QATAR ELECTRICITY & WATER COMPANY Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2020

INVITATION TO ATTEND THE ORDINARY GENERAL ASSEMBLY MEETING

The Board of Directors of Qatar Electricity & Water Company Q.P.S.C is pleased to invite its shareholders to attend the Ordinary General Assembly Meeting to be held on Monday, 8th March 2021 at 4:00 PM. due to the outbreak of Coronavirus (COVID-19) pandemic and in implementation of the precautionary measures, the meeting shall be held virtually using "Zoom" platform, to discuss the following agenda:

Agenda of the Ordinary General Assembly Meeting

1. Present and approve the Board of Directors Report for the Company's activities and its financial position of the year ended 31st December, 2020.
2. Discuss and Approve the External Auditors Report on the Company's financial position for the year ended 31 December 2020.
3. Discuss and approve the balance sheet, profit and loss account for the year ended 31st December 2020. In addition, to approve the Board of Directors proposal to distribute cash dividends to the shareholders.
4. Discuss and approve the Governance Report for the year 2020.
5. Discharging the members of the Board of Directors for the financial year 2020, and approve their remuneration.
6. Appointing the External Auditor for the year 2021 and fixing their fees

To attend and participate. Shareholders shall submit the listed requirements to the following E-mail address **(alphaqatar@gmail.com)**

1. Copy of identification document (Qatar ID or Passport).
2. Mobile number.
3. NIN number.
4. A copy of proxy and supporting document for representatives of individuals and corporate entities.

Clarification on participation and voting procedures for the meeting:

- The company shall send a Registration link Via E-mail to the shareholders to register for the meeting. After completing the registration; shareholders shall receive another link to join the General Assembly Meeting.
- The Registration process start at 2:30 pm on Monday 8 March 2021, and the registration close half an hour before the meeting.
- Shareholder shall exercises their right of discussion the agenda, address questions to the Board Members and Auditors through the chat box. To Vote in the general assembly, in the event of objection a shareholders shall lift the hand in the chat box, and not raising the hand is consider as a consent.

Note:

In order to complete registration, please attend one hour before the start time.

1. Shareholder are required to register two hours before the meeting.
2. This invitation shall be considered as a legal invitation for all shareholders without the need to send a private invitation through mail in accordance with law No.11 of the year 2015.
3. In case a quorum is not met, a second meeting shall be held on Sunday, 14 March 2021 at the same time, virtually using "Zoom" platform.

REPORT OF THE BOARD OF DIRECTORS
for the for the fiscal year ending on 31st December 2020

The Board of Directors of the Qatar Electricity and Water Company is pleased to present to the esteemed shareholders its annual report on the company's activities and its financial results for the fiscal year ended on 31st December 2020, prepared in accordance with the requirements of the Commercial Companies Law, the governance system, registration and listing rules, the provisions of the company's articles of association. The annual report is accompanied by audited financial statements and notes, Governance report for the year, which documents the activities and achievements of the company and its subsidiaries and associates and show the future vision to secure sustainability in the supply of electricity and water for all public and private state facilities.

First: Financial Results:

Operating Revenue for the year 2020 amounted to an amount of QR 2,586 million compared to an amount of QR 2,389 million for the year 2019, an increase of 8%, and share of profit from joint companies amounted to QR 551 million compared to an amount of QR 806 million for the year 2019, a decrease of 32%. Other income was QR 158 million compared to QR 198 million for the year 2019, thus the total revenues for the year 2020 amounted to QR 3,295 million compared to QR 3,393 million for the year 2019.

Operating expenses for the year 2020 amounted to QR 1,665 million compared to an amount of QR 1,533 million for the year 2019, an increase of 9%, and general and administrative expenses amounted to QR 297 million, compared to QR 175 million in the year 2019, with an increase of 70%. Financing expenditures amounted to QR 150 million, compared to QR 244 million for the year 2019, a decrease of 39%.

The net profit attributable to minority shareholders was QR 25 million compared to QR 27 million for the year 2019

Based on the above, the net profit of Qatar Electricity and Water Company for the year 2020 amounted to QR 1,158 million, compared to an amount of QR 1,414 million for the year 2019, a decrease of 18%.

(Distinguished shareholders can view the detailed financial statements approved by the Board of Directors and the company's external auditor, in the annual report).

Based on the financial results for the year 2020, the board of directors recommends to the company's general assembly to approve distribution of cash dividends to shareholders for the fiscal year 2020 at a rate of 63% of the nominal value of each share.

Second: The company's projects and future plans:

Qatar Electricity and Water Company gives utmost importance to meeting the electricity and water needs of the State of Qatar without any interruptions and it works in this context to implement projects that Kahramaa proposes to achieve this purpose.

On the other hand, its foreign investment arm, Nebras Power Company, is implementing projects outside Qatar that support the company's investment plan.

The company has achieved many accomplishments and tasks entrusted to it in this framework and aspires to achieve more success within and outside the Country by further expanding the diversification of energy production sources in the State of Qatar and increasing its share in the global energy market.

The following statement shows the company's projects and future plans at the local and global levels:

Locally:

Current projects:

Umm Al Houl Power Station Expansion:

Umm Al Houl Power Plant project, which is 60% owned by QEWC, with a production capacity of 2520 MW of electricity and 136.5 MIGD of desalinated water, was commissioned and started full commercial operation in the second quarter of 2018.

The company has already embarked an expansion to the Umm Al Houl plant to increase its water production capacity by an additional 61.5 MIGD. The construction works for the expansion project started in the beginning of the second half of the year 2019. The first phase is expected to be completed by February 2021 with a production capacity of 30 MIGD of desalinated water and it is expected to complete the expansion project in full by the beginning of April 2021.

The Umm Al Houl Power Plant is considered one of the most vital energy projects in the country and its importance stems from the great value it represents to the Qatari economy, by use of advanced and best environmentally friendly global technology in the field of water desalination. The reverse osmosis technology used for the plant contributes to support the efforts to reduce gas emissions as much as possible and raise the level of performance, which are two important factors for the success of electricity and water production facilities. After expansion, this plant will be able to meet 30% of the country's electricity needs and 58% of water requirements.

Al-Kharsaa Solar Power Plant Project:

The shareholders' agreement for establishing Siraj Energy Company was signed with Qatar Petroleum on 29th November 2016 and the procedures for establishing the company were completed on 25th April 2017 with the aim of establishing solar energy projects in Qatar. The first solar project, Siraj 1, with a capacity of 800 MW will be completed in partnership with Marubeni and Total.

For Siraj 1 Project, after the project announcement and the developer qualifications, the financial offers were opened on 26th September 2019 and the developer was selected on 9th December 2019. The Power Purchase Agreement (PPA) was signed on 15th January 2020 and the EPC contract was signed on 6th February 2020. The project company (Siraj 1) will undertake the task of operating and maintaining the station, which will contribute to company's expertise in this field.

It is expected that the first phase of the project with a capacity of 400 MW will be completed during the second half of the year 2021 and the project will be fully completed with a total capacity of 800 MW during the first half of the year 2022.

The solar energy project comes as part of the company's plans to diversify energy sources in the State of Qatar and the project aims to use environmentally friendly technologies and increase reliance on renewable energy sources.

Future projects:

The company's future plans for investments are in response to the growing demand for electricity and water, by constructing high-capacity plants and replacing old low-efficiency plants with new and more efficient plants. The Company is also working in line with the directions of the State and within the ambit of Qatar National Vision 2030 by taking advantage of the diversified energy sources such as renewable energy by solar power and generation of electricity from waste.

Facility E Project "Ras Abu Fontas Power Company":

At the request of the Qatar General Electricity and Water Corporation (KAHRAMAA), considering the poor performance of the plant, Ras Abu Fontas A facility was demolished and removed, in order to build a new Power plant in its place. The tender for the development of the new plant was issued on 10th September 2019, offers were submitted on 27th August 2020 and it is expected that the Power and Water Purchase Agreement (PWPA) will be signed in April 2021.

It is expected that the first phase of electricity capacity will be completed in June 2023 and the first phase water capacity will be completed in July 2023. The project will be fully completed in June 2024 with a production capacity of 2,600 MW of electricity and 100 MIGD of water.

Extension of the contract to operate Ras Abu Fontas B1 Station:

The company is under negotiations with Kahramaa to extend the Power Purchase Agreement for Ras Abu Fontas "B1" plant, which expires on 31st August 2022, for an additional 13 years to ensure the continued production of water from the associated Ras Abu Fontas "A1" plant.

Selling the company's land in Lusail:

Based on the study conducted by the committee formed to follow up the project, the company's board of directors decided to sell the plot of land owned by the company in Lusail city. As per the original plan, the company was planning to construct two towers in the land, first tower to be used as commercial offices, including headquarters of the company and its subsidiaries and the second tower was planned to be used as an investment in the field of hospitality. However, based on studies of the real estate market, it was confirmed that the supply of real estate greatly exceeds the expected need now and in the near future and so it was decided to sell the plot of land.

Globally:

The company is also seeking, through its international investment arm, Nebras Power, to expand, outside Qatar, into global markets. Despite the difficult conditions and challenges faced by the global economy in 2020 due to the Coronavirus pandemic and the slowing pace of global investment, Nebras Power, thanks to God, was able to move forward in strengthening its investments and increasing its assets. It has completed the acquisition of a 49% stake in "Stockyard Hills " a wind energy project in Australia, located in the Australian state of Victoria. The project contains 149 wind turbines with a total capacity of 527 MW and commercial operation of the plant is expected to start at the beginning of the year 2021. The project will be the largest wind energy project in the southern hemisphere and this acquisition is an important initial step for the company to enter the Australian energy market and invest in wind energy projects.

Nebras Power has also expanded its investments in the Netherlands by entering into partnerships to develop solar energy stations and works are in progress to complete the same in 2021. In addition, Nebras Power is in the process of increasing its stake in several projects in Jordan and these acquisitions are expected to be completed in the first half of 2021. Nebras Power has also embarked on expanding its operations in Brazil by studying new investment opportunities. The company has reviewed many investment opportunities and entered into negotiations with investors around the world during the year and these efforts are expected to add new assets to its investment portfolio in 2021.

Nebras Power is working to reach developing markets and improve the (energy / technology) mix in its portfolio in terms of renewable and natural gas-based resources.

Nebras Power Projects:

• The Cansol project in Brazil:

In 2019, Nebras Power entered into partnership with Chinese company, Canadian Solar, to develop and operate four solar energy projects in Brazil. The project will have a total production capacity of 482 MW. Financing for all four projects has been arranged in 2020 and it is expected that the full commercial operation of the projects will begin in 2021.

These projects provide Nebras with access to the rapidly growing renewable energy market in Brazil, and it is in line with Nebras' stated goals of strengthening its position as a leading international energy developer. It is the largest two-sided solar PV portfolio to be built in the Latin America region.

• Stockyard Hill project in Australia:

Nebras acquired through its subsidiary, Nebras Power Investment Management BV, a 49% stake in "Goldwind", which represents a production capacity of 527 MW from wind in Australia. Construction work continued during the year 2020 and it is expected that the commercial operation will start in the first quarter of 2021. The acquisition provides Nebras with access to growing Australian renewable energy market, which includes guaranteed purchase contracts and a competitive energy market with attractive returns.

• Oryx project in Jordan:

Nebras Power, through its subsidiary, Nebras Power Investment Management BV, was working on completing the necessary steps to complete the process of increasing its share in several stations in the Kingdom of Jordan. These stations are located in Al-Manakhir area, 15 km east of Amman. The acquisition is expected to be completed in the first half of 2021.

Increase in investments in Jordan by Nebras Power comes as a result of its confidence in the Kingdom and the credibility of the Jordanian energy market and its regulations over the past years.

