

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE SIX-MONTH PERIOD ENDED  
30 JUNE 2020**

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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

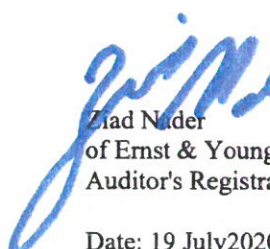
We have reviewed the accompanying interim condensed consolidated financial statements of Qatar Electricity & Water Company Q.P.S.C. (the "Company") and its subsidiaries (the "Group") as at 30 June 2020, comprising of the interim consolidated statement of financial position as at 30 June 2020 and the related interim consolidated statements of profit or loss and other comprehensive income for the three-month and six-month period ended 30 June 2020, the interim consolidated statement of changes in equity and the interim consolidated statement of cash flows for the six-month period then ended, and the related explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of review

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

### Conclusion

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

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



Date: 19 July 2020  
Doha

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

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		<b>30 June 2020 QAR '000 (Reviewed)</b>	<b>31 December 2019 QAR '000 (Audited)</b>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	5,440,879	5,573,047
Right-of-use assets		31,624	22,584
Intangible assets and goodwill		87,530	90,515
Investments in joint ventures	7	3,547,225	4,545,352
Equity investment at fair value through other comprehensive income		1,811,986	1,955,212
Finance lease receivables	8	901,906	973,613
Positive fair value of interest rate swaps for hedging	12	-	6,485
Loan receivable from joint ventures		154,316	143,687
Other assets		13,094	13,997
		<b>11,988,560</b>	<b>13,324,492</b>
<b>Current assets</b>			
Inventories		90,019	81,499
Trade and other receivables		523,950	503,402
Finance lease receivables	8	147,354	144,014
Positive fair value of interest rate swaps for hedging	12	-	2,060
Bank balances and cash	9	3,024,315	3,438,597
		<b>3,785,638</b>	<b>4,169,572</b>
<b>TOTAL ASSETS</b>		<b>15,774,198</b>	<b>17,494,064</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	(2,806,457)	(1,891,900)
Fair value reserve		(4,877)	338,349
Retained earnings		6,468,904	6,660,841
<b>Equity attributable to equity holders of the parent</b>		<b>8,549,404</b>	<b>9,999,124</b>
Non-controlling interest		224,020	235,948
<b>Total Equity</b>		<b>8,773,424</b>	<b>10,235,072</b>

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


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


**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

As at 30 June 2020

		<b>30 June 2020 QAR '000 (Reviewed)</b>	<b>31 December 2019 QAR '000 (Audited)</b>
	<i>Notes</i>		
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	11	<b>3,984,890</b>	4,116,620
Negative fair value of interest rate swaps for hedging	12	<b>72,614</b>	27,036
Lease liability		<b>29,952</b>	23,008
Employees' end of service benefits		<b>91,947</b>	86,730
		<b>4,179,403</b>	4,253,394
<b>Current liabilities</b>			
Interest bearing loans and borrowings	11	<b>2,258,415</b>	2,436,525
Negative fair value of interest rate swaps for hedging	12	<b>25,879</b>	9,635
Current portion of lease liability		<b>3,291</b>	958
Trade and other payables		<b>533,786</b>	558,480
		<b>2,821,371</b>	3,005,598
<b>Total liabilities</b>		<b>7,000,774</b>	7,258,992
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>15,774,198</b>	17,494,064

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 19 July 2020.

