

**International Company for Water and Power
Projects and its Subsidiaries
A Saudi Joint Stock Company**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTHS AND NINE MONTHS PERIODS
ENDED 30 SEPTEMBER 2020**



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Independent auditor's review report on the interim condensed consolidated financial statements to the Shareholders of International Company for Water and Power Projects (A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of International Company for Water and Power Projects (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively, the "Group") as at 30 September 2020, and the related interim condensed consolidated statements of profit or loss and other comprehensive income for the three and nine months periods ended 30 September 2020, and the related interim condensed consolidated statements of cashflows and changes in equity for the nine months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") that is endorsed in the Kingdom of Saudi Arabia.

for Ernst & Young

Fahad M. Al-Toaimi
Certified Public Accountant
License No. 354



Riyadh: 28 Rabi Thani 1442 H
(13 December 2020)

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	30 Sep 2020	31 Dec 2019
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	3	12,694,727	11,982,377
Intangible assets		2,062,111	2,059,205
Equity accounted investees	4	5,119,972	5,293,867
Non-current portion of net investment in finance lease		10,388,241	10,364,334
Due from related parties	7.1	90,469	111,258
Deferred tax asset		127,212	23,460
Strategic fuel inventories		70,763	70,771
Other assets		202,442	206,110
TOTAL NON-CURRENT ASSETS		<u>30,755,937</u>	<u>30,111,382</u>
CURRENT ASSETS			
Inventories		456,315	438,324
Current portion of net investment in finance lease		341,582	209,902
Due from related parties	7.1	735,936	734,156
Accounts receivable, prepayments and other receivables		3,301,389	2,953,802
Cash and cash equivalents	5	2,255,743	2,798,315
		7,090,965	7,134,499
Assets held for sale	16.4	-	475,402
TOTAL CURRENT ASSETS		<u>7,090,965</u>	<u>7,609,901</u>
TOTAL ASSETS		<u>37,846,902</u>	<u>37,721,283</u>

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

As at 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	30 Sep 2020	31 Dec 2019
<u>EQUITY AND LIABILITIES</u>			
EQUITY			
Shareholders' equity			
Share capital		6,429,344	6,429,344
Share premium		1,177,031	1,177,031
Statutory reserve		554,626	554,626
Retained earnings		3,941,473	3,102,108
Equity attributable to owners of the Company before other reserves		12,102,474	11,263,109
Other reserves	8	(3,294,782)	(1,361,236)
Equity attributable to owners of the Company		8,807,692	9,901,873
Non-controlling interests		562,301	703,504
TOTAL EQUITY		9,369,993	10,605,377
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing and funding facilities	6	17,026,298	17,480,944
Due to related parties	7.1	864,829	860,202
Equity accounted investees	4	1,473,946	516,982
Fair value of derivatives		810,398	286,442
Deferred tax liability		164,031	250,552
Deferred revenue		100,019	129,827
Other financial liabilities		288,455	395,724
Employee end of service benefits' liabilities		174,008	159,598
Other liabilities		297,993	252,117
TOTAL NON-CURRENT LIABILITIES		21,199,977	20,332,388
CURRENT LIABILITIES			
Accounts payable and accruals		3,635,787	3,439,786
Short-term financing facilities		493,379	444,218
Current portion of long-term financing and funding facilities	6	1,679,528	2,271,229
Due to related parties	7.1	18,849	19,964
Fair value of derivatives		42,824	51,883
Zakat and taxation		221,332	183,411
		6,091,699	6,410,491
Liabilities associated with assets held for sale	16.4	-	373,027
Long-term financing and funding facilities classified as current	6.1	1,185,233	-
TOTAL CURRENT LIABILITIES		7,276,932	6,783,518
TOTAL LIABILITIES		28,476,909	27,115,906
TOTAL EQUITY AND LIABILITIES		37,846,902	37,721,283

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months and nine months periods ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	Three months period ended 30 Sep		Nine months period ended 30 Sep	
		2020	2019	2020	2019
<u>CONTINUING OPERATIONS</u>					
Revenue	10	1,367,149	853,131	3,638,010	2,792,203
Operating costs		(600,984)	(490,439)	(1,692,409)	(1,409,934)
GROSS PROFIT		766,165	362,692	1,945,601	1,382,269
Development cost, provision and write offs, net of reversals		1,429	(9,552)	(88,208)	(20,110)
General and administration expenses		(158,993)	(158,922)	(630,316)	(434,363)
Share in net results of equity accounted investees, net of tax	4	156,265	88,347	311,170	286,700
Other operating income		30,813	51,411	93,404	97,566
OPERATING INCOME BEFORE IMPAIRMENT LOSS AND OTHER EXPENSES		795,679	333,976	1,631,651	1,312,062
Impairment loss and other expenses, net	11	(11,879)	-	(11,879)	(880,203)
OPERATING INCOME AFTER IMPAIRMENT LOSS AND OTHER EXPENSES		783,800	333,976	1,619,772	431,859
Other income		14,676	32,891	75,240	77,595
Exchange loss, net		(6,867)	(21,038)	(24,167)	(23,831)
Financial charges, net	12	(256,690)	(201,006)	(804,995)	(610,500)
PROFIT / (LOSS) BEFORE ZAKAT AND INCOME TAX		534,919	144,823	865,850	(124,877)
Zakat and tax	9.1	20,821	(22,309)	49,991	(48,538)
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		555,740	122,514	915,841	(173,415)
<u>DISCONTINUED OPERATIONS</u>					
(Loss) / profit from discontinued operations including loss recognised on assets held for sale	16.4	(14,216)	(12,669)	7,022	6,529
PROFIT / (LOSS) FOR THE PERIOD		541,524	109,845	922,863	(166,886)
Profit / (Loss) attributable to:					
Equity holders of the parent		524,246	87,281	849,895	135,051
Non-controlling interests		17,278	22,564	72,968	(301,937)
		541,524	109,845	922,863	(166,886)
Basic and diluted earnings per share to equity holders of the parent (in SR)	13.2	0.81	0.14	1.32	0.21
Basic and diluted earnings per share from continuing operations to equity holders of the parent (in SR)	13.2	0.85	0.09	1.30	0.16