Third: Commitment to the governance system:

The Company is committed to apply the procedures contained in the governance system issued by the Qatar Financial Markets Authority and the Board of Directors is reviewing governance practices and working to develop them in accordance with changing needs. The company has taken several measures to apply the provisions of the governance system issued by decision no. 5 of the Board of Directors of the Qatar Financial Markets Authority for 2016, which is as follows:

1. Amending the bylaws of the Board of Directors in accordance with the Decision of the Board of Directors Resolution No. (9) for the year 2020 at its third meeting on 19th July 2020, in line with the amendment contained in the articles of association, which was published on the company's website.

2. Approval of the appointment of Mr. Mohammed bin Nasser al-Hajri (General Manager) to the Qatar Electricity and Water Company as of 1st January 2021, in accordance with the Board of Directors Resolution No. (9) of 2020 issued at its fifth meeting on 19th October 2020 and published on the company's website.

All reports and requirements, stipulated in the articles of association of the company and the governance system issued by the Authority and the Commercial Companies Law, were also disclosed and published in accordance with the procedures and deadlines.

The Corporate Governance report is included in the Annual Report for the year 2020 for approval by the company's general assembly.

Fourth: Corporate Social Responsibility:

The company believes in its role and responsibility in the development and advancement of society and the preservation of the environment through its active and serious participation in the corporate social responsibility system. It is constantly looking forward to increasing its contribution in supporting institutions that sponsor community groups with exceptional needs. During the year, the company supported and sponsored the National Social Responsibility Program at Qatar University, the Abdullah bin Hamad Al-Attiyah International Foundation for Energy and Sustainable Development, in addition to the Qatar Radio Amateurs Association. The total contributions amounted to QR 1,139,350 during the year 2020.

Fifth: Administrative Development and Qatarization:

According to the general policy of the company, it seeks to take everything new in the world of management and apply it in proportion to the size and activity of the company in order to continuously develop its staff and achieve its objectives efficiently and effectively. This raises the level of productivity in its products and services and enhance customer confidence, which helps to achieve higher profits.

The strategy of the Qatar Electricity and Water Company, through the Qatarization Committee, which includes members from the Qatar Electricity and Water Company and the other seven subsidiary companies, aims to increase the employment rate of Qataris in the company and its subsidiary companies. The company is working with universities, institutes and training centers accredited at home and abroad with the aim of recruiting, developing and training Qatari employees and developing them for leadership positions within the company and its subsidiaries.

The total number of Qatari employees reached 146 by the end of 2020. The number of Qatari employees sent to university studies was two, while the number of Qatari employees under training is three and the number of Qatari employees under development is five. The company's Qatarization percentage is 30.5% and total number of employees in the company is 478. The company aspires to raise this percentage in the leadership positions, followed by other positions.

Sixth: Occupational Safety and Security:

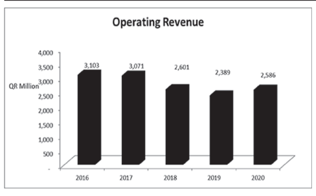
The company considers the implementation of security and safety measures as one of its most important priorities and obligations towards its employees. The company's security, fire and safety department works to implement all safety and occupational health requirements that ensure the provision of a safe environment that achieves protection from risks for the human and property. The company applies international standards and standards in security and occupational safety, by providing all precautions and public safety means to preserve the safety of workers and their lives. To save them from the potential dangers that may occur as a result of any shortage or negligence in achieving public safety conditions, company ensures the safety of the equipment, machinery, and property of the facility, while taking care of the surrounding environment and not by not polluting it any manner.

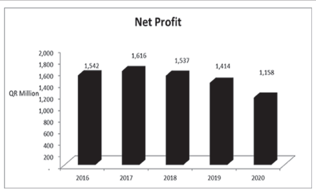
The company has achieved with its subsidiaries a high rate of working hours without death or serious injuries during the year 2020 and the company has also committed to take all necessary measures and instructions issued by the Supreme Committee for Crisis Management, Qatar Petroleum, KAHRAMAA and Industrial Security to counter the Corona virus. The company and its subsidiaries, including Nebras, have recorded only limited number of cases of the disease.

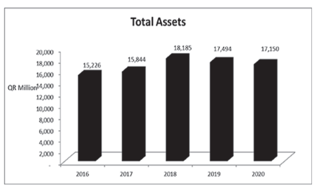
May Allah Bless us.

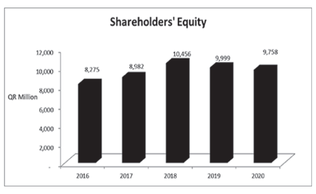
Saad Bin Sherida Al- Kaabi
Chairman

Mohammed Nasser Al-Hajri
Managing Director and General Manager









INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF QATAR ELECTRICITY AND WATER COMPANY Q.P.S.C.
Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Qatar Electricity and Water Company Q.P.S.C. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit address the key audit matter
Carrying value of Property, Plant and equipment	
The Group's property, plant and equipment (PPE), as set out in note 6 to the consolidated financial statements, represents 29% of the Group's total assets and, consequently, their depreciation charge for the year represents 14% of the Group's total expense. There are a number of areas where management judgment impacts the carrying value of PPE. These include: - the annual useful life review including the impact due to changes in the Group's strategy - assessing indicators of impairment and determining recoverable amounts; and - the decision to determine the classification of land and related improvements as assets held for sale: Due to the significance of the property, plant and equipment balance to the consolidated financial statements and the subjectivity involved in determining the carrying value of PPE, this is considered as a key audit mater. The PPE related disclosures included in the Notes to the consolidated financial statements are as follows: Note 3 –Significant accounting judgements, estimates and assumptions Note 5 –Summary of significant accounting policies Note 6 –Property, plant and equipment	Our audit procedures included; • obtaining an understanding of the Group's accounting policies for PPE and evaluating the design of key controls around the PPE processes, including controls over recording of assets in the PPE register, assets classification and useful life of assets; • evaluating the recognition criteria applied to the costs incurred and capitalized during the financial year against the requirements of the relevant accounting standards and verifying the additions to source documents on a sample basis; • evaluating the basis for the classification of the land and related improvements as assets held for sale; • performing analytical procedures on depreciation charges; • evaluating the management's assessment of possible internal and external indicators of impairment in relation to the production facilities such as obsolescence, decline in market value, operating losses etc., based on our knowledge and experience of the industry and understanding of the PWPA in addition to assessing if impairment testing is required; and • tracing the PPE and depreciation related balances to the relevant ledgers and assessing the adequacy of relevant disclosure in the consolidated financial statements.
Carrying value of Investment in Joint Venture	
The Group's investment in joint ventures, as set out in note 9 to the consolidated financial statements, represents 23% of the Group's total assets and, consequently, the share of profit for the year represents 46% of the Group's profit for the year. Due to the significance of the balance of investment in joint ventures to the consolidated financial statements and the subjectivity involved in assessing indicators of impairment and determining the carrying value of investment in joint ventures balance, this is considered as a key audit mater. The investment in joint venture related disclosures included in the Notes to the consolidated financial statements are as follows: Note 3 –Significant accounting judgements, estimates and assumptions Note 5 – Summary of significant accounting policies Note 9 – Investment in joint venture	Our audit procedures included; • We issued audit instructions to the component auditors of the significant equity accounted investments. The instructions covered the significant audit areas that the component auditors should focus on, as well as the information required to be reported back to the Group audit team. • Throughout the audit, we maintained constant communication with the component auditors of the significant equity accounted investment components. We assessed the competence, knowledge and experience of our component audit teams, and performed a review of significant audit areas to assess the adequacy of the procedures performed in pursuit of our audit opinion. • Assessed the financial information submitted by the joint ventures for consistency with accounting policies of the Group; Obtained the Group's joint venture accounting schedule to confirm whether the Group's interests in the profit, other comprehensive income and net assets were accounted in accordance with the Group's participatory interests in the joint venture; • Testing the Group's assessments as to whether any indication of impairment exist by reference to the available information in the relevant markets and industries; and • We reviewed the adequacy of the disclosures included in the notes to the financial statements in relation to the valuation of investments in joint ventures.

Other Information Included in the Group's 2020 Annual Report

Other information consists of the information included in the Group's 2020 Annual Report other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. The Group's 2020 Annual Report is expected to be made available to us after the date of this auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Legal and Other Regulatory Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company, an inventory count has been conducted in accordance with established principles and the consolidated financial statements comply with the Qatar Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year, which might have had a material adverse effect on the Group's financial position or performance.

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

Date: 14 February 2021
Doha

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2020

	Notes	2020 QAR'000	2019 QAR'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**5,040,887**	5,573,047
Right-of-use assets	7	**29,516**	22,584
Intangible assets and goodwill	8	**84,545**	90,515
Investment in joint ventures	9	**3,936,650**	4,545,352
Equity investments at fair value through other comprehensive income	10	**2,571,376**	1,955,212
Finance lease receivables	11	**823,306**	973,613
Positive fair value of interest rate swaps for hedging	24	-	6,485
Loan receivables from joint ventures	9	**207,029**	143,687
Other assets	12	**12,157**	13,997
		12,705,466	13,324,492
Current assets			
Inventories	13	**66,344**	81,499
Trade and other receivables	14	**493,534**	503,402
Finance lease receivables	11	**150,307**	144,014
Positive fair value of interest rate swaps for hedging	24	-	2,060
Bank balances and cash	15	**3,478,966**	3,438,597
		4,189,151	4,169,572
Asset held for sale	40	**255,535**	-
		4,444,686	4,169,572
TOTAL ASSETS		**17,150,152**	17,494,064
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**1,100,000**	1,100,000
Legal reserve	17	**550,000**	550,000
General reserve	18	**3,241,834**	3,241,834
Hedge reserve	19	**(2,513,650)**	(1,891,900)
Fair value reserve	20	**454,513**	338,349
Foreign currency translation reserve	21	**(14,215)**	-
Retained earnings		**6,939,760**	6,660,841
Equity attributable to equity holders of the parent		**9,758,242**	9,999,124
Non-controlling interest	22	**207,745**	235,948
Total equity		**9,965,987**	10,235,072
Liabilities			
Non-current liabilities			
Interest bearing loans and borrowings	23	**3,856,019**	4,116,620
Negative fair value of interest rate swaps for hedging	24	**50,876**	27,036
Lease liabilities	7	**28,971**	23,008
Employees' end of service benefits	25	**80,863**	86,730
		4,016,729	4,253,394
Current liabilities			
Interest bearing loans and borrowings	23	**2,447,771**	2,436,525
Negative fair value of interest rate swaps for hedging	24	**32,111**	9,635
Lease liabilities	7	**3,211**	958
Trade and other payables	26	**684,343**	558,480
		3,167,436	3,005,598
Total liabilities		**7,184,165**	7,258,992
TOTAL EQUITY AND LIABILITIES		**17,150,152**	17,494,064

These consolidated financial statements were approved by the Parent Company's Board of Directors and signed on its behalf by the following on 14 February 2021.

