

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE THREE-MONTH PERIOD ENDED  
31 MARCH 2019**

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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

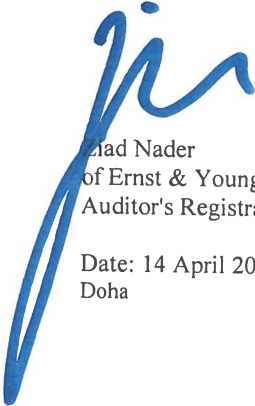
We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Electricity & Water Company Q.P.S.C. (the "Company") and its subsidiaries (the "Group"), comprising of the interim consolidated statement of financial position as at 31 March 2019 and the related interim consolidated statements of profit or loss and other comprehensive income, interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the three 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.



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

Date: 14 April 2019  
Doha



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

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

		<b>31 March 2019 QAR '000 (Reviewed)</b>	<b>31 December 2018 QAR '000 (Audited)</b>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,731,064	5,750,268
Intangible assets and goodwill		94,992	96,485
Investments in joint ventures	7	4,497,667	4,717,616
Equity investment at fair value through other comprehensive income		1,529,226	1,558,553
Finance lease receivables	8	1,083,444	1,117,626
Positive fair value of interest rate swaps for hedging	12	22,802	37,236
Other assets		15,438	15,864
		<b>12,974,633</b>	<b>13,293,648</b>
<b>Current assets</b>			
Inventories		134,757	141,939
Trade and other receivables		451,249	444,454
Finance lease receivables	8	134,605	131,219
Positive fair value of interest rate swaps for hedging	12	8,157	8,157
Bank balances and cash	9	3,519,966	4,117,953
		<b>4,248,734</b>	<b>4,843,722</b>
<b>TOTAL ASSETS</b>		<b>17,223,367</b>	<b>18,137,370</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	10	1,100,000	1,100,000
Legal reserve		550,000	550,000
General reserve		3,241,834	3,241,834
Hedge reserve	12	(1,342,510)	(1,053,585)
Fair value reserve		409,215	491,690
Retained earnings		5,582,209	6,125,641
		<b>9,540,748</b>	<b>10,455,580</b>
<b>Equity attributable to equity holders of the parent</b>		<b>264,643</b>	<b>257,674</b>
Non-controlling interest			
<b>Total Equity</b>		<b>9,805,391</b>	<b>10,713,254</b>

The attached notes 1 to 17 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 31 March 2019

		31 March 2019	31 December 2018
	Notes	QAR '000 (Reviewed)	QAR '000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	11	4,338,752	4,365,963
Negative fair value of interest rate swaps for hedging	12	23,086	15,988
Employees' end of service benefits		71,384	68,962
Other payables	3	22,032	-
		<u>4,455,254</u>	<u>4,450,913</u>
<b>Current liabilities</b>			
Interest bearing loans and borrowings	11	2,422,230	2,443,820
Negative fair value of interest rate swaps for hedging	12	4,640	4,640
Trade and other payables		535,852	524,743
		<u>2,962,722</u>	<u>2,973,203</u>
<b>Total liabilities</b>		<u>7,417,976</u>	<u>7,424,116</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>17,223,367</u>	<u>18,137,370</u>

These interim condensed consolidated financial statements were approved by the Parent Company's Board of Directors and signed on its behalf by the following on 14 April 2019.

