the view that the fair value as at 30 September 2018 is not materially different from the fair value determined as at 31 December 2017.

8 INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures:

	Country of incorporation	*Group effective Ownership %*	***30 September 2018 QAR'000 (Reviewed)***	*31 December 2017 QAR'000 (Audited)*
Nebras Power Q.S.C.	Qatar	60%	**2,679,871**	2,534,386
Umm Al Houl Power Q.S.C.*(Note i)*	Qatar	60%	**1,387,299**	177,032
Ras Girtas Power Company Q.S.C.	Qatar	45%	**393,553**	17,337
Qatar Power Q.S.C.	Qatar	55%	**357,175**	405,155
Mesaieed Power Company Q.S.C.	Qatar	40%	**138,962**	-
Siraj Energy *(Note ii)*	Qatar	60%	**2,187**	2,187
			4,959,047	3,136,097

Notes:

(i) During the period, the Group has invested an additional amount of QR 919 million in Umm Al Houl Power Q.S.C..The additional investment has not changed the Group's shareholding in the joint venture. The other movements of this investment pertain to share of profit and share of other comprehensive income.

(ii) Investment in Siraj Energy is carried at cost as the Company has not commenced intended operation as at 30 September 2018.

9 FINANCE LEASE RECEIVABLES

Finance lease receivables represent the lease receivables of Ras Laffan Power Company Q.S.C. The subsidiary adopted IFRIC 4: *Determining whether an arrangement contains a lease* which became effective from 1 January 2006 in accounting for their self-constructed production facilities. The discount rate used by the subsidiary was 9.32 % per annum (2017: 9.32% per annum). The finance lease receivables at the end of the reporting period are neither past due nor impaired.

	30 September 2018 QAR'000 (Reviewed)	*31 December 2017 QAR'000 (Audited)*
Gross finance lease receivables	**1,929,119**	2,107,856
Unearned finance income	**(649,456)**	(741,524)
Present value of minimum lease payments receivable	**1,279,663**	1,366,332

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

	30 September 2018 QAR'000 (Reviewed)	*31 December 2017 QAR'000 (Audited)*
Current portion	**127,224**	117,487
Non-current portion	**1,152,439**	1,248,845
	1,279,663	1,366,332

10 CASH AND CASH EQUIVALENTS

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

	30 September 2018 (Reviewed) QAR'000	*31 December 2017 (Audited) QAR'000*
Cash at bank	**3,666,205**	3,435,987
Cash in hand	**98**	30
Bank balances and cash	**3,666,303**	3,436,017
Less: Term deposits with original maturity over 90 days	**(2,889,023)**	(2,871,996)
Cash and cash equivalents	**777,280**	564,021

11 SHARE CAPITAL

	30 September 2018 QAR'000 (Reviewed)	*31 December 2017 QAR'000 (Audited)*
Authorized, issued and fully paid:		
110,000,000 ordinary shares with nominal value of QR 10 each	**1,100,000**	1,100,000

(i) Cash dividend paid

During the period, the Company declared and paid a cash dividend of QR 7.75 per share totalling to QR 852,500 thousands (2017: QR 7.5 per share totalling to QR 825,000 thousands).

12 INTEREST BEARING LOANS AND BORROWINGS

	30 September 2018 QAR'000 (Reviewed)	*31 December 2017 QAR'000 (Audited)*
Loan (1)	**1,164,789**	1,193,331
Loan (2)	**561,981**	585,913
Loan (3)	**280,382**	292,322
Loan (4)	**107,272**	166,868
Loan (5)	**518,298**	531,912
Loan (6)	**862,619**	885,278
Loan (7)	**911,250**	911,250
Loan (8)	**876,768**	831,060
Loan (9)	**337,195**	345,774
Loan (10)	**182,250**	182,250
Loan (11)	**915,625**	-
Total Interest bearing loans and borrowings	**6,718,429**	5,925,958
Less: Financing arrangement costs	**(57,341)**	(59,878)
	6,661,088	5,866,080

12 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

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

	30 September 2018 QAR'000 (Reviewed)	*31 December 2017 QAR'000 (Audited)*
Current portion	**2,334,456**	1,424,286
Non-current portion	**4,326,632**	4,441,794
	6,661,088	5,866,080

13 INTEREST RATE SWAPS FOR HEDGING

(a) Cash flow hedge reserve

Movement in cash flow hedge reserve for the period is as follow:

	For the three month period ended 30 September		***For the nine month period ended 30 September***		
	2018 QAR'000 (Reviewed)	*2017 QAR'000 (Reviewed)*	***2018 QAR'000 (Reviewed)***	*2017 QAR'000 (Reviewed)*	*31 December 2017 QAR'000 (Audited)*
Balance at 1 July/ 1 January	**(915,494)**	(1,623,103)	**(1,507,588)**	(1,557,002)	(1,557,002)
Share of other comprehensive income from joint ventures	**186,126**	61,725	**729,954**	2,408	25,991
Net changes in fair value of interest rate swaps of parent	**9,893**	6,884	**58,159**	100	23,423
Balance at 30 September / 31 December	**(719,475)**	(1,554,494)	**(719,745)**	(1,554,494)	(1,507,588)

(b) Fair value of interest rate swaps

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

	30 September 2018 QAR'000 (Reviewed)	*31 December 2017 QAR'000 (Audited)*
Assets		
Current portion	**7,897**	2,374
Non-current portion	**54,407**	34,856
	62,304	37,230
Liabilities		
Current portion	**3,921**	15,297
Non-current portion	**5,359**	27,069
	9,280	42,366

14 REVENUE

	For the three month period ended 30 September		*For the nine month period ended 30 September*	
	2018	*2017*	***2018***	*2017*
	QAR'000	*QAR'000*	***QAR'000***	*QAR'000*
	(Reviewed)	*(Reviewed)*	***(Reviewed)***	*(Reviewed)*
Sales of electricity	**321,376**	387,905	**967,396**	1,099,065
Sales of desalinated water	**317,949**	404,594	**948,153**	1,164,581
Share of lease income from Ras Laffan Power Company Q.S.C.	**32,149**	33,722	**100,080**	100,725
	671,474	826,221	**2,015,629**	2,364,371

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.