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months periods ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	Three months period ended 30 Sep		Nine months period ended 30 Sep	
		2020	2019	2020	2019
PROFIT / (LOSS) FOR THE PERIOD		541,524	109,845	922,863	(166,886)
<u>OTHER COMPREHENSIVE INCOME / (LOSS)</u>					
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		5,987	160,350	20,106	244,955
Equity accounted investees – share of OCI	8	78,132	(310,588)	(1,579,864)	(987,520)
Net change in fair value of cash flow hedge reserve		51,836	(55,293)	(547,812)	(213,647)
Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit liability		2,907	(7,831)	12,495	(3,310)
TOTAL OTHER COMPREHENSIVE INCOME / (LOSS)		138,862	(213,362)	(2,095,075)	(959,522)
TOTAL COMPREHENSIVE INCOME / (LOSS)		680,386	(103,517)	(1,172,212)	(1,126,408)
Total comprehensive income / (loss) attributable to:					
Equity holders of the parent		648,663	(124,637)	(1,083,651)	(755,531)
Non-controlling interests		31,723	21,120	(88,561)	(370,877)
		680,386	(103,517)	(1,172,212)	(1,126,408)

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months period ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	Nine months period ended 30 Sep	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before zakat and tax from continuing operations		865,850	(124,877)
Profit before zakat and tax from discontinued operations		2,839	9,726
<i>Adjustments for:</i>			
Depreciation on property, plant and equipment and right of use assets		431,373	277,138
Financial charges	12	804,995	803,503
Unrealised exchange loss		29,342	28,055
Share in net results of equity accounted investees, net of tax		(311,170)	(292,683)
Charge for employees' end of service benefits		30,720	15,384
Fair value of cash flow hedges and other reserves recycled to profit or loss		(26,839)	(4,624)
Loss on disposal of assets held for sale	16.4	21,939	-
Provisions and write-off		91,248	5,807
Unwinding of discount on financial liabilities		9,539	6,420
Impairment loss and other expenses, net	11	11,879	880,203
Loss on disposal of property, plant and equipment	3	10,411	-
Development cost, provision and write offs, net of reversals		88,208	21,209
<i>Changes in operating assets and liabilities:</i>			
Accounts receivable, prepayments and other receivables		(487,877)	(416,133)
Inventories		(32,278)	2,894
Payables and accruals		555	(477,159)
Due from related parties		(6,985)	(108,846)
Strategic fuel inventories		8	5,337
Other assets		(6,196)	(7,167)
Other liabilities		45,876	70,264
Deferred revenue		(29,808)	51,029
Net cash from operations		1,543,629	745,480
Employees' terminal benefits paid		(3,815)	(5,059)
Zakat and tax paid		(97,706)	(36,447)
Dividends received from equity-accounted investees		63,795	125,618
<i>Net cash generated from operating activities</i>		1,505,903	829,592
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(1,133,901)	(917,949)
Net investment in finance lease		(155,587)	239,675
Investments in equity accounted investees		(107,880)	(790,057)
Disposal of assets held for sale		71,390	41,088
<i>Net cash used in investing activities</i>		(1,325,978)	(1,427,243)

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)

For the nine months period ended 30 September 2020
(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Notes</i>	Nine months period ended 30 Sep	
		2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing and funding facilities, net of transaction costs		158,705	53,022
Due to related parties		4,627	(3,660)
Other financial liabilities		(92,157)	(341,293)
Financial charges paid		(730,500)	(857,274)
Dividends paid		(63,172)	(161,441)
<i>Net cash used in financing activities</i>		<u>(722,497)</u>	<u>(1,310,646)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		(542,572)	(1,908,297)
Cash and cash equivalents at beginning of the period		2,798,315	5,498,265
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	<u>2,255,743</u>	<u>3,589,968</u>

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months period ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