Saad Bin Sherida Al-Kaabi
Chairman

Mohammed Nasser Al-Hajri
Managing Director and General Manager

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Notes	2020 QAR'000	2019 QAR'000
Revenue from water and electricity	27	**2,476,098**	2,265,921
Lease interest	11	**110,152**	122,970
		2,586,250	2,388,891
Cost of sales	28	**(1,665,010)**	(1,532,701)
Gross profit		**921,240**	856,190
Other income	29	**157,471**	198,053
General and administrative expenses	30	**(296,655)**	(175,150)
Operating profit		**782,056**	879,093
Finance costs	31	**(150,287)**	(244,568)
Share of profit of joint ventures	9	**550,935**	806,141
Profit for the year		**1,182,704**	1,440,666
Other comprehensive loss:			
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive loss from joint ventures – interest rate swaps for hedging	9 & 19	**(566,889)**	(785,424)
Share of other comprehensive loss from joint ventures - exchange differences on translation of foreign operations	9 & 21	**(14,215)**	-
Effective portion of changes in fair value of interest rate swaps for hedging	19	**(54,861)**	(52,891)
		(635,965)	(838,315)
Other comprehensive income (loss) 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	10 & 20	**116,164**	(153,341)
Other comprehensive loss		**(519,801)**	(991,656)
Total comprehensive income for the year		**662,903**	449,010
Profit attributable to:			
Equity holders of the parent		**1,157,690**	1,413,913
Non-controlling interests	22	**25,014**	26,753
		1,182,704	1,440,666
Total comprehensive income attributable to:			
Equity holders of the parent		**637,889**	422,257
Non-controlling interests	22	**25,014**	26,753
		662,903	449,010
Earnings per share:			
Basic and diluted earnings per share (Qatari Riyals)	32	**1.05**	1.29

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Attributable to the equity holders of the parent									
	Share capital QAR'000	*Legal reserve QAR'000*	*General reserve QAR'000*	*Hedge reserve QAR'000*	*Fair value reserve QAR'000*	*Foreign currency translation reserve QAR'000*	*Retained earnings QAR'000*	*Total QAR'000*	*Non-controlling interests QAR'000*	*Total equity QAR'000*
Balance 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 year	-	-	-	-	-	-	1,413,913	1,413,913	26,753	1,440,666
Other comprehensive loss	-	-	-	(838,315)	(153,341)	-	-	(991,656)	-	(991,656)
Total comprehensive income (loss) for the year	-	-	-	(838,315)	(153,341)	-	1,413,913	422,257	26,753	449,010
Dividends relating to year 2018 (Note 33)	-	-	-	-	-	-	(852,500)	(852,500)	(48,479)	(900,979)
Contribution to social and sports support fund for 2019 (Note 34)	-	-	-	-	-	-	(26,213)	(26,213)	-	(26,213)
Balance at 31 December 2019	1,100,000	550,000	3,241,834	(1,891,900)	338,349	-	6,660,841	9,999,124	235,948	10,235,072
Balance at 1 January 2020	1,100,000	550,000	3,241,834	(1,891,900)	338,349	-	6,660,841	9,999,124	235,948	10,235,072
Profit for the year	-	-	-	-	-	-	1,157,690	1,157,690	25,014	1,182,704
Other comprehensive (loss) income	-	-	-	(621,750)	116,164	(14,215)	-	(519,801)	-	(519,801)
Total comprehensive income (loss) for the year	-	-	-	(621,750)	116,164	(14,215)	1,157,690	637,889	25,014	662,903
Dividends relating to year 2019 (Note 33)	-	-	-	-	-	-	(852,500)	(852,500)	(53,217)	(905,717)
Contribution to social and sports support fund for 2020 (Note 34)	-	-	-	-	-	-	(26,271)	(26,271)	-	(26,271)
Balance at 31 December 2020	**1,100,000**	**550,000**	**3,241,834**	**(2,513,650)**	**454,513**	**(14,215)**	**6,939,760**	**9,758,242**	**207,745**	**9,965,987**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS At 31 December 2020 In thousands of Qatari Riyals

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Notes	2020 QAR'000	2019 QAR'000
OPERATING ACTIVITIES			
Profit for the year		**1,182 ,704**	1,440,666
Adjustments for:			
Depreciation of property, plant and equipment	6	**281,468**	276,620
Depreciation of right-of-use assets	7	**3,281**	2,257
Share of profits of joint ventures	9	**(550,935)**	(806,141)
Provision for employees' end of service benefits	25	**9,954**	25,229
Dividend income from equity investments at fair value through other comprehensive income	29	**(70,534)**	(64,063)
Profit on disposal of property, plant and equipment	29	**(91)**	-
Amortisation of intangible assets	8	**5,970**	5,970
Provision for slow-moving inventories	13	**14,233**	14,416
Amortisation of other assets	30	**1,840**	1,867
Interest income	29	**(76,824)**	(128,212)
Interest expense		**149,256**	243,493
Operating profit before working capital changes		**950 ,322**	1,012,102
Working capital changes:			
Inventories		**922**	46,024
Trade and other receivables		**(13,267)**	(3,272)
Finance lease receivables		**144,014**	131,218
Trade and other payables		**101,336**	(46,436)
Cash flows from operating activities		**1,183 ,327**	1,139,636
Employees' end of service benefits paid	25	**(15,821)**	(7,461)
Net cash flows from operating activities		**1,167 ,506**	1,132,175
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6	**(4,843)**	(99,399)
Proceeds from disposal of property, plant and equipment		**91**	-
Dividends received from equity investments at fair value through other comprehensive income	10	**70,534**	64,063
Dividends received from joint ventures	9	**590,815**	192,981
Additional investments made in a joint venture	9	**(15,532)**	-
Loans given to joint ventures	9	**(63,342)**	(143,687)
Investments in equity investments at fair value through other comprehensive income	10	**(500,000)**	(550,000)
Interest income received		**103,209**	119,934
Net movement in term deposits with original maturity over 90 days		**133,122**	(261,991)
Net cash flows from (used in) investing activities		**314,054**	(678,099)
FINANCING ACTIVITIES			
Net movements in interest bearing loans and borrowings		**(252,437)**	(259,774)
Dividends paid		**(847,243)**	(845,938)
Dividends paid to non-controlling interests	22	**(53,217)**	(48,479)
Interest expense paid		**(153,175)**	(240,357)
Payment of principal portion of lease liabilities		**(1,997)**	(875)
Net cash flows used in financing activities		**(1,308, 069)**	(1,395,423)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**173,491**	(941,347)
Cash and cash equivalents at 1 January		**489 ,029**	1,430,376
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**662,520**	489,029

1 REPORTING ENTITY
Qatar Electricity and Water Company Q.P.S.C. ("the Company") is a Qatari Public Shareholding Company incorporated in the State of Qatar under commercial registration number 14275. The Company commenced its commercial operations in March 1992. The head office of the Company is located at 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 and 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 into "Qatar Public Shareholding Company" after the amendment made into 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").

The Company has the following subsidiaries as at 31 December:

Name of entities	*Principal activity*	*Country of incorporation*	*Ultimate ownership interest* 2020	2019
Ras Laffan Operating Company W.L.L.	Plant operation and maintenance	Qatar	**100%**	100%
Ras Laffan Power Company Limited Q.P.S.C.	Generation of electricity and production of desalinated water	Qatar	**80%**	80%

The Company has following joint ventures as at 31 December:

Name of entities	*Principal activity*	*Country of incorporation*	*Ultimate ownership interest* 2020	2019
Qatar Power Q.P.J.S.C.	Generation of electricity and production of desalinated water	Qatar	**55%**	55%
Mesaieed Power Company Limited Q.P.S.C.	Generation of electricity	Qatar	**40%**	40%
Ras Girtas Power Company Q.S.C.	Generation of electricity & production of desalinated water	Qatar	**45%**	45%
Nebras Power Q.P.S.C.	Investments in electricity and desalinated water projects outside the State of Qatar	Qatar	**60%**	60%
Umm Al Houl Power Q.P.S.C.	Generation of electricity & production of desalinated water	Qatar	**60%**	60%
Siraj Energy Q.P.S.C.	Identifying, evaluating and development of solar power opportunities	Qatar	**49%**	60%

2 MAJOR TRANSACTIONS AND AGREEMENTS OF THE GROUP
Below are the major transactions and agreements of the Group in chronological order:
a) On 10 February 1999, the Company entered into an agreement with the State of Qatar for the purchase of the power plant at Ras Abu Fontas B ("RAF B"). Based on the agreement, the Company was assigned the operation and management of the power plant.
b) In April 2001, the Company entered into a Power Purchase Agreement with the Qatar General Electricity & Water Corporation (hereafter the "KAHRAMAA") for the supply of electricity from the Company's Ras Abu Fontas B1 ("RAF B1") station, which commenced commercial operations on 29 August 2002.
c) In January 2003, the Company purchased the four stations set out below from KAHRAMAA for a total consideration of QR 600 million. A Power and Water Purchase Agreement (hereafter "PWPA") was also signed with KAHRAMAA for its supply of electricity and desalinated water from these stations:
- Ras Abu Fontas A ("RAF A")
- Al Wajbah
- Al Saliyah
- Doha South Super

The Company discontinued the operations of the Al-Wajbah station during 2010 following instructions received from the State of Qatar. Also, Al Saliyah and Doha South Super facilities were discontinued as the relevant contracts with KAHRAMAA expired on 31 December 2014.
The Company discontinued the operations of the Ras Abu Fontas "A" station (RAF A) with effect from 31 December 2017.
d) In January 2003, the Company acquired from Qatar Petroleum the Dukhan Desalination Plant for QR 71.66 million. Subsequent to the conclusion of this purchase agreement, the Company also concluded a Land Lease Agreement, a Water Purchase Agreement, and a Fuel Supply Agreement with Qatar Petroleum relating to the Dukhan Desalination Plant.
e) On 27 January 2005 Qatar Power Q.P.J.S.C. was incorporated as a joint venture for the production of electricity and desalinated water from the Ras Laffan B Integrated Water and Power Plant. The percentage shareholdings in Qatar Power Q.P.J.S.C. as at the current and the comparative reporting dates were as follows:
- Qatar Electricity & Water Company Q.P.S.C. (55%)
- International Power Plc (40%)
- Chubu Electric Power Company (5%)

f) In October 2005, the Company entered into a PWPA with KAHRAMAA for the supply of electricity and desalinated water from the Company's Ras Abu Fontas B2 ("RAF B2") station.
g) On 15 January 2007, Mesaieed Power Company Limited Q.P.S.C. was incorporated as a joint venture between the Company, Marubeni Corporation and Qatar Petroleum for the production of electricity from the Mesaieed power plant. In May 2009, Chubu Electric Power Company joined the joint venture. The shareholdings in Mesaieed Power Company Limited Q.P.S.C. as at the current and the comparative reporting dates were as follows:
- Qatar Electricity & Water Cmpany Q.P.S.C.(40%)
- Marubeni Corporation (30%)
- Qatar Petroleum (20%)
- Chubu Electric Power Company (10%)

h) In May 2007, the Company entered into a Water Purchase Agreement with KAHRAMAA for the supply of desalinated water from the Company's Ras Abu Fontas A1 ("RAF A1") station (an extension of ("RAF A").
i) On 25 March 2008, Ras Girtas Power Company Q.S.C. was incorporated as a joint venture for the production of electricity and desalinated water from the Ras Laffan C plant. The percentage shareholdings in Ras Girtas Power Company Q.S.C. as at the current and the comparative reporting dates were as follows:
- Qatar Electricity & Water Company Q.P.S.C. (45%)
- RLC Power Holding Company(40%)
- Qatar Petroleum(15%)

j) On 7 January 2013, the Company entered into a Water Purchase Agreement (WPA) for the Ras Abu Fontas A2 Water project with KHARAMAA.
k) On 20 May 2013, Nebras Power Q.P.S.C. was incorporated as a joint venture for the purpose of acquiring electricity and water production projects outside the State of Qatar. The percentage shareholdings in Nebras Power Q.P.S.C. as at the current and the comparative reporting dates were as follows:
- Qatar Electricity & Water Company Q.P.S.C. (60%)
- Qatar Holding L.L.C. (40%)

l) On 13 May 2015, Umm Al Houl Power Q.P.S.C. was incorporated as a joint venture for the purpose of the production of electricity and desalinated water from the Facility D plant. The percentage shareholdings in Umm Al Houl Power Q.P.S.C. as at the current and the comparitive reporting dates were as follows:
- Qatar Electricity & Water Company Q.P.S.C. (60%)
- Qatar Petroleum (5%)
- Qatar Foundation for Education, Science & Community Development (5%)
- K1 Energy Limited, incorporated in the U.K.(30%)

m) On 13 October 2015, the Company entered into a Water Purchase Agreement (WPA) for the Ras Abu Fontas A3 Water project with KHARAMAA.
n) On 25 September 2017, Siraj Energy Q.P.S.C. was incorporated as a Joint Venture Company for the purpose of identifying, evaluating and development of solar power opportunities in the State of Qatar. On 30 November 2020, the Company has entered into a share sales and purchase agreement with Qatar Petroleum ("QP") to dispose 11% of its share of equity in Siraj Energy Q.P.S.C. The revised percentage shareholdings in Siraj Energy Q.P.S.C. were as follows:
- Qatar Electricity and Water Company Q.P.S.C. (49%)
- Qatar Petroleum (51%)