  
H.E. Mr. Saad Bin Sheridan Al-Kaabi  
Chairman

  
Mr. Fahad Bin Hamad Al-Mohannadi  
Managing Director

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



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

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

For the three-month and six-month period ended 30 June 2020

		<i>For the three-month period ended 30 June</i>		<i>For the six-month period ended 30 June</i>	
		<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>Notes</i>	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>	<i>QAR '000</i>
		<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenue from water and electricity	13	625,655	570,359	1,195,695	1,077,325
Lease interest		29,882	33,699	59,219	66,118
		<u>655,537</u>	<u>604,058</u>	<u>1,254,914</u>	<u>1,143,443</u>
Cost of sales		(412,071)	(378,621)	(793,060)	(716,917)
<b>Gross profit</b>		<b>243,466</b>	<b>225,437</b>	<b>461,854</b>	<b>426,526</b>
Other operating income		19,999	34,069	117,557	138,281
General and administrative expenses		(38,994)	(40,816)	(82,323)	(86,642)
<b>Operating profit</b>		<b>224,471</b>	<b>218,690</b>	<b>497,088</b>	<b>478,165</b>
Finance costs		(37,905)	(66,707)	(89,521)	(130,381)
Share of profit of joint ventures		160,942	165,931	266,583	286,167
<b>Profit for the period</b>		<b>347,508</b>	<b>317,914</b>	<b>674,150</b>	<b>633,951</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Share of other comprehensive loss from joint ventures	12	(104,895)	(442,249)	(844,190)	(709,623)
Effective portion of changes in fair value of interest rate swaps for hedging	12	(5,805)	(35,846)	(70,367)	(57,397)
<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		196,236	4,803	(343,226)	(77,672)
<b>Other comprehensive income (loss) for the period</b>		<b>85,536</b>	<b>(473,292)</b>	<b>(1,257,783)</b>	<b>(844,692)</b>
<b>Total comprehensive income (loss)</b>		<b>433,044</b>	<b>(155,378)</b>	<b>(583,633)</b>	<b>(210,741)</b>
<b>Profit attributable to:</b>					
Equity holders of the parent		340,454	310,448	660,563	619,516
Non-controlling interest		7,054	7,466	13,587	14,435
		<u>347,508</u>	<u>317,914</u>	<u>674,150</u>	<u>633,951</u>
<b>Total comprehensive income (loss) attributable to:</b>					
Equity holders of the parent		425,990	(162,844)	(597,220)	(225,176)
Non-controlling interest		7,054	7,466	13,587	14,435
		<u>433,044</u>	<u>(155,378)</u>	<u>(583,633)</u>	<u>(210,741)</u>
<b>Earnings per share:</b>					
Basic and diluted earnings per share (Qatari Riyals)	14	0.31	0.28	0.60	0.56

The attached notes 1 to 18 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 six-month period ended 30 June 2020

	Attributable to equity holder of the parent						Non-controlling interest QAR '000	Total equity QAR '000
	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		
Balance as at 1 January 2020	1,100,000	550,000	3,241,834	(1,891,900)	338,349	6,660,841	235,948	10,235,072
Profit for the period	-	-	-	-	-	660,563	13,587	674,150
Other comprehensive loss	-	-	-	(914,557)	(343,226)	-	-	(1,257,783)
Total comprehensive income (loss)	-	-	-	(914,557)	(343,226)	660,563	13,587	(583,633)
Dividends relating to year 2019 (Note 10)	-	-	-	-	-	(852,500)	(25,515)	(878,015)
<b>Balance at 30 June 2020 (Reviewed)</b>	<b>1,100,000</b>	<b>550,000</b>	<b>3,241,834</b>	<b>(2,806,457)</b>	<b>(4,877)</b>	<b>6,468,904</b>	<b>224,020</b>	<b>8,773,424</b>
Balance as at 1 January 2019	1,100,000	550,000	3,241,834	(1,053,585)	491,690	6,125,641	257,674	10,713,254
Profit for the period	-	-	-	-	-	619,516	14,435	633,951
Other comprehensive loss	-	-	-	(767,020)	(77,672)	-	-	(844,692)
Total comprehensive income (loss)	-	-	-	(767,020)	(77,672)	619,516	14,435	(210,741)
Dividends relating to year 2018 (Note 10)	-	-	-	-	-	(852,500)	(18,954)	(871,454)
<b>Balance at 30 June 2019 (Reviewed)</b>	<b>1,100,000</b>	<b>550,000</b>	<b>3,241,834</b>	<b>(1,820,605)</b>	<b>414,018</b>	<b>5,892,657</b>	<b>253,155</b>	<b>9,631,059</b>