	<i>Share capital</i>	<i>Share premium</i>	<i>Statutory reserve</i>	<i>Retained earnings</i>	<i>Other Reserves (note 8)</i>	<i>Equity attributable to owners of the Company</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
Balance at 1 January 2019	6,429,344	1,177,031	437,239	2,363,259	(717,900)	9,688,973	1,385,184	11,074,157
Profit / (loss) for the period	-	-	-	135,051	-	135,051	(301,937)	(166,886)
Other comprehensive loss	-	-	-	-	(890,582)	(890,582)	(68,940)	(959,522)
Total comprehensive income / (loss)	-	-	-	135,051	(890,582)	(755,531)	(370,877)	(1,126,408)
Changes in non-controlling interest	-	-	-	33,265	-	33,265	7,823	41,088
Dividends	-	-	-	(161,441)	-	(161,441)	-	(161,441)
Balance at 30 September 2019	6,429,344	1,177,031	437,239	2,370,134	(1,608,482)	8,805,266	1,022,130	9,827,396
Balance at 1 January 2020	6,429,344	1,177,031	554,626	3,102,108	(1,361,236)	9,901,873	703,504	10,605,377
Profit for the period	-	-	-	849,895	-	849,895	72,968	922,863
Other comprehensive loss	-	-	-	-	(1,933,546)	(1,933,546)	(161,529)	(2,095,075)
Total comprehensive income / (loss)	-	-	-	849,895	(1,933,546)	(1,083,651)	(88,561)	(1,172,212)
Changes in non-controlling interest	-	-	-	(10,530)	-	(10,530)	10,530	-
Dividends	-	-	-	-	-	-	(63,172)	(63,172)
Balance at 30 September 2020	6,429,344	1,177,031	554,626	3,941,473	(3,294,782)	8,807,692	562,301	9,369,993

The attached notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

International Company for Water and Power Projects and its Subsidiaries (A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and nine months periods ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

1 ACTIVITIES

International Company for Water and Power Projects (the “Company” or “ACWA Power”) is a Saudi joint stock company established pursuant to a ministerial resolution numbered 215 dated 2 Rajab 1429H (corresponding to 5 July 2008) and is registered in Riyadh, Kingdom of Saudi Arabia, under commercial registration number 1010253392 dated 10 Rajab 1429H (corresponding to 13 July 2008).

The Company and its subsidiaries (collectively the “Group”) are engaged in the business of development, construction, acquisition, generation and sale of electricity and desalinated water, leasing, operation and maintenance of power generation, water desalination and steam plants, and other related or auxiliary business activities complimentary to it.

2 BASIS OF PREPARATION AND CHANGES TO GROUP ACCOUNTING POLICIES

2.1 STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements for the nine months period ended 30 September 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants (“SOCPA”) (collectively referred as “IAS 34 as endorsed in KSA”).

These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as at 31 December 2019. These interim condensed consolidated financial statements for the nine months period ended 30 September 2020 are not affected significantly by seasonality of results. The results shown in these interim condensed consolidated financial statements may not be indicative of the annual results of the Group’s operations.

These interim condensed consolidated financial statements are prepared under the historical cost except for derivative financial instruments (including written put options) which are measured at fair value. These interim condensed consolidated financial statements are presented in Saudi Riyals (“SR”) which is the functional and presentation currency of the Company. All values are rounded to the nearest thousand (SR’000), except when otherwise indicated.

2.2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS

IFRS 3: Definition of a Business

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the interim condensed consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the interim condensed consolidated financial statements of the Group.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

For the three months and nine months periods ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

2 BASIS OF PREPARATION AND CHANGES TO GROUP ACCOUNTING POLICIES (CONTINUED)

2.2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IAS 1 and IAS 8: Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the interim condensed consolidated financial statements of, nor is there expected to be any future impact to the Group.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES

Use of estimates and assumptions

The preparation of the interim condensed consolidated financial statements in conformity with IAS 34 as endorsed in KSA requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates and judgments used in the preparation of these interim condensed consolidated financial statements is consistent with those used in preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2019 except as explained below.

During the period ended 30 September 2020, the Group performed a detailed exercise to re-assess the useful life of the plants in its portfolio. Management categorized and considered all socio-economic, operational, performance and other factors surrounding the technology of the particular asset belongs to.

Based on the analysis, it was concluded that certain plants’ economic life is lower than the useful life due to advancement in technology which has resulted in the availability of more efficient new plants in the industry. As a result, the Group decided to align the plants existing useful life to its re-assessed economic life with effect from 1 January 2020 as follows:

	Existing useful life	Revised useful life	Financial impact for the nine months period ended 30 Sep 2020
Plant Technology			
Photovoltaic	30 years	25 years	3,200
Concentrated Solar Power	30-35 years	30 years	990
Combined Cycle Gas Turbine	35-40 years	35 years	34,103
Seawater Reverse Osmosis	30-40 years	30 years	14,402

This change in accounting estimate has resulted in SR 52.7 million being expensed in the interim condensed consolidated statement of profit or loss, which is reflected in the Group operating cost (SR 25.7 million) and through share in net results of equity accounted investees (SR 27 million).

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

For the three months and nine months periods ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

3 PROPERTY, PLANT AND EQUIPMENT (“PPE”)

	30 Sep 2020	31 Dec 2019
At the beginning of the period / year, carrying amount	11,982,377	8,710,586
Additions for the period / year	1,133,901	2,045,876
Business combination	-	6,899,802
De-recognition on loss of control in a subsidiary	-	(2,445,117)
De-recognition due to assets held for sale	-	(422,394)
Depreciation charge for the period / year	(411,140)	(406,097)
Impairment loss for the period / year	-	(877,203)
Disposals	(10,411)	(2,605)
Finance lease recognition	-	(1,549,479)
Foreign currency translation	-	29,008
At the end of the period / year, carrying amount	<u>12,694,727</u>	<u>11,982,377</u>

4 EQUITY ACCOUNTED INVESTEEES

Set out below is the contribution of equity accounted investees in the interim condensed consolidated statement of financial position, statement of profit or loss and other comprehensive income, and the “Dividends received from companies accounted for using the equity method” line of the condensed consolidated interim statement of cash flows.