3 BASIS OF PREPARATION
Statement of compliance
The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).
Basis of measurement
The consolidated financial statements are prepared under the historical cost convention, except for equity investments at fair value through other comprehensive income and derivative financial instruments which are measured at fair value.
Functional and presentation currency
These consolidated financial statements have been presented in Qatari Riyals ("QAR"), which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Significant accounting judgments, estimates and assumptions
The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.
Judgments
In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:
Classification of Power and Water Purchase Agreements
The Company has entered into several long-term Power and Water Purchase Agreements ("PWPA") with Kahramaa and Qatar Petroleum as mentioned in Note 2. Management does not consider the PWPA to fall within the scope of IFRIC 12 Service Concession Arrangements.
Under the PWPAs, the Company receives payment for the provision of power and water capacity, whether or not the offtaker (Kahramaa) requests power or water output ("capacity payments"), and for the variable costs of production ("energy and water payments"). Based on management's estimate of the useful life and residual value of the assets, Kahramaa is not determined to control any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise. The classification of the PWPA as an operating lease is based on the judgement applied by management which considers that the Group retains the principal risks and rewards of ownership of the plants, based on management's estimate of the useful life and residual value of the assets. An estimate of the useful life of the asset and residual value is made and reviewed annually. The effects of changes in useful life are recognised prospectively, over the remaining life of the asset.
One of the Group's subsidiary has entered into PWPA with Kahramaa. Management has determined this arrangement to be a finance lease under IFRS 16 - Leases. Accordingly, this has been accounted as a finance lease receivable.
Determining the lease term of contracts with renewal and termination options – Group as lessee
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 not to be exercised.
The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. 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 or to terminate.
Asset held for sale
On 14 December 2020, the Board of Directors of the Group approved the sale of the land including related improvements and instructed management to execute this sale within one year. Accordingly, the land including related improvements, is classified as an asset held for sale. The management considered that the land including related improvements meets the criteria to be classified as held for sale at that date due to the following:
- Land is available for immediate sale and can be sold to the buyer in its current condition
- The actions to complete the sale were initiated and expected to be completed within one year from the date of the initial classification
- The Board of Directors approved the plan to sell on 14 December 2020

Classification of investment in joint ventures
The Group has various investment in joint ventures. Despite holding more than 50% shareholding of these entities, by virtue of the contractual agreements, the Group does not have control over the financial and operating policy decisions of the joint venture entities. The decisions about the relevant activities of the joint venture entities require the unanimous consent of all the parties.
Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.
Estimates and assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.
Useful life of property, plant and equipment
Items of property, plant and equipment are depreciated over their estimated individual useful lives. The determination of useful lives is based on the expected usage of the asset, which is based on the physical wear and tear, technological or commercial obsolescence, and impacts the annual depreciation charge recognized in the consolidated financial statements. Management reviews the useful lives of these assets annually. Future depreciation charge could be materially adjusted where management believes the useful lives differ from previous estimates.
Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.
Impairment of other non-financial assets
The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. The determination of what can be considered impaired requires judgement. As at the reporting date, management did not identify any evidence from internal reporting indicating impairment of an asset or class of assets and there were no significant adverse changes in the market that could have an adverse effect on its assets. If such indication exists, then an impairment test is performed by the management. The determination of recoverable amounts require management to make significant judgments, estimations and assumptions.
Impairment of inventories
When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. The necessity and setting up of a provision for slow moving and obsolete inventories requires considerable degree of judgment.
Impairment of investment in the joint ventures
The Group determines, at each reporting date, whether there is any objective evidence that the investment in joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and their carrying value and recognises that amount in the 'share of results of joint ventures' in the consolidated statement of profit or loss.
Finance lease receivable
The Group's management determines estimated future cash flows in respect of capacity charge for calculating effective interest rate of finance lease. This estimate is determined after considering the expected Scheduled and Forced outage of power supply in the future years. Management reviews the estimates annually while any difference between the estimated finance lease income and actual finance lease income is charged directly to the consolidated statement of profit or loss of the respective period.
Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. When estimating ECLs, the Group analyse both quantitative and qualitative information, based on the Group's historical experience and calibrate with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is make certain entity-specific estimates (such as the Group's stand-alone credit rating).
Fair value of financial instruments
Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as correlation and volatility for longer dated derivatives.

4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES
New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended standards and interpretations issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) effective as of 1 January 2020 as noted below:

Standards and interpretations	*Effective date*
IAmendments to IFRS 3: Definition of a Business	1 January 2020
Amendments to IFRS 7, IFRS 9 and IFRS 39: Interest Rate Benchmark Reform	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting issued on 29 March 2018	1 January 2020

The adoption of new and amended standards and interpretations do not have a material impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.
Standards issued but not yet effective
The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these new and amended standards, if applicable, when they become effective.

Topics	***Effective date***
Amendments to IAS 1: Classification of Liabilities as Current or Non-current	1 January 2023
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	1 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	1 January 2022
Amendments to IFRS 16: Covid-19 Related Rent Concessions	1 June 2020

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to both years presented in these consolidated financial statements.
Basis of consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Specifically, the Group controls an investee if, and only if, the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.
Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.
Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.
Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.
Interest in joint ventures
A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its joint venture are accounted for using the equity method.
Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.
The consolidated statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.
The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.
The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss within 'share of profit of an associate and a joint venture' in the consolidated statement of profit or loss.
Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.
Property, plant and equipment
Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.
Cost includes expenditure that is directly attributable to the acquisition or construction of an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.
The costs of initial spare parts included under capital spares received for the maintenance of the three gas turbine-generators at RAF B2 are capitalised. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
Subsequent expenditure
The cost of renovations or replacement of a component of an item of property, plant and equipment is included in the carrying amount of the asset or recognised as a separate asset, as appropriate only when it is possible that the future economic benefits associated with the asset will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.
Depreciation
Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.
The estimated useful lives of the property, plant and equipment in the current year and comparative year are as follows:

Production facilities	30 years
Furniture, fixtures and office equipment	3-7 years
Motor vehicles	4 years
"C" inspection costs	3-5 years

Capital spares are depreciated over the estimated usage of three gas turbine-generators at RAF B2.
Land and capital work-in-progress are not depreciated. Once completed work-in-progress are re-classified to the appropriate category of property, plant and equipment and depreciated accordingly.
Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted prospectively, if appropriate.
An item of property, plant and equipment is derecognised upon disposal (i.e. at the date the recipient obtain control) or when no future economic benefits are expected from its use or disposal. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and is included in the consolidated statement of profit or loss.
Intangible assets
Recognition and measurement
Intangible assets comprise the Power and Water Purchase Agreements (PWPA) that are acquired by the Group and have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses, if any.
Subsequent expenditure
Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.
Amortization
Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in the consolidated statement of profit or loss.
The estimated useful life of the contract rights over the Power and Water Purchase Agreement is 25 years.
Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.
An intangible asset is derecognized upon disposal (i.e. at the date the recipient obtains control) or losses when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.
Inventories
Inventories comprise spare parts, chemicals and consumables, which are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale.
Non-current assets held for sale
The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.
The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.
Assets classified as held for sale are presented separately as current items in the consolidated statement of financial position.
Impairment of non-financial assets
At each reporting date, the Group reviews the carrying amounts of its non-financial assets other than inventories to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.
For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.
The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.
Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.
An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.
Leases
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term lease. The Group recognizes lease liability to make lease payments and right-of-use asset representing the right to use the underlying asset.
Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. The cost of right-of-use assets includes the amount of leased liabilities recognized.
Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the asset, as follows:

Right-of-use assets	**5-11 years**

The carrying amounts of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists and where the carrying amount exceed the estimated recoverable amount, the asset is written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.
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. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 liability is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.
Short-term leases
The Group applies the short-term lease recognition exemption to its short-term leases (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). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.
Group as a lessor
The Group has determined that one of the subsidiary's Power and Water Purchase Agreement (PWPA) with KAHRAMAA contains a lease and, accordingly, the Group has accounted for the cost of the plant as a finance lease receivable. Leases where the Group transfers substantially all the risks and benefits of ownership of the assets are classified as finance leases and are presented as receivables at an amount equal to the net investment in the lease. Net investment in the lease is the gross investment in the lease discounted at the interest rate implicit in the lease. Income from finance leases in which the Group is a lessor is recognized based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.
Financial assets
Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.
In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.
The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
Subsequent measurement
For the purpose of subsequent measurement, financial assets of the Group are classified as financial assets at amortised costs and Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- *Financial assets at amortised costs*

Financial assets at amortised costs are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in consolidated statement of profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised costs includes bank balances and cash, finance lease receivable, loans receivables from joint ventures, trade receivables, accrued interest receivable and other receivables.
- *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group elects to classify its equity investments as equity instruments at Fair value through other comprehensive income (FVOCI) when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.
Gains and losses on these equity instruments are never recycled to profit. Dividends are recognised in profit or loss as other income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in consolidated other comprehensive income. Equity instruments at FVOCI are not subject to an impairment assessment.
Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.
Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).
The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that it is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements it holds. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.
Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Group's financial liabilities include interest bearing loans and borrowings, lease liability, trade payables, accrued expenses, other payables and derivative financial instruments.
Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified as Financial liabilities at amortised cost.
- *Financial liabilities at amortised costs*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.
Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.
Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.
Derivative financial instruments and hedge accounting
Initial recognition and subsequent measurement
The Group uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.
For the purpose of hedge accounting, interest rate swaps are classified as cash flow hedges.
- *Cash flow hedges*

The fair value of interest rate swaps is determined by reference to valuation reports provided by counterparties. The effective portion of the gain or loss on the hedge instrument is recognised in consolidated other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss.
Derivative instruments are classified as current or non-current or separated into current and non-current portions, when the Group expects to hold a derivative for a period beyond 12 months after the reporting date, the derivative is classified as non-current consistent with the classification of the underlying bank loans.
Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits, with an original maturity of three months or less, as they are considered an integral part of the Group's cash management.
Provision for employees' end of service benefits
With respect to the expatriate employees, the Group provides end of service benefits to its expatriate employees in accordance with employment

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contracts and the Qatar Labour Law. The entitlement to these benefits is based upon the employees' final basic salary and length of service, subject to the completion of a minimum service period, and are payable to the employees on termination of their employment. The expected costs of these benefits are accrued over the period of employment.

With respect to the Qatari nationals, the Group makes contributions to Qatar Retirement and Pension Authority as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions. The Group's share of contributions to these schemes are charged to profit or loss in the year to which they relate. In addition, the Group provides end of service benefits to its Qatari employees in accordance with requirements of respective local laws and guidance. The entitlement to these benefits is based upon the employees' final basic salary and length of personal service, subject to the completion of 20 years personal service and are payable to the employees on termination of their employment. The expected cost of these benefits is accrued upon completion of 20 years for year in excess of the 20 years threshold.

Provisions

Provisions are recognised when the Group has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Revenue recognition

Revenue is measured based on the consideration specified in Power and Water Purchases Agreement (PWPA) with KAHRAMAA. The Group recognises revenue when it transfers control over goods or services to KAHRAMAA.

All revenue sources are earned inside the State of Qatar. The following revenue sources provide information about the nature and timing of the satisfaction of performance obligations in contract with KAHRAMAA, and the related revenue recognition policies.

Revenue from generation of electricity

Revenue from generation of electricity is recognised when the Group generates and despatch electricity to KAHRAMAA as per terms of the PPA.

Revenue from available capacity relating to fixed operations and maintenance

Revenue from available capacity relating to fixed operations and maintenance is recognised when the Group makes the capacity available to KAHRAMAA as per the terms of the PPA.