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

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2020

	Notes	For the six month ended 30 June	
		2020 QAR '000	2019 QAR '000
<b>OPERATING ACTIVITIES</b>			
Profit for the period		674,150	633,951
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment		137,164	139,945
Depreciation of right-of-use of assets		1,174	1,116
Interest expense on lease liability		5,662	-
Share of profits of joint ventures		(266,583)	(286,167)
Provision for employees' end of service benefits		6,090	20,761
Dividend income on equity investments at fair value through other comprehensive income		(70,534)	(64,063)
Amortization of intangible assets		2,985	2,985
Provision for slow-moving inventories		7,160	8,633
Amortization of non-current assets		903	887
Interest income		(45,034)	(71,340)
Interest expense		84,395	130,381
Operating profit before working capital changes		537,532	517,089
<i>Working capital adjustments:</i>			
Inventories		(15,680)	(5,238)
Trade and other receivables		(20,548)	(89,015)
Finance lease receivables		68,367	61,593
Trade and other payables		(24,695)	6,290
Cash flows from operating activities		544,976	490,719
Employees' end of service benefits paid		(873)	(1,433)
<b>Net cash flows from operating activities</b>		<b>544,103</b>	<b>489,286</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	6	(4,996)	(36,008)
Additional investments made in joint ventures		(15,531)	(9,095)
Investments in equity investments at fair value through other comprehensive income		(200,000)	(239,454)
Dividends received from equity investments at fair value through other comprehensive income		70,534	64,063
Dividends received from joint ventures		436,051	90,287
Loan to a joint venture		(10,629)	-
Interest received		45,034	48,375
Net movement in term deposits with original maturity over 90 days		614,499	(111,838)
<b>Net cash from (used in) investing activities</b>		<b>934,962</b>	<b>(193,670)</b>
<b>FINANCING ACTIVITIES</b>			
Net movements in interest bearing loans and borrowings		(309,840)	(139,839)
Dividends paid	10	(852,500)	(834,262)
Dividend paid to non-controlling interest		(25,515)	(18,954)
Payment of lease liabilities		(6,598)	-
Interest paid		(84,395)	(130,381)
<b>Net cash used in financing activities</b>		<b>(1,278,848)</b>	<b>(1,123,436)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>200,217</b>	<b>(827,820)</b>
Cash and cash equivalents at 1 January		489,029	1,430,376
<b>Cash and cash equivalents at 30 June</b>	9	<b>689,246</b>	<b>602,556</b>

The attached notes 1 to 18 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 six-month period ended 30 June 2020

### 1 REPORTING ENTITY

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

The 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 to produce electricity and desalinated water and to supply them to the state owned "Qatar General Electricity and Water Corporation" (otherwise known as "KAHRAMAA").

Details of the Company's subsidiaries at 30 June 2020 are as follows:

<i>Name of entities</i>	<i>Principal activity</i>	<i>Country of incorporation</i>	<i>Ultimate ownership interest</i>	
			<i>2020</i>	<i>2019</i>
Ras Laffan Operating Company W.L.L.	Plant operation and maintenance	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>2020</i>	<i>2019</i>
Qatar Power Q.J.P.S.C.	Generation of electricity & production of desalinated water	Qatar	<b>55%</b>	55%
Mesaieed Power Company Q.P.S.C.	Generation of electricity	Qatar	<b>40%</b>	40%
Ras Girtas Power Company Q.P.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%

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2020 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 2019. In addition, the results for the six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2020.

These interim condensed consolidated financial statements were authorised for issue by the Board of Directors on 19 July 2020.

## 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 2019, except for the adoption of new standards and interpretations effective as of 1 January 2020.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

### **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 2020:

Amendments to IFRS 3: Definition of a Business  
Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform  
Amendments to IAS 1 and IAS 8: Definition of Material  
Conceptual Framework for Financial Reporting issued on 29 March 2018

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

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

## 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 2019.

## 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 six months ended 30 June 2020, the Group acquired assets with a cost of QR 4,996 thousand (year ended 31 December 2019: QR 99,399 thousand).

### Disposals

During the six months ended 30 June 2020, the Group has disposed assets of QR 441 thousand and written off "C" inspection cost for a total amount of QR 15,571 thousand with the net carrying value of Nil. (During the year ended 31 December 2019, the Group has written off "C" inspection cost for a total amount of QR 68,978 thousand with the net carrying value at the disposal date of Nil.)

## 7 INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures:

	Country of incorporation	Group effective ownership %	30 June 2020 QAR'000 (Reviewed)	31 December 2019 QAR'000 (Audited)
Nebras Power Q.P.S.C.	Qatar	60%	2,967,406	2,917,627
Qatar Power Q.J.P.S.C.	Qatar	55%	402,103	431,087
Umm Al Houl Power Q.P.S.C.	Qatar	60%	174,284	1,136,778
Siraj Energy (Note i)	Qatar	60%	3,432	-
Ras Girtas Power Company Q.P.S.C.	Qatar	45%	-	51,462
Mesaieed Power Company Q.P.S.C.	Qatar	40%	-	8,398
			<u>3,547,225</u>	<u>4,545,352</u>

### Notes:

- (i) During the period, the Group has invested an additional amount of QR 15 million in Siraj Energy. The additional investment has not changed the Group's shareholding percentage in the joint venture.
- (ii) The other movements of investment in joint ventures pertain to share of profit, share of other comprehensive income/ (loss) and dividend received.