	30 Sep 2020	31 Dec 2019
At the beginning of the period / year	4,776,885	6,516,028
Share of results for the period / year	311,170	284,453
Share of other comprehensive loss for the period / year	(1,579,864)	(772,217)
Additions during the period / year	201,630	1,621,790
Business combination / loss of control	-	(2,614,142)
Dividends for the period / year	(63,795)	(259,027)
At the end of the period / year	<u>3,646,026</u>	<u>4,776,885</u>
Equity accounted investees shown under non-current assets	5,119,972	5,293,867
Equity accounted investees shown under non-current liabilities	(1,473,946)	(516,982)
	<u>3,646,026</u>	<u>4,776,885</u>

5 CASH AND CASH EQUIVALENTS

	As at 30 Sep 2020	As at 31 Dec 2019
Cash in hand and at bank	1,676,984	1,433,286
Short-term deposits with original maturities of three months or less	578,759	1,365,029
	<u>2,255,743</u>	<u>2,798,315</u>

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

For the three months and nine months periods ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

6 LONG-TERM FINANCING AND FUNDING FACILITIES

As at	Note	30 Sep 2020	31 Dec 2019
Recourse debt:			
Financing facilities in relation to projects		1,196,748	1,825,887
Corporate facilities		1,125	1,125
Non-Recourse debt:			
Financing facilities in relation to projects		15,687,803	14,922,544
APMI One bond		3,005,383	3,002,617
Total financing and funding facilities		19,891,059	19,752,173
Less: current portion shown under current liabilities		(1,679,528)	(2,271,229)
Less: long-term financing and funding facilities classified as current	6.1	(1,185,233)	-
Non-current portion shown under non-current liabilities		17,026,298	17,480,944

Financing and funding facilities as reported in the Group's interim consolidated statement of financial position are classified as 'non-recourse' or 'with-recourse' facilities. Non-recourse facilities are generally secured by the borrower (i.e. a subsidiary) with its own assets, contractual rights and cash flows and there is no recourse to the Company under any guarantee. The with-recourse facilities are direct borrowings or those guaranteed by the Company. The Group's financial liabilities are either fixed special commission bearing or at a margin above the relevant reference rates. The Group seeks to hedge long term floating exposures using derivatives.

- 6.1** Due to Covid 19 related issues, the delay in contractual payments from the off-taker in one of the Group's subsidiary ("the subsidiary") has resulted in a technical breach under the power purchase agreement leading to a cross default under the financing documents. While the project enjoys a Government Guarantee on the receivables from the off-taker, the project company has not called on the Guarantee to cover these partially withheld payments as the off-taker has not denied payments of the amounts withheld but sought more time to clear the overdue amounts. Given the certainty of the receivables, though building from February 2020 and reaching SR 31.12 million at the subsidiary level at the reporting period, no provision has been taken. Though the management of the Subsidiary has requested for a waiver from the lenders to this technical breach but such waiver has not been received till the date of these interim condensed consolidated financial statements. The breach under the financing documents, has resulted in reclassification of the long-term loan amount of SR 1,185 million to current liabilities in accordance with the requirements of International Financial Reporting Standards.

7 RELATED PARTY TRANSACTIONS AND BALANCES

- 7.1** Significant transactions with related parties during the period and significant balances at the reporting date are as follows:

	Notes	Relationships	Nine months period ended	
			30 Sep 2020	30 Sep 2019
Transactions:				
Revenue		Affiliates	1,955,194	1,669,616
Service fees		Joint ventures	227,474	177,826
Finance income		Joint venture	31,231	6,366
Financial charges on loan from a related party	12	Affiliates	3,414	3,516
Key management personnel compensation including director's remuneration		-	15,836	24,650

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7 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

7.1 Significant transactions with related parties during the period and significant balances at the reporting date are as follows (continued):