Income from finance lease

Income from finance lease in which the Group is lessor is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Income tax

On 17 January 2019, Qatar published the Income Tax Law No. 24 of 2018 (the "New Tax Law") in the official Gazette. The New Tax Law is effective for financial years starting on or after 13 December 2018. The Executive Regulations to the New Tax Law were issued in December 2019. Article 2 (12) of the Executive Regulations states that for the purposes of Article 4(13) of the Law, the exemption referred to in respect of the share of a non-Qatari investor shall not apply to his shares in the profits of a company owned by a listed company (i.e. whose shares are traded on the stock exchange in the State). This means that effective non-Qatari ownership of Qatar Electricity and Water Company Q.P.S.C. (QEWC) in the Joint ventures and subsidiaries is taxable.

The Company is not subject to income tax in accordance with the Qatar Income Tax Law. However, subsidiaries and joint ventures of the Company are subject to income tax in accordance with the Qatar Income Tax Law. Income tax expense is considered as pass-through item and will be recovered from KAHRAMAA under the pass-through mechanism of PWPA of joint ventures except Nebras Power Q.P.S.C. and Siraj Energy Q.P.S.C.

On 2 February 2020, QEWC, Qatar Petroleum (QP), Ministry of Finance (MoF) and the General Tax Authority (GTA) reached an agreement through a Memorandum of Understanding ("hereby referred to as the MOU") which states that the income tax liability pertaining to certain listed companies (including QEWC) share in their Joint Ventures would be borne by the MoF. Accordingly, application of the new Income Tax Law requirements stated above did not have any material impact on Group's consolidated financial statements for the years ended 31 December 2020 and 2019.

The subsidiaries and joint ventures are required to remit income tax applicable to the share of QEWC in the subsidiaries and joint ventures profits based on the Qatar Income Tax Law as at end of the reporting period to QEWC, instead of the GTA as per the Memorandum of Understanding ("MoU") amongst the General Tax Authority ("GTA"), the Ministry of Finance ("MoF"), Qatar Petroleum ("QP") and QEWC, concluded on 4 February 2020.

Foreign currency transactions and balances

Transactions in foreign currencies during the year are translated into the functional currency of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are recognized in the consolidated statement of profit or loss.

Dividend distribution to the Company's shareholders

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by the Company's shareholders.

Government grants

A government grant in the form of a transfer of a non-monetary asset, such as land or other resources, which is intended for use by the entity are recognized, at a nominal amount.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Pass-through items

All pass-through items defined under the provision of PWPA shall be reimbursed by KAHRAMAA in accordance with the relevant clauses of PWPA. All pass-through items are recorded as receivable from KAHRAMAA and payable to respective third party.

Current versus non-current classification

The Group presents assets and liabilities based on current/non-current classification. An asset is current when it is:

- Expected to be recognise or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be recognise within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- t is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

6 PROPERTY, PLANT AND EQUIPMENT

	Land	*Production facilities (A)*	*Furniture, fixtures & office equipment*	*Motor vehicles*	*"C" inspection costs (B)*	*Capital spares*	*Capital work in progress*	*Total*
	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000	QAR'000
Cost								
At 1 January 2020	174,901	10,669,698	36,113	6,780	175,112	50,487	156,306	11,269,397
Additions	-	-	1,833	450	-	-	2,560	4,843
Reclassification	-	23,331	-	-	52,321	-	(75,652)	-
Transfer to asset held for sale (Note 40)	(174,901)	-	-	-	-	-	(80,634)	(255,535)
Disposals/Write-offs	-	-	-	(1,056)	(15,571)	-	-	(16,627)
At 31 December 2020	-	10,693,029	37,946	6,174	211,862	50,487	2,580	11,002,078
Accumulated depreciation								
At 1 January 2020	-	5,525,406	33,769	5,569	96,715	34,891	-	5,696,350
Depreciation	-	241,229	1,337	791	35,156	2,955	-	281,468
Disposals/Write-offs	-	-	-	(1,056)	(15,571)	-	-	(16,627)
At 31 December 2020	-	5,766,635	35,106	5,304	116,300	37,846	-	5,961,191
Net carrying amounts								
At 31 December 2020	**-**	**4,926,394**	**2,840**	**870**	**95,562**	**12,641**	**2,580**	**5,040,887**
Cost								
At 1 January 2019	174,901	10,669,457	35,316	6,565	205,493	50,487	96,872	11,239,091
Additions	-	241	912	215	-	-	98,031	99,399
Reclassification	-	-	-	-	38,597	-	(38,597)	-
Disposals/Write-offs	-	-	(115)	-	(68,978)	-	-	(69,093)
At 31 December 2019	174,901	10,669,698	36,113	6,780	175,112	50,487	156,306	11,269,397
Accumulated depreciation								
At 1 January 2019	-	5,288,834	32,746	4,725	130,674	31,844	-	5,488,823
Depreciation	-	236,572	1,138	844	35,019	3,047	-	276,620
Disposals/Write-offs	-	-	(115)	-	(68,978)	-	-	(69,093)
At 31 December 2019	-	5,525,406	33,769	5,569	96,715	34,891	-	5,696,350
Net carrying amounts								
At 31 December 2019	174,901	5,144,292	2,344	1,211	78,397	15,596	156,306	5,573,047

(A) Production facilities

The land on which the RAF A1, RAF A2, RAF A3, RAF B, RAF B1 and RAF B2 plants were constructed has been leased to the Company by the State of Qatar free of rent for a period of 50 years commencing on 5 July 1990 under the Emiri Decree No. 24 of 2001.

The land on which the Dukhan desalination plant is situated has been leased to the Company by Qatar Petroleum for a period of 25 years from the acquisition date of the plant, 01 January 2003.

(B) "C" Inspection costs

Costs incurred for the production facilities under an Inspection and Maintenance program have been capitalized under "C" inspection costs. These costs are accounted for as separate assets as they have an estimated useful life of 3-5 years. Costs incurred on "C" inspections in progress are included under capital work in progress. On completion of these inspections, their cost will be capitalized under the "C" inspection costs category.

(C) Depreciation

The annual depreciation charge has been allocated to profit or loss as follows:

	2020	*2019*
	QAR'000	*QAR'000*
Cost of sales (Note 28)	**279,383**	274,854
General and administrative expenses (Note 30)	**2,085**	1,766
	281,468	276,620

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	2020	*2019*
	QAR'000	*QAR'000*
Balance as at 1 January	**22,584**	24, 841
Additions	**10,213**	-
Depreciation (Note 30)	**(3,281)**	(2,257)
Balance as at 31 December	**29,516**	22,584

Lease liabilities

	2020	*2019*
	QAR'000	*QAR'000*
Balance as at 1 January	**23,966**	24, 841
Additions	**10,213**	-
Accretion of interest (Note 31)	**1,408**	1, 356
Payments	**(3,405)**	(2,231)
Balance as at 31 December	**32,182**	23,966

The lease liabilities are presented in the consolidated statement of financial position as at 31 December as follows:

	2020	*2019*
	QAR'000	*QAR'000*
Non-current	**28,971**	23, 008
Current	**3,211**	958
Balance as at 31 December	**32,182**	23,966

The following are the amounts recognised in profit or loss:

	2020	*2019*
	QAR'000	*QAR'000*
Depreciation of right-of-use assets (Note 30)	**3,281**	2,257
Interest on lease liabilities (Note 31)	**1,408**	1,356
	4,689	3,613

8 INTANGIBLES ASSETS AND GOODWILL

The Group identified and recorded the following intangible assets with definite useful lives.

	2020	*2019*
	QAR'000	*QAR'000*
Intangible assets (i)	**53,732**	59,702
Goodwill (ii)	**30,813**	30,813
Total	**84,545**	90,515

(i) Intangible assets

	2020	*2019*
	QAR'000	*QAR'000*
Cost:		
At 31 December	***113,430***	113,430
Amortisation:		
At 1 January	**53,728**	47,758
Amortisation (Note 30)	**5,970**	5,970
At 31 December	**59,698**	53,728
Net carrying amount:		
At 31 December	**53,732**	59,702

This represents the contract rights from the Power and Water Purchase Agreement entered into between Ras Laffan Power Company Q.P.S.C., a subsidiary of the Company, and KAHRAMAA for the supply of electricity and desalinated water to KAHRAMAA for a period of 19 years from the date of step-up acquisition on 20 October 2020.

(ii) Goodwill

The goodwill arose on the step-up acquisition of 55% additional shareholding in Ras Laffan Power Company Limited Q.P.S.C. on 20 October 2010. No impairment allowance on goodwill was recognised from the date of acquisition.

9 INVESTMENTS IN JOINT VENTURES

The Group has the following investments in joint ventures:

	Country of incorporation	*Group effective ownership % 2020*	*Group effective ownership % 2019*	***2020 QAR'000***	*2019 QAR'000*
Nebras Power Q.P.S.C. (Note i)	Qatar	60%	60%	**3,048,454**	2,917,627
Umm Al Houl Power Q.P.S.C. (Note ii)	Qatar	60%	60%	**451,742**	1,136,778
Qatar Power Q.J.P.S.C. (Note iii)	Qatar	55%	55%	**422,225**	431,087
Siraj Energy Q.P.S.C. (Notes iv)	Qatar	49%	60%	**14,229**	-
Ras Girtas Power Company Q.P.S.C. (Note v)	Qatar	45%	45%	**-**	51,462
Mesaieed Power Company Limited Q.P.S.C.	Qatar	40%	40%	**-**	8,398
				3,936,650	4,545,352

Notes:

(i) During the year, pursuant to the Board of Directors' approval, Nebras Power Q.P.S.C. entered into a Share Purchase Agreement ("SPA") to sell partial stake in two of its associate companies. Nebras Power Q.P.S.C. recorded the portion of investment in associates subject to disposal, as non-current assets held for sale, and remaining portion of such investments as investment in associates. The non-current assets classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Consequently, the share of results is impacted by the write-down of the non-current asset held for sale to their fair value less costs to sell.

(ii) Share of profit of Umm Al Houl Power Q.P.S.C. has significantly increased for the year ended 31 December 2019 as a result of deferred operating margin of USD 87.8 million (QAR 320 million) recognized as revenue after receiving confirmation from KAHRAMAA that there were no outstanding commercial and financial liabilities between KAHRAMAA and Umm Al Houl Power Q.P.S.C. and obtaining other necessary approvals.

(iii) On 3 September 2020, the General Tax Authority (GTA) issued an income tax assessment for the years from 2016 to 2017 requiring the Qatar Power Q.J.P.S.C. (QPower) to pay additional taxes of USD 27.6 million (QAR 100.6 million). This includes penalties amounting to USD 10.4 million (QAR 37.9 million).

QPower wrote a detailed response to GTA on 30 September 2020 as per the requirement of the tax law, rejecting the full amount claimed by the GTA, however QPower was not responded in due time. QPower then filed an appeal with the Appeal Committee under the provisions of the law which is pending for hearing. However, in light of the tax assessment received, a provision for tax has been recognised of USD 17.2 million (QAR 62.7 million).

As per the MOU signed on 2 February 2020, the MoF also undertakes to settle the income tax amounts payable by the QPower for the previous years. QPower also has pass through arrangements for income tax as perthe terms of the PWPA. Accordingly, QPower has recorded income tax receivables of USD 17.2 million (QAR 62.7 million) against the tax assessment received for the same amount from the GTA. Management has applied its judgment in determining that the above arrangements will also cover any tax penalties to be paid, if any, for the prior years.

(iv) On 3 February 2020, the Company has invested an additional amount of QAR 15.5 million in Siraj Energy Q.P.S.C. The additional investment has not changed the Company's shareholding percentage in the joint venture. Subsequently, the Company has entered into a share sales and purchase agreement with Qatar Petroleum ("QP") to dispose 11% of its share of equity in Siraj Energy Q.P.S.C. at a consideration of QAR 17.5 million. The agreement is effective from 30 November 2020.