	For the three month period ended 30 September		*For the nine month period ended 30 September*	
	2018	*2017*	***2018***	*2017*
	QAR'000	*QAR'000*	***QAR'000***	*QAR'000*
	(Reviewed)	*(Reviewed)*	***(Reviewed)***	*(Reviewed)*
Profit for the period attributable to equity holder of the parent	**343,826**	500,824	**1,156,384**	1,311,383
Weighted average number of shares outstanding during the period (number of shares in thousands)	**110,000**	110,000	**110,000**	110,000
Basic and diluted earnings per share (expressed in QR per share)	**3.13**	4.55	**10.51**	11.92

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

	30 September 2018	*31 December 2017*
	QAR'000	*QAR'000*
	(Reviewed)	*(Audited)*
(a) Commitments:		
Capital commitments	**65,963**	940,410
(b) Contingent liabilities:		
Bank guarantees, corporate guarantees and documentary credits	**609,151**	285,130
(c) Other commitments:		
Derivative financial instruments:		
Interest rate swaps (notional amount)	**1,312,436**	1,965,756

The Company entered into a shareholders agreement with Qatar Petroleum to establish Siraj Energy, a Qatari Private Shareholding Company. Siraj Energy will engage in owning and operating solar energy power plant. As at 30 September 2018, the Company committed to invest in 60% stake in the share capital of Siraj Energy.

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 are as follows:

	Nature of the relationship	*Nature of the transactions*	*For the three month period ended 30 September*		*For the nine month period ended 30 September*	
			2018 QAR'000 (Reviewed)	*2017 QAR'000 (Reviewed)*	***2018 QAR'000 (Reviewed)***	*2017 QAR'000 (Reviewed)*
KAHRAMAA	Shareholder	Sale of electricity	**321,376**	387,905	**967,396**	1,127,912
		Sale of desalinated water	**314,937**	402,360	**938,945**	1,081,210
		Lease income from plant	**32,149**	33,722	**100,080**	107,016
			668,462	823,987	**2,006,421**	2,316,138
Qatar Petroleum	Affiliate	Sale of desalinated water	**3,012**	2,234	**9,208**	10,461
Qatar Petroleum	Affiliate	Cost of gas consumed /take or pay gas	**221,004**	207,829	**549,645**	656,937

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

	Nature of the relationship	***30 September 2018***		*31 December 2017*	
		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	Shareholder	**566,083**	**601**	806,696	3,152
Umm Al Houl Power Q.S.C.	Joint venture	**17,147**	**-**	6,831	-
Ras Gitras Power Company Q.S.C.	Joint venture	**3,196**	**-**	2,797	-
Qatar Power Q.S.C.	Joint venture	**1,083**	**-**	959	-
Mesaieed Power Company Q.S.C.	Joint venture	**468**	**-**	645	-
Qatar Petroleum	Shareholder	**-**	**144,041**	-	140,949
Nebras Power Q.S.C.	Joint venture	**-**	**2,097**	-	5,008
		587,977	**146,739**	817,928	149,109

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 30 September		*For the nine month period ended 30 September*	
	2018 QAR'000 (Reviewed)	*2017 QAR'000 (Reviewed)*	***2018 QAR'000 (Reviewed)***	*2017 QAR'000 (Reviewed)*
Management remuneration	**595**	546	**2,846**	3,304
Directors' fees	**2,938**	2,938	**5,875**	8,813
	3,533	3,484	**8,721**	12,117

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 2018, the Group held the following classes of financial instruments measured at fair value:

At 30 September 2018	***Level 1 QAR'000***	***Level 2 QAR'000***	***Level 3 QAR'000***	***Total QAR'000***
Financial assets measured at fair value:				
Equity investments at fair value through other comprehensive income	**1,384,339**	**-**	**-**	**1,384,339**
Positive fair value of interest rate swaps	**-**	**62,304**	**-**	**62,304**
	1,384,339	**62,304**	**-**	**1,446,643**
Financial liabilities measured at fair value:				
Derivative instruments:				
Negative fair value of interest rate swaps	**-**	**9,280**	**-**	**9,280**
	-	**9,280**	**-**	**9,280**

As at 31 December 2017, the Group held the following classes of financial instruments measured at fair value:

At 31 December 2017	*Level 1 QAR'000*	*Level 2 QAR'000*	*Level 3 QAR'000*	*Total QAR'000*
Financial assets measured at fair value:				
Equity investments at fair value through other comprehensive income	701,577	-	-	701,577
Positive fair value of interest rate swaps	-	37,230	-	37,230
	701,577	37,230	-	738,807
Financial liabilities measured at fair value:				
Derivative instruments:				
Negative fair value of interest rate swaps	-	42,366	-	42,366
	-	42,366	-	42,366

During the reporting period/year ended 30 September 2018 and 31 December 2017, there were no transfers between Level 1 and Level 3 fair value measurements.

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.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premium used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.