  
Mr. Saad Bin Sherida Al Kaabi  
Chairman

  
Mr. Fahad Bin Hamad Al-Mohannadi  
Managing Director

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

**INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

For the three-month period ended 31 March 2019

		<i>For the three-month period ended 31 March</i>	
		<i>2019</i>	<i>2018</i>
	<i>Notes</i>	<i>QAR '000</i> <i>(Reviewed)</i>	<i>QAR '000</i> <i>(Reviewed)</i>
Revenue from water and electricity	13	506,966	626,233
Lease interest		32,419	33,661
		<b>539,385</b>	659,894
Cost of sales		<b>(338,296)</b>	(357,769)
<b>Gross profit</b>		<b>201,089</b>	302,125
Other operating income		104,212	66,264
General and administrative expenses		<b>(45,826)</b>	(50,268)
<b>Operating profit</b>		<b>259,475</b>	318,121
Finance costs		<b>(63,674)</b>	(47,789)
Share of profit of joint ventures		<b>120,236</b>	131,092
<b>Profit for the period</b>		<b>316,037</b>	401,424
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Share of other comprehensive income from joint ventures		<b>(267,374)</b>	382,708
Effective portion of changes in fair value of interest rate swaps for hedging	12	<b>(21,551)</b>	31,614
<i>Other comprehensive income 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		<b>(82,475)</b>	40,389
<b>Other comprehensive (loss) income for the period</b>		<b>(371,400)</b>	454,711
<b>Total comprehensive (loss) income</b>		<b>(55,363)</b>	856,135
<b>Profit attributable to:</b>			
Equity holders of the parent		309,068	394,384
Non-controlling interests		<b>6,969</b>	7,040
		<b>316,037</b>	401,424
<b>Total comprehensive (loss) income attributable to:</b>			
Equity holders of the parent		<b>(62,332)</b>	849,095
Non-controlling interests		<b>6,969</b>	7,040
		<b>(55,363)</b>	856,135
<b>Earnings per share:</b>			
Basic and diluted earnings per share (Qatari Riyals)	14	<b>2.81</b>	3.59

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

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

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2019

	Attributable to equity holder of the parent								
	Share capital QR '000	Legal reserve QR '000	General reserve QR '000	Cash flow hedge reserve QR '000	Fair value reserve QR '000	Retained earnings QR '000	Total QR '000	Non-controlling interest QR '000	Total equity QR '000
Balance as at 1 January 2019	1,100,000	550,000	3,241,834	(1,053,585)	491,690	6,125,641	10,455,580	257,674	10,713,254
Profit for the period	-	-	-	-	-	309,068	309,068	6,969	316,037
Other comprehensive loss	-	-	-	(288,925)	(82,475)	-	(371,400)	-	(371,400)
Total comprehensive income (loss)	-	-	-	(288,925)	(82,475)	309,068	(62,332)	6,969	(55,363)
Dividends relating to year 2018 (Note 10)	-	-	-	-	-	(852,500)	(852,500)	-	(852,500)
<b>Balance at 31 March 2019 (Reviewed)</b>	<b>1,100,000</b>	<b>550,000</b>	<b>3,241,834</b>	<b>(1,342,510)</b>	<b>409,215</b>	<b>5,582,209</b>	<b>9,540,748</b>	<b>264,643</b>	<b>9,805,391</b>
As at 1 January 2018	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 IFRS 9	-	-	-	-	-	(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	-	-	-	-	-	394,384	394,384	7,040	401,424
Other comprehensive income	-	-	-	414,322	40,389	-	454,711	-	454,711
Total comprehensive income	-	-	-	414,322	40,389	394,384	849,095	7,040	856,135
Dividends relating to year 2017 (Note 10)	-	-	-	-	-	(852,500)	(852,500)	-	(852,500)
<b>Balance at 31 March 2018 (Reviewed)</b>	<b>1,100,000</b>	<b>550,000</b>	<b>3,241,834</b>	<b>(1,093,266)</b>	<b>163,513</b>	<b>5,012,029</b>	<b>8,974,110</b>	<b>257,258</b>	<b>9,231,368</b>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

**Qatar Electricity & Water Company Q.P.S.C.**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the three-month period ended 31 March 2019

		For the three month ended 31 March	
	Notes	2019 QAR '000	2018 QAR '000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		316,037	401,424
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		71,754	90,898
Share of profits of joint ventures		(120,236)	(131,092)
Provision for employees' end of service benefits		2,619	2,916
Dividend income on available-for-sale financial assets		(64,063)	(38,049)
Profit on disposal of property, plant and equipment		-	(5)
Amortization of intangible assets		1,493	1,493
Provision for slow-moving inventories		4,317	5,060
Amortization of non-current assets		426	503
Interest income		(38,449)	(23,522)
Interest expense		63,674	46,174
Operating profit before working capital changes		237,572	355,800
<i>Working capital adjustments:</i>			
Inventories		2,865	11,444
Trade and other receivables		771	151,968
Finance lease receivables		30,796	27,926
Trade and other payables		(29,454)	(107,404)
Cash flows from operating activities		242,550	439,734
Employees' end of service benefits paid		(197)	(3,568)
<b>Net cash flows from operating activities</b>		<b>242,353</b>	<b>436,166</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	6	(28,255)	(20,789)
Proceeds from disposal of property, plant and equipment		-	5
Dividends received from available-for-sale financial assets		64,063	38,049
Dividends received from joint ventures		72,792	119,373
Purchase of available-for-sale financial assets		(53,148)	(120,615)
Interest received		36,322	28,899
Net movement in term deposits with original maturity over 90 days		15,210	266,518
<b>Net cash from investing activities</b>		<b>106,984</b>	<b>311,440</b>
<b>FINANCING ACTIVITIES</b>			
Net movements in interest bearing loans and borrowings		(48,801)	45,499
Dividends paid	10	(819,639)	(821,919)
Interest paid		(63,674)	(46,174)
<b>Net cash used in financing activities</b>		<b>(932,114)</b>	<b>(822,594)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at 1 January		1,430,376	564,021
<b>Cash and cash equivalents at 31 December</b>	9	<b>847,599</b>	<b>489,033</b>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 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 Al-Markhiya Street, Madinah Khalifah North Area, Doha, State of Qatar. The Company's shares are listed on the Qatar Exchange since 3 May 1998.