(v) On 29 August 2019, the General Tax Authority (GTA) issued an income tax assessment for the years from 2010 to 2018 requiring the Ras Girtas Power Company Q.P.S.C. (RGPC) to pay additional taxes of USD 85 million (QAR 310 million). This includes penalties amounting to USD 27 million (QAR 98.4 million). The Company had a tax holiday for the period between April 2011 and March 2017.

RGPC wrote a detailed response to GTA on 26 September 2019 as per the requirement of the tax law, rejecting the full amount claimed by the GTA, however RGPC was not responded in due time. RGPC then filed an appeal with the Appeal Committee under the provisions of the law which is pending for hearing. However, in light of the tax assessment received, a provision for tax has been recognised of USD 85 million (QAR 310 million).

As per the MOU signed on 2 February 2020, the MoF also undertakes to settle the income tax amounts payable by the RGPC for the previous years. RGPC also has pass through arrangements for income tax as per the terms of the PWPA. Accordingly, RGPC has recorded income tax receivables of USD 85 million (QAR 310 million) against the tax assessment received for the same amount from the GTA. Management has applied its judgment in determining that the above arrangements will also cover any tax penalties to be paid, if any, for the prior years.

The movements in the loan receivables from joint ventures were as follows:

	2020	*2019*
	QAR'000	*QAR'000*
At 1 January	**143,687**	-
Loans given during the year	**63,342**	143,687
At 31 December	**207,029**	143,687

(vi) In 2019, the Company provided cash advances to the Umm Al Houl Power Q.P.S.C. as per shareholder advance agreement amounting to QAR 143,687 thousand. These are reported as loan receivable from joint ventures in these consolidated financial statements. The loan carries an interest rate of LIBOR plus 0.46% per annum.

(vii) In 2020, the Company provided non-interest bearing cash advances to Siraj Energy Q.P.S.C. amounting to QAR 63,342 thousand. These are reported as loan receivable from joint ventures in these consolidated financial statements.

The movements in the Group's investments in the joint ventures were as follows:

	2020	*2019*
	QAR'000	*QAR'000*
At 1 January	**4,545,352**	4,717,616
Additional investments	**15,532**	-
Disposal	**(3,250)**	-
Share of profit for the year	**550,935**	806,141
Share of other comprehensive loss	**(581,104)**	(785,424)
Dividend received	**(590,815)**	(192,981)
At 31 December	**3,936,650**	4,545,352

The following table summarizes the financial information of the Group's joint ventures as included in their own financial statements and reconciles the summarised information to the carrying amount of the Group's interest in the joint ventures.

As at/ for the year ended 31 December 2020

	Qatar Power Q.J.P.S.C.	*Mesaieed Power Company Limited Q.P.S.C..*	*Ras Girtas Power Company Q.S.C.*	*Nebras Power. Q.P.S.C.*	*Umm Al Houl Power Q.P.S.C.*	*Siraj Energy Q.P.S.C.*	*Total*
	QAR'000	*QAR'000*	*QAR'000*	*QAR'000*	*QAR'000*	*QAR'000*	*QAR'000*
Summarised statement of financial position							
Non-Current Assets	1,241,082	6,093,256	11,127,799	4,096,424	10,964,266	146,436	33,669,263
Current assets	708,650	804,668	1,514,530	3,759,053	779,625	21,377	7,587,903
Non-Current Liabilities	(788,607)	(6,319,959)	(11,977,142)	(2,325,618)	(9,765,276)	(129,269)	(31,305,871)
Current Liabilities	(393,443)	(782,580)	(1,168,627)	(449,102)	(1,225,711)	(9,505)	(4,028,968)
Equity	767,682	(204,615)	(503,440)	5,080,757	752,904	29,039	5,922,327
Group's interest	422,225	-	-	3,048,454	451,742	14,229	3,936,650
Carrying value of investments	**422,225**	**-**	**-**	**3,048,454**	**451,742**	**14,229**	**3,936,650**
Summarised statement of comprehensive income							
Revenue	778,149	1,031,331	2,249,233	1,289,055	1,596,401	-	6,944,169
Profit (loss) for the year	176,682	172,932	266,144	284,932	166,850	(12,748)	1,054,792
Other comprehensive (loss) income for the year	(1,874)	(291,013)	(555,130)	(66,887)	(802,954)	16,721	(1,701,137)
Total comprehensive (loss) income	174,808	(118,081)	(288,986)	218,045	(636,104)	3,973	(646,345)
Group's share of profit (loss)	**97,175**	**69,173**	**119,765**	**170,959**	**100,110**	**(6,247)**	**550,935**
Group's share of other comprehensive (loss) income	**(1,031)**	**(34,560)**	**(31,802)**	**(40,132)**	**(481,772)**	**8,193**	**(581,104)**

As at/ for the year ended 31 December 2019

	Qatar Power Q.J.P.S.C.	*Mesaieed Power Company Limited Q.P.S.C..*	*Ras Girtas Power Company Q.S.C.*	*Nebras Power. Q.P.S.C.*	*Umm Al Houl Power Q.P.S.C.*	*Siraj Energy Q.P.S.C.*	*Total*
	QAR'000	*QAR'000*	*QAR'000*	*QAR'000*	*QAR'000*	*QAR'000*	*QAR'000*
Summarised statement of financial position							
Non-Current Assets	1,470,724	6,262,970	11,441,484	3,248,081	9,876,503	-	32,299,762
Current assets	626,900	763,269	1,227,476	3,736,519	1,370,666	3,645	7,728,475
Non-Current Liabilities	(916,876)	(6,251,025)	(11,750,067)	(1,975,917)	(8,474,217)	-	(29,368,102)
Current Liabilities	(396,954)	(754,220)	(804,532)	(145,971)	(878,322)	(14,762)	(2,994,761)
Equity	783,794	20,994	114,361	4,862,712	1,894,630	(11,117)	7,665,374
Group's interest	431,087	8,398	51,462	2,917,627	1,136,778	-	4,545,352
Carrying value of investments	431,087	8,398	51,462	2,917,627	1,136,778	-	4,545,352
Summarised statement of comprehensive income							
Revenue	803,766	1,039,886	2,287,871	978,949	1,930,653	-	7,041,125
Profit (loss) for the year	200,961	181,696	250,963	355,835	497,811	(14,766)	1,472,500
Other comprehensive loss for the year	(8,105)	(254,673)	(578,728)	(63,146)	(634,635)	-	(1,539,287)
Total comprehensive (loss) income	192,856	(72,977)	(327,765)	292,689	(136,824)	(14,766)	(66,787)
Group's share of profit (loss)	110,529	72,678	112,933	213,501	298,687	(2,187)	806,141
Group's share of other comprehensive loss	(4,458)	(101,869)	(260,428)	(37,888)	(380,781)	-	(785,424)

10 EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	*2019*
	QAR'000	*QAR'000*
At 1 January	**1,955,212**	1,558,553
Additions	**500,000**	550,000
Net change in fair value	**116,164**	(153,341)
At 31 December	**2,571,376**	1,955,212

During the year, dividend income of QAR 70,534 thousand (2019: QAR 64,063 thousand) was received from equity investments at fair value through other comprehensive income financial assets, which is included in "Other income" in the consolidated statement of profit or loss statement (Note 29). All equity investments at fair value through other comprehensive income financial assets comprise listed equity securities listed on the Qatar Stock Exchange. The fair value of the quoted equity shares is determined by reference to the published price quotations.

11 FINANCE LEASE RECEIVABLES

Present value of minimum lease receivable is the gross lease receivable in the lease discounted at the interest rate implicit in the lease. The interest rate of 9.32% per annum (2019: 9.32% per annum) is estimated by the management as the interest rate implicit in the lease. Income from finance leases is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The finance lease receivables at the end of the reporting period were neither past due nor impaired.

	2020	*2019*
	QAR'000	*QAR'000*
Gross lease receivable	**1,383,594**	1,626,295
Unearned finance income	**(409,981)**	(508,668)
Present value of minimum lease receivable	**973,613**	1,117,627

The finance lease receivable is presented in the consolidated statement of financial position as follows:

	2020	*2019*
	QAR'000	*QAR'000*
Current portion	**150,307**	144,014
Non-current portion	**823,306**	973,613
	973,613	1,117,627

The non-current portion is further analysed as follows:

	2020	*2019*
	QAR'000	*QAR'000*
Later than one year and not later than five years	**412,408**	378,807
Later than five years	**410,898**	594,806
	823,306	973,613

	2020	*2019*
	QAR'000	*QAR'000*
Lease receivable balance as at 1 January	**1,117,627**	1,248,845
Lease interest charged during the year	**110,152**	122,970
Capital and lease interest recovered during the year	**(254,166)**	(254,188)
Lease receivable balance as at 31 December	**973,613**	1,117,627

12 OTHER ASSETS

In October 2010, the Company paid QAR 23.8 million to Ras Laffan Services Company, a third party, for the acquisition of the rights, benefits, and obligations under a Technical Service Agreement. During 2011, the Company received an amount of QAR 5.9 million. The remaining amount of QAR 17.9 million is amortized over a period of 19 years.

Also, on 21 October 2006, the Company signed a Contractual Service Agreement with the Consortium of General Electric International Inc. and GE Energy Parts Inc. for maintenance of specified equipment (covered units) of RAF B2 Power and Water Plant. An amendment was signed between the parties on 24 April 2013 and by the same agreement the Company received a reduction in the variable hourly charges in return for a payment (milestone payment) of USD 3 million. The milestone payment is amortized over the period of the benefit, i.e. until the expiry of Contractual Service Agreement.

The movements in the above accounts were as follows:

	2020	*2019*
	QAR'000	*QAR'000*
At 1 January	**13,997**	15,864
Amortisation (Note 30)	**(1,840)**	(1,867)
At 31 December	**12,157**	13,997

13 INVENTORIES

	2020	*2019*
	QAR'000	*QAR'000*
Spare parts	**326,083**	328,774
Provision for slow-moving inventories	**(261,865)**	(249,411)
	64,218	79,363
Chemicals	**997**	777
Consumables	**1,129**	1,359
	66,344	81,499

The movements in the provision for slow-moving inventories were as follows:

	2020	*2019*
	QAR'000	*QAR'000*
At 1 January	**249,411**	2 45,609
Provision made (Note 30)	**14,233**	14,416
Written-off	**(1,779)**	(1 0,614)
At 31 December	**261,865**	2 49,411

14 TRADE AND OTHER RECEIVABLES

	2020	*2019*
	QAR'000	*QAR'000*
Trade receivables (i)	**436,493**	417,218
Accrued interest receivable	**11,180**	37,565
Prepayments and advances	**19,299**	23,907
Other receivables (i)	**26,562**	24,712
	493,534	503,402

Note:

(i) Amount due from related parties are disclosed in Note 37.

15 BANK BALANCES AND CASH

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

	2020	*2019*
	QAR'000	*QAR'000*
Cash at bank – call and current accounts	**100,395**	149,347
Term deposits (i)	**3,378,496**	3,289,204
Cash in hand	**75**	46
Bank balances and cash	**3,478,966**	3,438,597
Term deposits with original maturity over 90 days	**(2,816,446)**	(2,949,568)
Cash and cash equivalents	**662,520**	489,029

Note:

(i) Term deposits are made for varying terms depending on the immediate cash requirements of the Group and earninterest at market rates.

16 SHARE CAPITAL

	2020	*2019*
	QAR'000	*QAR'000*
Authorized, issued and paid up share capital		
1,100,000,000 ordinary shares with nominal value of QAR 1 each	**1,100,000**	1,100,000

All shares bear equal rights.

Share split

On 6 March 2019, the Extraordinary General Meeting of the Group approved the reduction of the par value of the ordinary share from QAR 10 to QAR 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.

17 LEGAL RESERVE

In accordance with the provisions of the Qatar Commercial Companies Law No. 11 of 2015, a minimum amount of 10% of the profit in each year is required to be transferred to a legal reserve until the legal reserve becomes equal to 50% of the Company's paid-up share capital. This reserve is not available for distribution, except in circumstances specified in the above mentioned Law. The Company made no transfers to its legal reserve in the current year and the comparative year as its legal reserve reached 50% of its paid-up share capital.