**8 FINANCE LEASE RECEIVABLES**

Finance lease receivables represent the share of lease receivables from Ras Laffan Power Company Q.P.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. Effective 1 January 2019, the subsidiary adopted IFRS 16: Leases. The adoption of IFRS 16 did not have any impact on the previously reported finance lease receivables. The discount rate used by the subsidiary was 9.32 % per annum (2019: 9.32% per annum). The finance lease receivables at the end of the reporting period are neither past due nor impaired.

	<i>30 June 2020 QAR'000 (Reviewed)</i>	<i>31 December 2019 QAR'000 (Audited)</i>
Gross investment in the lease	1,507,028	1,626,295
Unearned finance income	<u>(457,768)</u>	<u>(508,668)</u>
Present value of minimum lease receivable	<u><u>1,049,260</u></u>	<u><u>1,117,627</u></u>

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

	<i>30 June 2020 QAR'000 (Reviewed)</i>	<i>31 December 2019 QAR'000 (Audited)</i>
Current portion	147,354	144,014
Non-current portion	<u>901,906</u>	<u>973,613</u>
	<u><u>1,049,260</u></u>	<u><u>1,117,627</u></u>

**9 CASH AND CASH EQUIVALENTS**

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

	<i>30 June 2020 QAR'000 (Reviewed)</i>	<i>31 December 2019 QAR'000 (Audited)</i>
Cash at bank – call and current accounts	168,473	149,347
Term deposits ( <i>Note i</i> )	2,855,783	3,289,204
Cash in hand	<u>59</u>	<u>46</u>
Bank balances and cash	3,024,315	3,438,597
Less: Term deposits with original maturity of over 90 days	<u>(2,335,069)</u>	<u>(2,949,568)</u>
<b>Cash and cash equivalents</b>	<u><u>689,246</u></u>	<u><u>489,029</u></u>

*Note:*

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



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2020

### 10 SHARE CAPITAL

	<i>30 June 2020 QAR'000 (Reviewed)</i>	<i>31 December 2019 QAR'000 (Audited)</i>
<i>Authorized, issued and paid up share capital</i>		
1,100,000,000 ordinary shares with nominal value of QR 1 each	<u>1,100,000</u>	<u>1,100,000</u>

#### *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. The share split was implemented on 26 June 2019 and the total number of authorised shares were increased from 110,000,000 to 1,100,000,000. The listing of the new shares in Qatar Exchange was effective from 27 June 2019.

#### *Cash dividend paid*

During the period, the Company declared and approved a cash dividend of QR 0.775 per share totalling to QR 852,500 thousand for the year 2019 (30 June 2019 - QR 0.775 per share totalling to QR 852,500 thousand for the year 2018).

### 11 INTEREST BEARING LOANS AND BORROWINGS

	<i>30 June 2020 QAR'000 (Reviewed)</i>	<i>31 December 2019 QAR'000 (Audited)</i>
Loan (1)	1,041,250	1,073,602
Loan (2)	1,093,500	1,093,500
Loan (3)	955,474	974,966
Loan (4)	915,624	915,623
Loan (5)	804,527	822,896
Loan (6)	457,661	485,474
Loan (7)	483,394	494,431
Loan (8)	316,815	323,313
Loan (9)	228,335	242,212
Loan (10)	-	182,250
<b>Total interest-bearing loans and borrowings</b>	<b>6,296,580</b>	<b>6,608,267</b>
Less: Financing arrangement costs	<u>(53,275)</u>	<u>(55,122)</u>
	<u><b>6,243,305</b></u>	<u><b>6,553,145</b></u>

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

	<i>30 June 2020 QAR'000 (Reviewed)</i>	<i>31 December 2019 QAR'000 (Audited)</i>
Current portion	2,258,415	2,436,525
Non-current portion	<u>3,984,890</u>	<u>4,116,620</u>
	<u><b>6,243,305</b></u>	<u><b>6,553,145</b></u>