The Company was previously known as Qatar Electricity & Water Company Q.S.C. As per the requirement of the Qatar Commercial Companies Law No. 11 of 2015 the legal status of the Company has changed in to "Qatar Public Shareholding Company" after the amendment made in to the Article of Association on 6 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 activities of the Group, which have not changed from the previous year, are to develop, own and operate plants for the production of 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 2019 are as follows:

<i>Name of entities</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ultimate ownership interest</i>	
			<i>2019</i>	<i>2018</i>
Ras Laffan Operating Company W.L.L.	Generation of electricity & production of desalinated water	Qatar	<b>100%</b>	100%
Ras Laffan Power Company Q.S.C.	Generation of electricity & production of desalinated water	Qatar	<b>80%</b>	80%

The Company had the following joint ventures and shareholdings as at the current and the comparative reporting dates:

<i>Name of entities</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ultimate ownership interest</i>	
			<i>2019</i>	<i>2018</i>
Qatar Power Q.S.C.	Generation of electricity & production of desalinated water	Qatar	<b>55%</b>	55%
Mesaieed Power Company Q.S.C.	Generation of electricity	Qatar	<b>40%</b>	40%
Ras Girtas Power Company Q.S.C.	Generation of electricity & production of desalinated water	Qatar	<b>45%</b>	45%
Nebras Power Q.P.S.C.	Investments in electricity and desalinated water projects outside Qatar	Qatar	<b>60%</b>	60%
Umm Al Houl Power Q.P.S.C.	Generation of electricity & production of desalinated water	Qatar	<b>60%</b>	60%
Siraj Energy	Identifying, evaluating and development of Solar power opportunities.	Qatar	<b>60%</b>	60%

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the three months ended 31 March 2019 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 financial statements and should be read in conjunction with the Group’s annual financial statements as at 31 December 2018. In addition, the results for the three months ended 31 March 2019 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2019.

These interim condensed consolidated interim financial statements were authorised for issue by the Board of Directors on 14 April 2019.

### 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 2018, except for the adoption of new standards and interpretations effective as of 1 January 2019.

The following amended accounting standard became effective in 2019 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 2019:

#### **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 2019:

#### ***Annual Improvement 2015-2017 Cycle***

IFRS 3 Business Combination

IFRS 11 Joint Arrangements

IAS 12 Income taxes

IAS 23 Borrowing Costs

#### ***Other changes***

IFRIC Interpretation 23 Uncertainty over Income Tax treatment

Amendments to IFRS 9: Prepayment Features with Negative Compensation

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

Amendments to IAS 28: Long-term interests in associates and joint ventures

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

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group applies, for the first time, IFRS 16 Leases. As required by IAS 34, the nature and effect of these changes are disclosed below.

#### IFRS 16 Leases

IFRS 16 supersedes the IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC -27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and required lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17, Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted the IFRS 16 using the simplified modified retrospective method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases').

The effect of adoption of IFRS 16 is as follows:

Impact on the interim consolidated statement of financial position:

	<i>31 March 2019</i> <i>QAR '000</i> <i>(Reviewed)</i>	<i>1 January 2019</i> <i>QAR '000</i> <i>(Reviewed)</i>
<b><i>Assets</i></b>		
Right of use assets	<u>24,297</u>	<u>24,841</u>
<b><i>Liabilities</i></b>		
Lease liability	<u>24,311</u>	<u>24,841</u>

The lease liability is presented in the interim consolidated statement of financial position as at 31 March 2019 as follows:

	<i>QAR '000</i> <i>(Reviewed)</i>
Non-current	22,032
Current	<u>2,299</u>
	<u>24,311</u>

Impact on the interim consolidated statement of profit or loss (increase/decrease) for the three-month period ended 31 March 2019:

	<i>QAR '000</i> <i>(Reviewed)</i>
Depreciation charge for right of use assets	<u>544</u>
Interest expense on lease liabilities	<u>328</u>

### **3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

##### **a) Nature of the effect of adoption of IFRS 16**

The Group has lease contracts for various staff accommodation. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases when it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liability to make lease payments and right of use assets representing the right to use the underlying assets. .