			Balance as at	
			30 Sep 2020	31 Dec 2019
<i>Due from related parties</i>				
<i>Current:</i>				
Al Mourjan for Electricity Production Company	(a)	Joint venture	147,511	110,980
Rabigh Electricity Company	(a)	Joint venture	40,541	52,081
Shuqaiq Water and Electricity Company	(a)	Joint venture	34,412	43,817
Shuaibah Water and Electricity Company	(a)	Joint venture	56,440	31,429
Shuaibah Expansion Project Company	(a)	Joint venture	15,849	10,086
Hajr for Electricity Production Company	(a)	Joint venture	102,553	122,751
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(a)	Joint venture	5,595	1,013
Dhofar O&M Company	(h)	Joint venture	35,413	34,495
Hassyan Energy Phase 1 P.S.C	(a)	Joint venture	104,933	30,094
ACWA Power Oasis Three	(h)	Joint venture	8,108	7,355
Noor Energy 1 P.S.C	(a)	Joint venture	14,167	14,617
Taweelah RO Desalination Company LLC	(d)	Joint venture	118	89,548
Naqa Desalination Plant LLC	(d)	Joint venture	890	50,468
Khalladi Morocco	(a)	Joint venture	37,141	27,431
Risha for Solar Energy Projects	(a)	Joint venture	6,245	5,619
ACWA Power Solafrica Bokpoort CSP Power Plant Ltd	(a)	Joint venture	8,168	6,624
Haya Power & Desalination Company	(a)	Joint venture	1,069	2,046
Ad-Dhahirah Generating Company SAOC	(a)	Joint venture	18,897	10,849
Shinas Generating Company SAOC	(a)	Joint venture	14,497	7,124
Shams Ad-Dhahira Generating Company SAOC	(d)	Joint venture	28,615	-
Saudi Malaysia Water and Electricity Company	(h)	Joint venture	538	4,272
Other related parties		Affiliates	54,236	71,457
			735,936	734,156
<i>Non-current:</i>				
Hassyan Energy Phase 1 P.S.C	(e)	Joint venture	61,612	61,612
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(f)	Joint venture	28,857	49,646
			90,469	111,258
<i>Due to related parties</i>				
<i>Current:</i>				
ACWA Power Africa Holdings (Pty) Ltd	(g)	Joint venture	18,849	19,964
			18,849	19,964
<i>Non-current:</i>				
ACWA Power Renewable Energy Holding Company	(b)	Joint venture	781,035	781,035
Loans from minority shareholders of subsidiary	(c)	-	83,794	79,167
			864,829	860,202

(a) These balances mainly include amounts due from related parties to First National Holding Company (“NOMAC”) (and its subsidiaries) for O&M services provided to the related parties under O&M contracts.

In certain cases, the balance also includes advances provided to related parties that has no specific repayment date.

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7 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

- (b) During the year 2018, ACWA Renewable Energy Holdings Limited (“APREH”) entered in to a convertible loan agreement whereby amounts drawn down under such agreement was advanced to the ACWA Power Global Services (“APGS”), a fully owned subsidiary of the Company, through an intra-group shareholder advance agreement. An amount of SAR 1,361.2 million was advanced to APGS and bears a commission rate of 4.3% per annum for first 18 months and 3.4% per annum thereafter on the principal outstanding. The debt is guaranteed by ACWA Power (i.e. recourse to ACWA Power).

During 2019, an amount of SR 580.6 million adjusted against the advance, which represents a consideration for sale of 49% shares of the Group in APREH.

- (c) These represent shareholder loans to ACF Renewable Energy Limited. The loans are due for repayment on 31 August 2024 and carry profit rate at 5.75% per annum.
- (d) This represents receivable on account of development fee and reimbursement of cost incurred on behalf of the Joint Venture.
- (e) The balance represents sub-ordinated advance provided to related parties that has no specific repayment date and bears no profit rate. As per the terms of the agreement the advance repayment will not occur for at least a period of one year. Accordingly, the balance is shown as a non-current asset.
- (f) This represents amounts payable to NOMAC for O&M services provided to the project company under O&M contracts. The amount will mature in 2023. During the period ended 30 Sep 2020, the Group has provided SR 24.9 million provision against this balance.
- (g) This represents amounts payable to an equity accounted investee for transfer of project development cost.
- (h) The balance represents advances provided to related parties that have no specific repayment date.

8 OTHER RESERVES

Movement in other reserves is given below:

	Cash flow hedge reserve (note 8.1)	Currency translation reserve	Share in OCI of equity accounted investees (note 8.1)	Re- measurement of defined benefit liability	Other	Total
Balance as at 1 January 2019	(115,377)	(331,876)	(242,533)	(934)	(27,180)	(717,900)
Changes during the period	(145,123)	242,048	(987,520)	13	-	(890,582)
Balance as at 30 September 2019	<u>(260,500)</u>	<u>(89,828)</u>	<u>(1,230,053)</u>	<u>(921)</u>	<u>(27,180)</u>	<u>(1,608,482)</u>
Balance as at 1 January 2020	(313,175)	(29,721)	(971,975)	(19,185)	(27,180)	(1,361,236)
Changes during the period	(367,128)	(485)	(1,579,864)	12,050	-	(1,935,427)
Recycled to profit or loss on assets held for sale (note 16.4)	(19,477)	21,358	-	-	-	1,881
Balance as at 30 September 2020	<u>(699,780)</u>	<u>(8,848)</u>	<u>(2,551,839)</u>	<u>(7,135)</u>	<u>(27,180)</u>	<u>(3,294,782)</u>

- 8.1** This mainly represents movements in market to market valuation of hedging instruments (‘interest rate swaps’ or ‘IRS’) net of deferred taxation in relation to the Group’s subsidiaries.