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended 30 June 2020

### 12 INTEREST RATE SWAPS FOR HEDGING

#### (a) Cash flow hedge reserve

	For the three months ended 30 June		For the six months ended 30 June		31 December
	2020	2019	2020	2019	2019
	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)	(Audited)
Balance at 1 April/ 1 January	(2,695,757)	(1,342,510)	(1,891,900)	(1,053,585)	(1,053,585)
Share of other comprehensive income from joint ventures	(104,895)	(442,249)	(844,190)	(709,623)	(785,424)
Net changes in fair value of interest rate swaps of parent	(5,805)	(35,846)	(70,367)	(57,397)	(52,891)
Balance at 30 June/31 December	<u>(2,806,457)</u>	<u>(1,820,605)</u>	<u>(2,806,457)</u>	<u>(1,820,605)</u>	<u>(1,891,900)</u>

#### (b) Interest rate swaps for hedging

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

	30 June 2020	31 December 2019
	QAR'000 (Reviewed)	QAR'000 (Audited)
<b>Assets</b>		
Current portion	-	2,060
Non-current portion	-	6,485
	<u>-</u>	<u>8,545</u>
<b>Liabilities</b>		
Current portion	25,879	9,635
Non-current portion	72,614	27,036
	<u>98,493</u>	<u>36,671</u>

### 13 REVENUE

	For the three months ended 30 June		For the six months ended 30 June	
	2020	2019	2020	2019
	QAR'000	QAR'000	QAR'000	QAR'000
	(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
<b>Revenue from contract with customers:</b>				
Sale of water	114,036	91,731	213,805	168,579
Sale of electricity	196,718	164,257	369,872	295,953
Operations and maintenance:				
Water	65,386	58,705	127,762	115,521
Electricity	35,641	41,716	67,143	80,531
<b>Total revenue from contract with customers</b>	<b>411,781</b>	<b>356,409</b>	<b>778,582</b>	<b>660,584</b>
<b>Operating lease revenue – capacity charges</b>				
Water	162,379	161,394	323,769	320,796
Electricity	51,495	52,556	93,344	95,945
<b>Revenue from water and electricity</b>	<b>625,655</b>	<b>570,359</b>	<b>1,195,695</b>	<b>1,077,325</b>

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

### 13 REVENUE (CONTINUED)

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 30 June 2020 (30 June 2019: Nil). Total revenue is generated within the State of Qatar.

### 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 months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit for the period attributable to equity holder of the parent	340,454	310,448	660,563	619,516
Weighted average number of shares outstanding during the period (number of shares in thousands)	1,100,000	1,100,000	1,100,000	1,100,000
Basic and diluted earnings per share (expressed in QR per share)	0.31	0.28	0.60	0.56

#### 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>30 June 2020 QAR'000 (Reviewed)</i>	<i>31 December 2019 QAR'000 (Audited)</i>
<i>(a) Commitments:</i>		
Capital commitments	39,689	46,181
<i>(b) Contingent liabilities:</i>		
Corporate guarantees issued on behalf of joint ventures	450,287	550,448
Letter of credits	100,250	100,160
	550,537	650,608
<i>(c) Other commitments:</i>		
<i>Derivative financial instruments:</i>		
Interest rate swaps (notional amount)	1,226,427	1,251,023



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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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### 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 months ended 30 June</i>		<i>For the six months ended 30 June</i>	
			<i>2020</i> <i>QAR'000</i> <i>(Reviewed)</i>	<i>2019</i> <i>QAR'000</i> <i>(Reviewed)</i>	<i>2020</i> <i>QAR'000</i> <i>(Reviewed)</i>	<i>2019</i> <i>QAR'000</i> <i>(Reviewed)</i>
KAHRAMAA	Shareholder	Sale of electricity	283,853	258,625	530,359	472,523
		Sale of water	338,915	308,331	659,482	598,918
		Lease interest	29,882	33,699	59,219	66,118
			<u>652,650</u>	<u>600,655</u>	<u>1,249,060</u>	<u>1,137,559</u>
Qatar Petroleum	Shareholder	Sale of water	<u>2,887</u>	<u>3,403</u>	<u>5,854</u>	<u>5,884</u>
Qatar Petroleum	Shareholder	Cost of gas consumed/take or pay gas	<u>254,862</u>	<u>215,309</u>	<u>478,902</u>	<u>386,168</u>
Qatar National Bank		Interest income	<u>3,596</u>	<u>5,035</u>	<u>8,329</u>	<u>9,004</u>