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

##### **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

##### **Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

##### **Short-term leases**

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

##### **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 financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

##### **Topics**

IFRS 17 Insurance Contracts

##### **Effective date**

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.

*Significant judgement in determining the lease term of contracts with renewal option.*

The Group determines the lease term as the non – cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of three to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the renewal. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g, a change in business strategy.)

#### **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 three months ended 31 March 2019, the Group acquired assets with a cost of QR 28,255 thousands (year ended 31 December 2018: QR 110,313 thousands).

##### **Disposals**

During the year ended 31 December 2018, the Group disposed assets of QR 436,927 thousands and the net carrying value at the disposal was Nil.

During the period ended 31 March 2019, the Group has written off "C" inspection cost for a total amount of QR 68,978 thousands with the net carrying value at the disposal date of Nil. (year ended 31 December 2018: the asset cost QR 144,818 thousand with the net carrying value of Nil.)

Property, plant and equipment includes right of use assets amounting QR 24,297 thousand as at 31 March 2019 (31 Dec 2018: Nil)

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 7 INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures:

	Country of incorporation	Group effective ownership %	31 March 2019 QAR'000 (Reviewed)	31 December 2018 QAR'000 (Audited)
Nebras Power Q.S.C.	Qatar	60%	2,777,531	2,742,012
Umm Al Houl Power Q.S.C.	Qatar	60%	1,128,258	1,271,362
Qatar Power Q.S.C.	Qatar	55%	399,841	381,679
Ras Girtas Power Company Q.S.C.	Qatar	45%	142,223	231,758
Mesaieed Power Company Q.S.C.	Qatar	40%	47,627	88,618
Siraj Energy (Note i)	Qatar	60%	2,187	2,187
			<b>4,497,667</b>	<b>4,717,616</b>

Note:

- (i) Investment in Siraj Energy is carried at cost as the Company has not commenced intended operation as at 31 March 2019.

### 8 FINANCE LEASE RECEIVABLES

Finance lease receivables represent the share of lease receivables from 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 (2018: 9.32% per annum). The finance lease receivables at the end of the reporting period are neither past due nor impaired.

	31 March 2019 QAR'000 (Reviewed)	31 December 2018 QAR'000 (Audited)
Gross investment in the lease	1,809,225	1,868,460
Unearned finance income	(591,176)	(619,615)
Present value of minimum lease receivable	<b>1,218,049</b>	<b>1,248,845</b>

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

	31 March 2019 QAR'000 (Reviewed)	31 December 2018 QAR'000 (Audited)
Current portion	134,605	131,219
Non-current portion	1,083,444	1,117,626
	<b>1,218,049</b>	<b>1,248,845</b>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 9 CASH AND CASH EQUIVALENTS

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

	<i>31 March 2019 QAR'000 (Reviewed)</i>	<i>31 December 2018 QAR'000 (Audited)</i>
Cash at bank – call and current accounts	169,615	166,996
Short-term deposits ( <i>Note i</i> )	3,310,699	3,950,641
Cash in hand	39,652	316
Bank balances and cash	3,519,966	4,117,953
Less: Term deposits with original maturity of 90 days ( <i>Note ii</i> )	(2,672,367)	(2,687,577)
<b>Cash and cash equivalents</b>	<b>847,599</b>	<b>1,430,376</b>

*Notes:*

- (i) Short-term deposits are made for varying terms depending on the immediate cash requirements of the Group and earn interest at market rates.
- (ii) Terms deposits made by the Group with original maturity over 90 days and earn interest at market rates.

### 10 SHARE CAPITAL

	<i>31 March 2019 QAR'000 (Reviewed)</i>	<i>31 December 2018 QAR'000 (Audited)</i>
<i>Authorized, issued and fully paid:</i>		
110,000,000 ordinary shares with nominal value of QR 10 each	1,100,000	1,100,000

#### *Cash dividend paid*

During the period, the Company declared and approved a cash dividend of QR 7.75 per share totalling to QR 852,500 thousands for the year 2018 (31 March 2018 - QR 7.75 per share totalling to QR 852,500 thousands for the year 2017).