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9 ZAKAT AND TAXATION

9.1 Amounts recognized in profit or loss

	For the three months period ended 30 Sep		For the nine months period ended 30 Sep	
	2020	2019	2020	2019
Zakat and current tax	46,036	21,031	135,627	44,463
Deferred tax	(66,745)	5,033	(189,801)	7,272
Zakat and tax (credit) / charge	(20,709)	26,064	(54,174)	51,735
Less: Tax credit / (charge) from discontinued operation	(112)	(3,755)	4,183	(3,197)
Zakat and tax (credit) / charge reflected in profit or loss	<u>(20,821)</u>	<u>22,309</u>	<u>(49,991)</u>	<u>48,538</u>

ACWA Power

The Company has filed Zakat/tax returns for all the years up to 2019. During July 2020, the Company received an assessment from the General Authority of Zakat and Tax (“GAZT”) for the periods 2009 – 2018 with a net additional Zakat charge of SR 784 million. Of this SR 350 million additional assessed liability pertains to the years 2009 to 2013 which are considered to be time barred according to 5 years statute of limitation provided in the Zakat Regulations. The balance of SR 434 million additional liability is attributed to years 2014 through 2018 mainly due to inconsistent application of the relevant Zakat Regulations. In August 2020, the Company has filed an appeal to GAZT against the said assessments. Of the additional assessed liability for the years 2014 to 2018, the Company has accepted certain GAZT’s adjustments in the assessments and has settled SR 33 million at the time of filing an Appeal. The Company was engaged in discussion with GAZT to finalise the assessment within stipulated 90-day period as required by the law for disposal of objection. On 18th November GAZT communicated that 90 day period for finalising the assessment expired without reaching any final settlement. The company has 30 days i.e until 16th December to file further Appeal with first level of Tax Appeal Committee through the General Secretariat of Appeal Committee (“GSTC”).

Based on the Company’s internal and external evaluation with its Tax Advisors the Company has made a provision amounting to SR 85 million (including amount paid SR 33 million) against this assessment. As of 30 September 2020, SR 52 million of provision was carried against the overall assessment for 2009-2018 to cover the expected net exposure.

Further, to date the Company has also provided SR 6.5 million provision for the nine months period ended 30 September 2020 for current period Zakat liability.

9.2 Significant Zakat and tax assessments

Rabigh Arabian Water & Electricity Company (“RAWEC”)

The GAZT raised assessments for the years 2007 to 2013, claiming additional tax, Zakat and withholding tax to SR 10.7 million including delay penalties. The Company has submitted an objection against the assessments issued. During 2019 the GAZT reverted to the Company and requested for the objection to be escalated to the General Secretariat of Tax Committees (“GSTC”). The case is currently under the review of the GSTC.

The GAZT has also raised an assessment for the year 2017, claiming additional tax and Zakat amounting to SR 47 million. The Company raised an objection against the assessment for which the GAZT revised the assessment for tax and Zakat to SR 2.5 million. The Company has escalated the case to the GSTC.

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9 ZAKAT AND TAXATION (CONTINUED)

9.2 Significant Zakat and tax assessments (continued)

NOMAC Saudi Arabia

The Company has filed the Zakat returns for all the years up to 2019. During the prior years, the Company received Zakat assessment from GAZT for the years 2008-2012 with an additional Zakat demand of SR 7.7 million. During 2017, GAZT issued a revised assessment for these years resulting in a reduced demand of SR 4.4 million. The Company had filed appeal before the GAZT against the revised assessment. The GAZT had rejected the appeal. The Company has filed an appeal against the GAZT's decision to the first level appeal committee, Tax Violation and Dispute Resolution Committee (TVDRRC) through the General Secretariat for Tax Committees (GSTC) in February 2020. The final hearing at the TVDRRC was completed in August 2020 and the resolution is yet to be issued by TVDRRC. Considering minutes of TVDRRC hearing, the amount lawfully due and payable should not exceed SR 4 million against this assessment for the period ended 30 September 2020. However, the Company has right to file an appeal against this decision (once issued) to the second and final level appeal committee. The Company has recorded a provision of SR 2 million against this assessment.

During 2018, the Company received a Zakat assessment from GAZT for the years 2013 to 2016 with an additional Zakat demand of SR 7.6 million. The Company had filed appeal before the GAZT against this assessment. The GAZT had rejected the appeal. The Company has filed an appeal against the GAZT's decision to the first level appeal committee, Tax Violation and Dispute Resolution Committee (TVDRRC) through the General Secretariat for Tax Committees (GSTC) in January 2020. The TVDRRC is yet to hear this appeal. The Company has recorded a provision of SR 2 million against this assessment.

The assessments for the years 2017 to 2019 are yet to be issued by the GAZT. However, the Company has recorded a provision of SR 3 million for the years 2017 and 2018 on account of Zakat on the foreign investments. The Company has also provided SR 1.5 million provision for the period ended 30 September 2020.

Others

Other Zakat and tax assessments in relation to the Company's subsidiaries and equity accounted investees are not considered as significant for the purpose of these interim condensed consolidated financial statements.

10 REVENUE

	<i>Notes</i>	Three months period ended 30 Sep		Nine months period ended 30 Sep	
		2020	2019	2020	2019
Services rendered	10.1	609,681	365,774	1,459,841	1,432,566
Sale of electricity	10.2	408,765	327,825	1,153,686	916,356
Sale of water	10.2	273,702	79,557	796,142	162,114
Finance lease income	10.3	75,001	79,975	228,341	281,167
		<u>1,367,149</u>	<u>853,131</u>	<u>3,638,010</u>	<u>2,792,203</u>

10.1 Revenues from rendering technical, operation and maintenance services are recognised when contracted services are performed. Revenue from development is recognised when related services are rendered.

10.2 Revenue from supply of desalinated water and power is recognised upon satisfaction of performance obligation which in general happens upon delivery of desalinated water and power to the customer in accordance with underlying Power and Water Purchase Agreements ("PWPA") or Power Purchase Agreements ("PPA") or Water Purchase Agreements ("WPA").