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

	<i>Nature of the relationship</i>	<i>30 June 2020</i>		<i>31 December 2019</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	460,553	1,639	413,950	5,489
Siraj Energy Q.P.S.C.	Joint venture	20,825	-	18,886	-
Nebras Power Q.P.S.C.	Joint venture	2,698	-	845	-
Umm Al Houl Power Q.P.S.C.	Joint venture	3,193	-	2,123	-
Ras Girtas Power Company Q.P.S.C.	Joint venture	2,324	-	2,170	-
Qatar Petroleum	Shareholder	1,988	143,579	2,075	126,826
Qatar Power Q.P.J.S.C.	Joint venture	1,227	-	1,166	-
Mesaieed Power Company Limited Q.P.S.C.	Joint venture	650	-	468	-
		<u>493,458</u>	<u>145,218</u>	<u>441,683</u>	<u>132,315</u>

The loans receivable from joint ventures include amounts due from Umm Al Houl Power Q.P.S.C. of QR 143,687 thousand carried at LIBOR plus 0.46% per annum and non-interest-bearing loan to Siraj Energy Q.P.S.C. of QR 10,629 thousand.



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

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

	<i>For the three months ended 30 June</i>		<i>For the six months ended 30 June</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>	<i>QAR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Management remuneration	<b>2,158</b>	717	<b>3,499</b>	3,541
Directors' fees	<b>2,938</b>	2,938	<b>5,875</b>	5,875
	<b>5,096</b>	3,655	<b>9,374</b>	9,416

**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 30 June 2020, the Group held the following classes of financial instruments measured at fair value:

<i>At 30 June 2020 (Reviewed)</i>	<i>Level 1 QAR'000</i>	<i>Level 2 QAR'000</i>	<i>Level 3 QAR'000</i>	<i>Total QAR'000</i>
<b>Financial assets measured at fair value:</b>				
Equity investment at fair value through other comprehensive income	<b>1,811,986</b>	-	-	<b>1,811,986</b>
	<b>1,811,986</b>	-	-	<b>1,811,986</b>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	-	<b>98,493</b>	-	<b>98,493</b>
	-	<b>98,493</b>	-	<b>98,493</b>

As at 31 December 2019, the Group held the following classes of financial instruments measured at fair value:

<i>At 31 December 2019 (Audited)</i>	<i>Level 1 QAR'000</i>	<i>Level 2 QAR'000</i>	<i>Level 3 QAR'000</i>	<i>Total QAR'000</i>
<b>Financial assets measured at fair value:</b>				
Equity investment at fair value through other comprehensive income	1,955,212	-	-	1,955,212
Positive fair value of interest rate swaps	-	8,545	-	8,545
	<b>1,955,212</b>	<b>8,545</b>	-	<b>1,963,757</b>
<b>Financial liabilities measured at fair value:</b>				
<i>Derivative instruments:</i>				
Negative fair value of interest rate swaps	-	36,671	-	36,671
	-	<b>36,671</b>	-	<b>36,671</b>

During the reporting period/year ended 30 June 2020 and 31 December 2019, there were no transfers between Level 1 and Level 3 fair value measurements.

## 17 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

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

### *Valuation techniques*

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

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.

## 18 EFFECT OF COVID 19

The Coronavirus ("COVID-19") pandemic has spread across various geographies globally, causing disruption to business and economic activities. The Group has been closely monitoring the latest developments in the current evolving situation and the volatility in the oil prices and, has carried out an assessment based on the observable information as at 30 June 2020. As a result, certain changes have been incorporated in the Expected Credit Loss (ECL) calculation to reflect the observable current Macro-Economic factors and forward-looking information.

Based on the management's assessment carried at 30 June 2020, there has been no material impact on the ECL of financial assets as the financial assets relates to the State of Qatar and highly rated banks in the State of Qatar. Also, there were no material impact on the carrying values of non-financial assets, since the PWPA agreements are long term in nature and management does not expect significant volatility in its power and water generations.

The Group has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets and liabilities as at 30 June 2020. However, market remains volatile and the recorded amounts remain sensitive to market fluctuations.