18 GENERAL RESERVE

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

19 HEDGE RESERVE

The hedge reserve comprises the effective portion of the cumulative net change in the fair value of the interest rate swaps used for cash flow hedging.

	2020	*2019*
	QAR'000	*QAR'000*
At 1 January	**(1,891,900)**	(1,053,585)
Share of other comprehensive loss from joint ventures	**(566,889)**	(785,424)
Net changes in fair value of interest rate swaps of the parent	**(54,861)**	(52,891)
At 31 December	**(2,513,650)**	(1,891,900)

20 FAIR VALUE RESERVE

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income.

	2020	*2019*
	QAR'000	*QAR'000*
At 1 January	**338,349**	491,690
Net unrealised gain (loss) on investment securities designated at FVOCI	**116,164**	(153,341)
At 31 December	**454,513**	338,349

21 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises the exchange differences on translation of foreign operations.

	2020	*2019*
	QAR'000	*QAR'000*
Share of other comprehensive loss from joint ventures	**(14,215)**	-
At 31 December	**(14,215)**	-

22 NON-CONTROLLING INTEREST

Proportion of equity interest held by non-controlling interests are as follows:

	2020	*2019*
	QAR'000	*QAR'000*
Ras Laffan Power Company Limited Q.P.S.C.		
As at 1 January	**235,948**	257,674
Profit for the year	**25,014**	26,753
Dividend paid during the year	**(53,217)**	(48,479)
As at 31 December	**207,745**	235,948

The financial information of group's subsidiary that has material non-controlling interest are provided below.

The summarised financial information below represents amounts before intragroup eliminations.

	2020	*2019*
	QAR'000	*QAR'000*
Non-current assets	**842,483**	994,145
Current assets	**265,225**	256,816
Non- current liabilities	**19,470**	20,072
Current liabilities	**49,509**	51,147
Equity	**1,038,729**	1,179,742
Equity attributable to equity holders of the parent	**830,984**	943,794
Non-controlling interests	**207,745**	235,948
Total Equity	**1,038,729**	1,179,742

	2020	*2019*
	QAR'000	*QAR'000*
Revenue	**500,102**	509,552
Profit for the year	**125,069**	133,767
Equity attributable to equity holders of the parent	**100,055**	107,014
Profit attributable to non-controlling interests	**25,014**	26,753

23 INTEREST BEARING LOANS AND BORROWINGS

	2020	*2019*
	QAR'000	*QAR'000*
Loan (1)	**1,007,869**	1,073,602
Loan (2)	**1,093,500**	1,093,500
Loan (3)	**939,247**	974,966
Loan (4)	**915,624**	915,623
Loan (5)	**789,141**	822,896
Loan (6)	**474,149**	494,431
Loan (7)	**428,739**	485,474
Loan (8)	**311,406**	323,313
Loan (9)	**213,905**	242,212
Loan (10)	**182,250**	182,250
Total interest bearing loans and borrowings	**6,355,830**	6,608,267
Less: Financing arrangement costs	**(52,040)**	(55,122)
	6,303,790	6,553,145

The interest bearing loans and borrowings are classified in the consolidated statement of financial position as follows:

	2020	*2019*
	QAR'000	*QAR'000*
Current portion	**2,447,771**	2,436,525
Non-current portion	**3,856,019**	4,116,620
	6,303,790	6,553,145

Production facilities for RAF A1, RAF A2, RAF A3 and RAF B2 are pledged to obtain the project finance loans.

(1) The Company has entered into a credit agreement with MUFG Bank Ltd which acts as a facility agent and offshore security trustee for a credit facility amounting to USD 485.5 million (QAR 1,769 million) to finance the construction of RAF B2. Interest is charged at a rate of LIBOR plus 0.55% to 1.65% per annum as specified in the credit agreement. The loan is payable in semi-annual installments over the period of 23 years commencing from 1 December 2008.

(2) The Company entered into a corporate revolving credit facility with a consortium of banks with Mizuho Bank Ltd acting as Facility Agent, mainly to partly finance the repayment of an existing USD 300 million (QAR 1,094 million) revolving facility. This loan carried interest at LIBOR plus a margin of 0.25%. The loan was repayable on or before the termination date, which was on 8 December 2016. The credit Facility was extended every year thereafter by adding amendment agreements (on 5 December 2016, 6 December 2017 and 29 November 2018). On 29 December 2018, the Company has entered into an amendment agreement with the lenders to extend the term of the loan for one year with an interest of LIBOR plus 0.45%. The credit Facility was extended every year thereafter by adding amendment agreements (on 26 November 2019 and 30 November 2020).

(3) On 4 July 2016, the Company entered into a credit facility with a consortium of banks to finance its RAF A3 plant facilities. This term loan facility of USD 294 million (QAR 1,072 million) carries interest at LIBOR plus 1.75%. The loan is payable in quarterly installments over the period of 270 months commencing from 9 January 2018.

(4) On 2 July 2018, the Company has obtained a loan amounting to USD 251.2 million (QAR 915.6 million) for the purpose of working capital requirements. The loan carries interest at LIBOR plus 0.5% and the loan is fully payable on 2 July 2019. On 21 May 2019, the Company has entered into an amendment agreement to extend the term for one year with the same interest rate. On 23 June 2020, the Company has entered into an amendment agreement to extend the term for one year with the interest rate of LIBOR plus 0.45%.

(5) The Company has availed a USD 270 million (QAR 984 million) Islamic credit facility with Qatar Islamic Bank in the form of Istisnaa' for the construction of RAF A2 plant facilities. Interest charged at a rate of LIBOR plus 1.75%. The loan is repayable in quarterly installments over the period of 20 years starting from 9 June 2016.
(6) The Company entered into a credit facility agreement with Qatar National Bank to finance the construction of its RAF A2 plant facilities. This term loan facility of USD 180 million (QAR 656 million) carries interest at LIBOR plus a margin of 1.75% per annum. The loan is repayable in quarterly installments starting 9 June 2016.
(7) The Company has entered into a facility agreement with a consortium of banks to finance its RAF A1 plant facilities. This term loan facility of USD 288.2 million (QAR 1,050 million) carries interest at LIBOR plus a margin ranging from 0.60% to 1.05%. The loan is repayable in semi-annual installments over the period of 17 years starting from 30 June 2010 at a pre-determined repayment percentage multiplied against the principle amount outstanding as at the end of the availability period.
(8) On 4 July 2016, the Company availed a USD 96 million (QAR 350 million) Islamic credit facility in the form of Istisnaa' to finance the construction of RAF A3 plant. The loan is payable in quarterly installments over the period of 270 months commencing from 9 January 2008.
(9) The Company has availed a USD 144.1 (QAR 525 million) Islamic credit facility in the form of Istisnaa' for the construction of three multi-stage flash type desalination units forming part of a fully functioning water-desalination plant at RAF A1. The loan is repayable in semi-annual installments starting 30 June 2010.
(10) On 15 February 2017, the Company entered into a monthly rollover credit facility with DBS Bank Ltd, Dubai. This short-term loan facility of USD 50 million (QAR 182 million) carries interest at LIBOR plus 0.5%. On 15 February 2018 and 23 September 2020, the interest rate revised as LIBOR plus 0.6% and LIBOR plus 0.65% respectively.

24 FAIR VALUE OF DERIVATIVES

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

	2020 QAR'000	*2019 QAR'000*
Assets		
Current portion	-	2,060
Non-current portion	-	6,485
	-	8,545
Liabilities		
Current portion	**32,111**	9,635
Non-current portion	**50,876**	27,036
	82,987	36,671

25 EMPLOYEES' END OF SERVICE BENEFITS

	2020 QAR'000	*2019 QAR'000*
At 1 January	**86,730**	68,962
Provision made during the year	**9,954**	25,229
Payments made during the year	**(15,821)**	(7,461)
At 31 December	**80,863**	86,730

26 TRADE AND OTHER PAYABLES

	2020 QAR'000	*2019 QAR'000*
Trade payables (i)	**89,035**	101,558
Accrued expenses (i)	**181,060**	172,038
Dividend payable to shareholders	**52,643**	47,386
Provision for social and sports support fund	**26,040**	31,474
Provision for staff costs	**17,676**	30,260
Provision for claim received from Kahramaa (ii)	**139,482**	-
Other payables	**178,407**	175,764
	684,343	558,480

Notes:
(i) Amount due to related parties are disclosed in Note 37.
(ii) In December 2020, the Group has recorded provision for claim received from Kahramaa of QAR 139.5 million related to excess capacity charges paid in excess of technical limit.

27 REVENUE FROM WATER AND ELECTRICITY

	2020 QAR'000	*2019 QAR'000*
Revenue from contracts with customers		
Sale of water	**425,584**	353,916
Sale of electricity	**811,351**	665,642
Operations and maintenance		
Water	**257,090**	202,177
Electricity	**137,397**	94,502
Total revenue from contacts with customers	**1,631,422**	1,316,237
Operating lease revenue – capacity charges		
Water	**648,815**	681,893
Electricity	**195,861**	267,791
	2,476,098	2,265,921

Revenue from sale of water and sale of electricity are recognised at point in time.
Revenue from operations and maintenance is recognised over the period of time upon satisfaction of the services to the customer using an output method. The Group applied the practical expedient which allows the Group to recognise the revenue in the amount to which the entity has a right to invoice as this corresponds directly with the value to the customer of the entity's performance completed to date.
Total revenue is generated within the State of Qatar.

28 COST OF SALES

	2020 QAR'000	*2019 QAR'000*
Cost of gas consumed	**1,002,546**	872,462
Depreciation of property, plant and equipment (Note 6)	**279,383**	274,854
Staff costs	**144,800**	156,198
Spare parts, chemicals and consumables	**100,091**	91,301
Others	**138,190**	137,886
	1,665,010	1,532,701

29 OTHER INCOME

	2020 QAR'000	*2019 QAR'000*
Interest income	**76,824**	128,212
Dividend income from equity investments at fair value through other comprehensive income (Note 10)	**70,534**	64,063
Profit on disposal of property, plant and equipment	**91**	-
Miscellaneous income	**10,022**	5,778
	157,471	198,053

30 GENERAL AND ADMINISTRATION EXPENSES

	2020 QAR'000	*2019 QAR'000*
Claim received from Kahramaa (Note 26)	**139,482**	-
Staff costs	**80,648**	97,718
Provision for slow moving inventories (Note 13)	**14,233**	14,416
Board of Directors' remuneration (Note 37)	**11,750**	11,750
Insurance	**11,343**	9,846
Amortisation of intangible assets (Note 8)	**5,970**	5,970
Professional fees	**4,057**	2,287
Recruitment and training expenses	**3,332**	961
Depreciation of right-of-use assets (Note 7)	**3,281**	2,257
Depreciation of property, plant and equipment (Note 6)	**2,085**	1,766
Amortisation of other assets (Note 12)	**1,840**	1,867
Rent expense	**1,610**	3,600
Repairs and maintenance	**1,336**	2,153
Donations	**1,139**	2,257
Board committee remuneration	**1,030**	-
Telephone postage and couriers	**953**	1,830
Subscription and licenses	**892**	784
Advertisement and public relation expenses	**543**	1,096
Office expenses	**376**	318
Miscellaneous expenses	**10,755**	14,274
	296,655	175,150

31 FINANCE COSTS

	2020 QAR'000	*2019 QAR'000*
Interest on bank loans	**147,848**	242,137
Interest on lease liabilities (Note 7)	**1,408**	1,356
Bank charges	**1,031**	1,075
	150,287	244,568

32 EARNINGS PER SHARE

Basic earnings per share
The calculation of basic earnings per share is arrived by dividing the profit attributable to the equity holders of the Parent for the year by the weighted average number of ordinary shares outstanding during the year.