10.3 Finance lease income is amortised over the term of the lease and is allocated to the accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding with respect to the lease.

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11 IMPAIRMENT LOSS AND OTHER EXPENSES, NET

	Three months period ended 30 Sep		Nine months period ended 30 Sep	
	2020	2019	2020	2019
Impairment loss on property, plant and equipment	-	-	-	877,203
Impairment loss on goodwill	-	-	-	3,000
Liquidated damages, net of recoveries	11,879	-	11,879	-
	11,879	-	11,879	880,203

Impairment loss relates to the impairment in the carrying value of property, plant and equipment of the Group's subsidiaries as follows:

ACWA Power Barka SAOG ("*Barka*"):

Barka existing PWPA in relation to Power and RO Plants ("Plants") are expiring on 31 December 2021. Considering the uncertainty around contract renewals at this stage, there was an impairment assessment done under IFRS to test the Plants recoverable value against its carrying value. Based on the assessment carried out by the Group for the nine-month period ended 30 September 2019, the Plants recoverable value was lower by SR 789.5 million than its carrying value. This impact was taken to the interim condensed consolidated statement of profit or loss for the previous period as required by IAS 36 "Impairment of Assets".

Recoverable value was estimated based on value in use method as it reflects more accurately the manner in which the economic benefits embodied in the asset are expected to be realised by the entity. All future cash flows were based on management's best estimate about the future course of action Barka may likely carry out. A pre-tax discount rate of 8.2% was used in assessing the Present Value of future cash flows.

International Barges Co. for Water Desalination ("*Bowarege*"):

Bowarege's off take agreement expired in 2017 and since then the WPA has not been renewed. Accordingly, considering the uncertainty involved with respect to further operations, the management of Bowarege decided to fully impair the assets. Impairment loss recorded in the interim condensed consolidated statement of profit or loss for the nine months period ended 30 September 2019, amounts to SR 87.7 million.

12 FINANCIAL CHARGES, NET

	Notes	Three months period ended 30 Sep		Nine months period ended 30 Sep	
		2020	2019	2020	2019
Financial charges on borrowings		234,182	184,088	739,334	562,679
Financial charges on letters of guarantee		14,010	13,714	28,485	28,675
Financial charges on loans from a related party	7.1	1,138	1,172	3,414	3,516
Other financial charges		7,360	2,032	33,762	15,630
		256,690	201,006	804,995	610,500

13 EARNINGS PER SHARE

13.1 The weighted average number of shares outstanding during the period (in thousands) are as follows:

	Three months period ended 30 Sep		Nine months period ended 30 Sep	
	2020	2019	2020	2019
Issued ordinary shares as at	645,763	645,763	645,763	645,763
Weighted average number of ordinary shares outstanding during the period	645,763	645,763	645,763	645,763

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13 EARNINGS PER SHARE (CONTINUED)

13.2 The basic and diluted earnings per share are calculated as follows:

Net profit for the period attributable to equity holders of the Parent	<u>524,246</u>	<u>87,281</u>	<u>849,895</u>	<u>135,051</u>
Profit for the period from continuing operations attributable to equity holders of the Parent	<u>546,707</u>	<u>55,355</u>	<u>838,800</u>	<u>103,125</u>
Basic and diluted earnings per share to equity holders of the Parent (in SR)	<u>0.81</u>	<u>0.14</u>	<u>1.32</u>	<u>0.21</u>
Basic and diluted earnings per share for continuing operations to equity holders of the Parent (in SR)	<u>0.85</u>	<u>0.09</u>	<u>1.30</u>	<u>0.16</u>

14 CONTINGENCIES AND COMMITMENTS

At 30 September 2020, the Group had outstanding contingent liabilities in the form of letters of guarantee and corporate guarantees issued in relation to bank facilities for project companies and performance guarantees amounting to SR 10.83 billion (31 Dec 2019: SR 10.57 billion). The amount also includes the Group's share of equity accounted investees' commitments.

Below is the breakdown of contingencies as of the reporting date:

	As at 30 Sep 2020	As at 31 Dec 2019
Guarantees in relation to equity bridge loans or equity letters of credits	3,710,888	2,923,679
Bonds, letter of credits and other contingencies and commitments	7,120,096	7,647,665
	<u>10,830,984</u>	<u>10,571,344</u>

In one of the Group's subsidiaries, "CEGCO", the fuel supplier ("Jordan Petrol Refinery PLC") has claimed an amount of SR 568.5 million, (31 Dec 2019: SR 554.7 million) as an interest on late payment of the monthly fuel invoices. The Fuel Supply Agreement ("FSA") with the Supplier stipulates that the Supplier shall be entitled to receive interest on late payment of the unpaid invoices after 45 days from invoice. However, the FSA in Article 13.3 further provides that CEGCO shall not be liable for non-performance under the FSA and shall not be in default to the extent such non-performance or default is caused by the off-taker ("NEPCO"). Given the delay in making the fuel payments to the Supplier are caused by the delay in receipt of the fuel revenues from NEPCO, contractually the Supplier has no basis to claim for any delay interest from CEGCO. Hence, the management and its independent legal counsel are of the view that as per the terms of the FSA signed between the Supplier and CEGCO, the Supplier has no contractual basis to claim these amounts. Accordingly, no provision has been made in these interim condensed consolidated financial statements.