#### *Stock split*

On 6 March 2019, the Extraordinary General Meeting of the Group approved the reduction of the par value of the ordinary share from QR 10 to QR 1, as per the instruction of Qatar Financial Markets Authority. As the end of the reporting period, the share split has not yet been implemented pending approval from Qatar Financial Markets Authority.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended 31 March 2019

**11 INTEREST BEARING LOANS AND BORROWINGS**

	<i>31 March 2019 QAR'000 (Reviewed)</i>	<i>31 December 2018 QAR'000 (Audited)</i>
Loan (1)	1,135,348	1,135,348
Loan (2)	1,093,500	1,093,500
Loan (3)	999,749	1,009,008
Loan (4)	915,623	915,623
Loan (5)	846,021	854,973
Loan (6)	536,756	536,756
Loan (7)	508,325	513,704
Loan (8)	331,573	334,660
Loan (9)	267,797	267,797
Loan (10)	182,250	182,250
Loan (11)	-	24,422
<b>Total interest bearing loans and borrowings</b>	<b>6,816,942</b>	<b>6,868,041</b>
Less: Financing arrangement costs	<b>(55,960)</b>	<b>(58,258)</b>
	<b>6,760,982</b>	<b>6,809,783</b>

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

	<i>31 March 2019 QAR'000 (Reviewed)</i>	<i>31 December 2018 QAR'000 (Audited)</i>
Current portion	2,422,230	2,443,820
Non-current portion	4,338,752	4,365,963
	<b>6,760,982</b>	<b>6,809,783</b>

**12 INTEREST RATE SWAPS FOR HEDGING**

**(a) Cash flow hedge reserve**

	<i>For the three-month period ended 31 March</i>		<i>31 December 2018</i>
	<i>2019</i>	<i>2018</i>	<i>2018</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Audited)</i>
Balance at 1 January	(1,053,585)	(1,507,588)	(1,507,588)
Share of other comprehensive income from joint ventures	(267,374)	382,708	424,104
Net changes in fair value of interest rate swaps of parent	(21,551)	31,614	29,899
Balance at 31 March/31 December	<b>(1,342,510)</b>	<b>(1,093,266)</b>	<b>(1,053,585)</b>



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 12 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 condensed consolidated statement of financial position as follows:

	31 March 2019 QAR'000 (Reviewed)	31 December 2018 QAR'000 (Audited)
<b>Assets</b>		
Current portion	8,157	8,157
Non-current portion	22,802	37,236
	<b>30,959</b>	<b>45,393</b>
<b>Liabilities</b>		
Current portion	4,640	4,640
Non-current portion	23,086	15,988
	<b>27,726</b>	<b>20,628</b>

### 13 REVENUE

	For the three-months period ended 31 March	
	2019 QAR'000 (Reviewed)	2018 QAR'000 (Reviewed)
<b>Revenue from contract with customers:</b>		
Sale of water	97,561	113,740
Sale of electricity	150,249	205,661
Operations and maintenance:		
Water	46,814	49,275
Electricity	20,364	52,566
<b>Total revenue from contract with customers</b>	<b>314,988</b>	<b>421,242</b>
<b>Operating lease revenue – capacity charges</b>		
Water	148,692	148,132
Electricity	43,286	56,859
<b>Revenue from water and electricity</b>	<b>506,966</b>	<b>626,233</b>

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. There is no unsatisfied performance obligation for the period ended 31 March 2019 (31 March 2018: Nil). Total revenue is generated within the State of Qatar.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 14 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 month period ended 31 March</i>	
	<i>2019</i>	<i>2018</i>
	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to equity holder of the parent	<b>309,068</b>	394,384
Weighted average number of shares outstanding during the period (number of shares in thousands)	<b>110,000</b>	110,000
Basic and diluted earnings per share (expressed in QR per share)	<b>2.81</b>	3.59

#### **Diluted earnings per share**

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

### 15 COMMITMENTS AND CONTINGENT LIABILITIES

	<i>31 March 2019</i>	<i>31 December 2018</i>
	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Audited)</i>
<b>(a) Commitments:</b>		
Capital commitments	<b>31,900</b>	50,449
<b>(b) Contingent liabilities:</b>		
Corporate guarantees issued on behalf of joint ventures	<b>450,287</b>	450,299
Letter of credits	<b>100,160</b>	99,545
	<b>550,447</b>	549,844
<b>(c) Other commitments:</b>		
<i>Derivative financial instruments:</i>		
Interest rate swaps (notional amount)	<b>1,288,979</b>	1,299,107