	2020 QAR'000	*2019 QAR'000*
Profit for the year attributable to equity holders of the Company	**1,157,690**	1,413,913
Weighted average number of shares outstanding during the year (number of shares in thousands)	**1,100,000**	1,100,000
Basic and diluted earnings per share (expressed in QAR per share)	**1.05**	1.29

Diluted earnings per share
As the parent Company has no potential dilutive shares, the diluted EPS equals to the basic EPS.

33 DIVIDENDS

During the year, the Company declared and paid a cash dividend of QAR 0.775 per share totalling to 852.5 million (2019: QAR 0.775 per share totalling to 852.5 million). The proposed dividend amounting to QAR 693 million for the year ended 31 December 2020 will be submitted for formal approval at the next Annual General Meeting of the Company and not recognised as a liability as at 31 December 2020.

34 CONTRIBUTION TO SOCIAL AND SPORTS FUND

In compliance with Qatar Law No. 13 of 2008, the Company made an appropriation of QAR 26.3 million (2019: QAR 26.2 million) to the Social and Sports Fund of Qatar.

35 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 and monitored as a single segment. Consequently, the Group presents both generation of electricity and production of desalinated water as a single operating segment.

36 COMMITMENTS AND CONTINGENT LIABILITIES

	2020 QAR'000	*2019 QAR'000*
(a) Capital commitments	**68,847**	46,181
(b) Contingent liabilities:		
Corporate guarantees issued on behalf of joint ventures	**550,987**	550,987
Letter of credits	**100,160**	100,160
	651,147	651,147
(c) Other commitments:		
Derivative financial instruments:		
Interest rate swaps (notional amount)	**1,198,482**	1,251,023

37 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 statement of profit and loss are as follows:

	Nature of the relationship	***Nature of the transactions***	**2020 QAR'000**	2019 QAR'000
KAHRAMAA	Shareholder	Electricity income	**1,144,608**	1,028,642
		Sale of desalinated water	**1,319,391**	1,225,342
		Lease income from plant	**110,152**	122,970
			2,574,151	2,376,954
Qatar Petroleum	Shareholder	Sale of desalinated water	**12,099**	11,937
Qatar Petroleum	Shareholder	Cost of gas consumed	**1,002,546**	872,462

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

	Nature of the relationship	**2020 QAR'000**		*2019 QAR'000*	
		Trade and other receivables	***Trade payables and accrued expenses***	*Trade and other receivables*	*Trade payables and accrued expenses*
KKAHRAMAA (Note 14)	Shareholder	**432,254**	**143,339**	413,950	5,489
Qatar Petroleum	Shareholder	**20,529**	**127,891**	2,075	126,826
Siraj Energy Q.P.S.C.	Joint venture	**3,321**	**-**	18,886	-
Nebras Power Q.P.S.C.	Joint venture	**2,698**	**-**	845	-
Umm Al Houl Power Q.P.S.C.	Joint venture	**1,806**	**-**	2,123	-
Qatar Power Q.P.J.S.C.	Joint venture	**1,196**	**-**	1,166	-
Ras Girtas Power Company Q.P.S.C.	Joint venture	**783**	**-**	2,417	-
Mesaieed Power Company Limited Q.P.S.C.	Joint venture	**468**	**-**	468	-
		463,055	**271,230**	441,930	132,315

Terms and conditions of transactions with related parties
The transactions with related parties are made as per the terms of agreements with related parties.

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

	2020 QAR'000	*2019 QAR'000*
Directors' fees	**11,750**	11,750
Management remuneration	**4,884**	4,629
Board committee remuneration	**1,030**	-
	17,664	16,379

38 FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial risk management
The Group's principal financial liabilities, other than derivatives, comprise interest bearing loans and borrowings, lease liability, trade payables, accrued expenses and other payables. The main purpose of these financial liabilities is to finance the Group's operations.
The Group's principal financial assets are bank balances and cash, finance lease receivable, loans receivables from joint ventures, trade receivables, accrued interest receivable and other receivables that derive directly from its operations. The Group also holds equity investments at fair value through other comprehensive income and enters into derivative transactions for hedging purposes.
The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.
The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.
The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.
The Group is exposed to market risk, credit risk and liquidity risk and policies for managing each of these risks are summarized below.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price risk will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.
The Group uses derivatives to hedge its interest rate risk. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

Interest rate risk
The Group's interest rate risk arises from bank deposits and borrowings. Bank deposits are entered into at fixed rates, which expose the Group to fair value interest rate risk, but management believes that this type of risk is not significant. Borrowings are issued at variable rates which expose the Group to cash flow interest rate risk. The Group has minimised the interest rate risk using interest rate swap contracts.
At the reporting date, the interest rate profile of the Group's interest bearing financial instruments were:

	2020 QAR'000	*2019 QAR'000*
Fixed rate instruments:		
Financial assets	**3,378,496**	3,289,204
Floating interest rate instruments:		
Interest bearing loans and borrowings	**(6,355,830)**	(6,608,267)
Effect of interest rate swaps	**1,198,482**	1,251,023
	(5,157,348)	(5,357,244)

The following table demonstrates the sensitivity of the consolidated profit or loss statement to reasonably possible changes in interest rates by 25 basis points, with all other variables held constant. The sensitivity of the consolidated profit or loss statement is the effect of the assumed changes in interest rates on the net interest income for one year, based on the floating rate financial assets and financial liabilities held at the end of each reporting period, including the effect of hedging instruments.

	Change in basis points	Effect on profit QAR'000	Effect on equity QAR'000
2020			
Floating interest rate instruments			
Interest bearing loans and borrowings	**25**	**(15,890)**	**(15,890)**
	-25	**15,890**	**15,890**
Interest rate swaps	**+25**	**2,996**	**2,996**
	-25	**(2,996)**	**(2,996)**
2019			
Floating interest rate instruments			
Interest bearing loans and borrowings	+25	(16,521)	(16,521)
	-25	16,521	16,521
Interest rate swaps	+25	3,128	3,128
	-25	(3,128)	(3,128)

Equity price risk
All the Group's equity investments are listed on the Qatar Stock Exchange.
The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Change in equity price	***Effect on equity 2020 QAR'000***	*Effect on equity 2019* QAR'000
Quoted shares	**10%**	**257,138**	195,521

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The deposits of the Group are in QAR and USD. As the QAR is pegged to the USD, balances in USD are not considered to represent a significant currency risk. Management believes that the Group's exposure to currency risk is minimal.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
Credit quality of a customer is assessed based on an extensive credit rating and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.
The Group is exposed to credit risk on its financial assets as shown below:

	2020 QAR'000	*2019 QAR'000*
Bank balances	**3,478,891**	3,438,551
Finance lease receivables	**973,613**	1,117,627
Trade receivables	**436,493**	417,218
Loan receivable from joint ventures	**207,029**	143,687
Accrued interest receivable	**11,180**	37,565
Other receivables	**26,562**	24,712
	5,133,768	5,179,360

The Group seeks to limit its credit risk with respect to banks by dealing with reputable banks. With respect to credit risk arising from the other financial assets of the Group, including bank balances, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.
The total exposure to credit risk for trade receivables as at the reporting date is limited to Qatar. Moreover, the Group's receivables consist mainly of amounts due from KAHRAMAA, who is the sole distributor of power in the State of Qatar. As KAHRAMAA is contractually committed to discharge its obligation, management believes that the credit risk with respect to receivables is limited. In addition to that, these receivables are shown after review of their recoverability.
An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. At the reporting date, the Group's assessment has concluded that expected credit losses on receivables are considered to be clearly insignificant.
Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security.
Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

			Days past due		
31 December 2020	**Current QAR'000**	**30-60 days QAR'000**	**61-90 days QAR'000**	**>91 days QAR'000**	**Total QAR'000**
Gross carrying amount	**434,232**	**-**	**-**	**2,261**	**436,493**
31 December 2019					
Gross carrying amount	416,928	-	-	290	417,218

The Group has applied the general approach to determine credit losses on terms deposits. Credit risk from balances with banks and financial institutions is managed by the treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis and may be updated throughout the year subject to approval of the Group's Finance Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.
Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.
The following are the contractual maturities of financial liabilities:

	Carrying amounts QAR'000	**Less than 1 year QAR'000**	**1 – 2 years QAR'000**	**More than 2 years QAR'000**
31 December 2020				
Trade payables	**89,035**	**89,035**	**-**	**-**
Accrued expenses	**181,060**	**181,060**	**-**	**-**
Other financial liabilities	**414,248**	**414,248**	**-**	**-**
Lease liabilities	**32,182**	**3,211**	**28,971**	**-**
Interest bearing loans and borrowings	**6,355,830**	**2,455,096**	**276,187**	**3,624,547**
Derivative financial instruments	**82,987**	**32,111**	**30,443**	**20,433**
	7,155,342	**3,174,761**	**335,601**	**3,644,980**
31 December 2019				
TTrade payables	101,558	101,558	-	-
Accrued expenses	172,038	172,038	-	-
Other financial liabilities	284,884	284,884	-	-
Lease liabilities	23,966	958	9,141	13,867
Interest bearing loans and borrowings	6,608,267	2,443,809	263,722	3,900,736
Derivative financial instruments	36,671	9,635	9,831	17,205
	7,227,384	3,012,882	282,694	3,931,808

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and healthy capital ratios in order to support its business and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of economic conditions. The Board of Directors monitors the return on capital. No changes were made in the objectives, policies or processes during the year ended 31 December 2020.
The Group monitors capital using a gearing ratio, which is calculated as net debt divided by total equity and net debt. The debt is calculated as total borrowings (including current and non-current loans as shown on the consolidated statement of financial position) less cash and cash equivalents.
Total equity is the equity attributable to the equity holders of the Group.

	2020 QAR'000	*2019 QAR'000*
Total interest bearing loans and borrowings	**6,355,830**	6,608,267
Less: Cash and bank balances	**(3,478,966)**	(3,438,597)
Net debt	**2,876,864**	3,169,670
Equity attributable to equity holders of the parent	**9,758,242**	9,999,124
Total equity and net debt	**12,635,106**	13,168,794
Gearing ratio	**23%**	24%

39 FAIR VALUES OF ASSETS AND LIABILITIES

The following table shows fair values of assets and liabilities, including their levels in the fair value hierarchy for financial instruments carried at fair value.
As at 31 December 2020, the Group held the following classes of financial instruments measured at fair value:

At 31 December 2020	***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	**2,571,376**	**-**	**-**	**2,571,376**
Financial liabilities measured at fair value:				
Derivative instruments:				
Negative fair value of interest rate swaps	**-**	**82,987**	**-**	**82,987**
At 31 December 2019				
Financial assets measured at fair value:				
Equity investments at fair value through other comprehensive income	1,955,212	-	-	1,955,212
Positive fair value of interest rate swaps	-	8,545	-	8,545
	1,955,212	8,545	-	1,963,757
Financial liabilities measured at fair value:				
Derivative instruments:				
Negative fair value of interest rate swaps	-	36,671	-	36,671

During the reporting years ended 31 December 2020 and 31 December 2019, there were no transfers between Level 1 and Level 3 fair value measurements.
• 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)

40 ASSET HELD FOR SALE

On 14 December 2020, the Board of Directors of the Group approved the sale of the land including related improvements and instructed management to execute this sale within one year. Accordingly, the land including related improvements, is classified as an asset held for sale. As at 31 December 2020, there was no write-down of the carrying value of the land including related improvements, as the carrying amount of the land including related improvements, did not fall below its fair value less costs to sell.

41 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 31 December 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 31 December 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. Financial investment securities are listed in the Qatar Exchange and necessary fair value adjustments has been incorporated in the consolidated financial statements as at 31 December 2020. The Group has not availed any relief measures given by the Banks for sectors affected by Covid-19. Also, there were no material impact on the carrying values of non-financial assets, since the PWPA agreements are long term in nature and management does not expect significant volatility in its power and water generation. The Group has considered the potential impacts of the current economic volatility in determining the reported amounts of the Group's financial and non-financial assets and liabilities as at 31 December 2020.