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 16 RELATED PARTY DISCLOSURES

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

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

	<i>Nature of the relationship</i>	<i>Nature of the transactions</i>	<i>For the three month period ended 31 March</i>	
			<i>2019</i> <i>QAR'000</i> <i>(Reviewed)</i>	<i>2018</i> <i>QAR'000</i> <i>(Reviewed)</i>
KAHRAMAA	Shareholder	Sale of electricity	213,898	316,041
		Sale of desalinated water	290,587	307,041
		Lease income from plant	32,419	33,661
			<u>536,904</u>	<u>656,743</u>
Qatar Petroleum	Shareholder	Sale of desalinated water	<u>2,481</u>	<u>2,794</u>
Qatar Petroleum	Shareholder	Cost of gas consumed/take or pay gas	<u>170,860</u>	<u>169,035</u>
Qatar National Bank		Interest income	<u>37,482</u>	<u>24,304</u>

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

	<i>Nature of the relationship</i>	<i>31 March 2019</i>		<i>31 December 2018</i>	
		<i>Trade and other receivables</i> <i>QAR'000</i> <i>(Reviewed)</i>	<i>Trade payables and accrued expenses</i> <i>QAR'000</i> <i>(Reviewed)</i>	<i>Trade and other receivables</i> <i>QAR'000</i> <i>(Audited)</i>	<i>Trade payables and accrued expenses</i> <i>QAR'000</i> <i>(Audited)</i>
KAHRAMAA	Shareholder	415,627	-	401,207	170
Umm Al Houl Power Q.S.C.	Joint venture	16,117	-	15,436	-
Ras Gitras Power Company Q.S.C.	Joint venture	3,281	-	2,004	-
Nebras Power Q.S.C.	Joint venture	1,983	-	-	-
Qatar Petroleum	Shareholder	1,509	85,832	990	97,742
Messaied Power Company Q.S.C.	Joint venture	468	-	-	-
Qatar Power Q.S.C.	Joint venture	-	5,439	1,134	-
		<u>438,985</u>	<u>91,271</u>	<u>420,771</u>	<u>97,912</u>

### 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 month period ended 31 March</i>	
	<i>2019</i> <i>QAR'000</i> <i>(Reviewed)</i>	<i>2018</i> <i>QAR'000</i> <i>(Reviewed)</i>
Management remuneration	2,824	2,279
Directors' fees	<u>2,937</u>	<u>2,938</u>
	<u>5,761</u>	<u>5,217</u>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended 31 March 2019

### 17 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 2019, the Group held the following classes of financial instruments measured at fair value:

<i>At 31 March 2019 (Reviewed)</i>	<i>Level 1 QAR'000</i>	<i>Level 2 QAR'000</i>	<i>Level 3 QAR'000</i>	<i>Total QAR'000</i>
<b>Financial assets measured at fair value:</b>				
Equity investments at fair value through other comprehensive income assets	1,529,226	-	-	1,529,226
Positive fair value of interest rate swaps	-	30,959	-	30,959
	<u>1,529,226</u>	<u>30,959</u>	<u>-</u>	<u>1,560,185</u>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	-	27,726	-	27,726
	<u>-</u>	<u>27,726</u>	<u>-</u>	<u>27,726</u>

As at 31 December 2018, the Group held the following classes of financial instruments measured at fair value:

<i>At 31 December 2018 (Audited)</i>	<i>Level 1 QAR'000</i>	<i>Level 2 QAR'000</i>	<i>Level 3 QAR'000</i>	<i>Total QAR'000</i>
<b>Financial assets measured at fair value:</b>				
Equity investments at fair value through other comprehensive income assets	1,558,553	-	-	1,558,553
Positive fair value of interest rate swaps	-	45,393	-	45,393
	<u>1,558,553</u>	<u>45,393</u>	<u>-</u>	<u>1,603,946</u>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	-	20,628	-	20,628
	<u>-</u>	<u>20,628</u>	<u>-</u>	<u>20,628</u>

During the reporting period/year ended 31 March 2019 and 31 December 2018, there were no transfers between Level 1 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)

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.

## 17 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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.

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.