In relation to certain equity accounted investees ("the Investees") of the Group, GAZT is currently in the process of performing Zakat audits for years from 2009-2018. It is likely that GAZT may raise an additional claim with respect to Zakat and taxes for prior years. For the years where GAZT has raised an additional claim, the investees have submitted an objection against these assessments and believe that these positions will be upheld at Appeal level and the Investees should get full relief from any such claim. In certain cases, the investees have agreed to settle amounts based on pre-agreed settlements with GAZT and these settlements are currently being finalised. Accordingly, the amounts relating to these settlements have already been provided for in the investees' financial statements. The Group's share in existing Zakat and tax charge of the investees are recorded in the interim condensed consolidated statement of profit or loss along with share in net results of the Investees.

Further, certain of the Group's subsidiaries and joint ventures are in dispute with contractors and off-takers on various matters. Those matters have already been referred to arbitration however as management is expecting favourable outcome, no provision or contingent asset has been recognized in these interim condensed consolidated financial statements.

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15 SUBSEQUENT EVENTS

Subsequent to the period-end, the Group in accordance with the nature of its business, has entered into or is negotiating various agreements. Management does not expect these to have any material impact on the interim condensed consolidated financial position and results as of the reporting date.

16 SIGNIFICANT MATTERS DURING THE PERIOD

- 16.1** Other than as disclosed in note 6.1, the outbreak of Novel Coronavirus (“Covid 19”) continues to progress and evolve. The extent and duration of business and economic impact remains uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these interim condensed consolidated financial statements. These developments could impact the Group’s future financial results, cash flows and financial condition.
- 16.2** The Group is in the process of issuing a Sukuk in the Kingdom of Saudi Arabia to finance the equity requirements of a project in the Kingdom of Saudi Arabia. The terms and conditions of the Sukuk have not been finalized, as of the date of approval of these interim condensed consolidated financial statements.
- 16.3** The Group’s Board of Directors has approved the initial public offering (IPO) for listing of the Company’s shares on the Saudi Stock Exchange (Tadawul). The management has appointed respective advisors to carry out the work for submitting the application to the Capital Market Authority in Saudi Arabia.
- 16.4** On 14 December 2019, the Group entered into a sale and purchase agreement, with Energy Development GMBH with respect to disposal of its entire shareholding in ACWA Power CF Karad PV Park EAD (“Karad”). Legal formalities with respect to disposal were completed on 10 September 2020. As of 10 September 2020, assets and liabilities associated with Karad amounted to SR 499.6 million and SR 433.4 million respectively. The Group recorded a loss of SR 21.9 million on this disposal which has been accounted for as assets held for sale in the interim condensed consolidated statement of profit or loss.
- 16.5** During the period Property, Plant and Equipment of certain of the Group’s equity accounted investees and a subsidiary (“the Assets”) were tested for impairment. The impairment testing was performed by comparing the carrying amount of each asset to the recoverable amount which has been determined based on a value in use calculation using relevant cash flow projections, based on financial forecasts covering a period ranging from 11-22 years, discounted at 5%. The Management noted that the value in use is higher than the carrying amount for all the Assets. Hence, no impairments were required for any of the Assets.

The calculation of value in use is most sensitive to the assumptions on weighted average cost of capital (“WACC”). The table below shows the sensitivity of the value in use to the changes listed below; all other assumptions held constant:

Change in WACC	Impact on profit or loss in period
Increase by 10 basis points	(20,121)
Increase by 50 basis points	(56,525)
Increase by 100 basis points	(100,653)

The numbers included in above table represents ACWA Power share only.

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17 OPERATING SEGMENTS

Consistent with the Group's internal reporting process, business segments have been approved by management in respect of the Group's activities. The Group's operations are structured as follows:

Generation (Power & Water)

This segment comprises of power and water projects that are currently either operational or under construction. Typically, these projects have long term contracts with credit-worthy off-takers.

Services

This segment comprises of various services to other business segments including operation and maintenance ("O&M") services to the generation segment under long term contracts. The O&M services contracts have the same duration as that of the long term contracts of the project companies under the Generation segment. The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on individual segment's profit or loss. Inter-segment revenues are eliminated on consolidation.

	Generation (Power & Water)	Services	Discontinued operation *	Total
For the nine months period ended 30 Sep 2020				
External revenues	2,181,012	1,456,998	63,004	3,701,014
Inter-segment revenues	-	492,590	-	492,590
Total revenues	2,181,012	1,949,588	63,004	4,193,604
Segment profit before zakat, tax and impairment loss	581,199	284,651	1,340	867,190
Financial charges, net	568,203	236,792	20,936	825,931
Exchange loss, net	24,167	-	(6,548)	17,619
Depreciation	357,316	60,782	13,275	431,373
Share in net results of equity accounted investees	287,710	23,460	-	311,170
As of 30 Sep 2020				
Segment total assets	31,524,062	6,322,840	-	37,846,902
Equity accounted investees	3,585,801	60,225	-	3,646,026
Additions to property, plant and equipment	1,070,322	63,579	-	1,133,901
Segment total liabilities	22,151,976	6,324,933	-	28,476,909
For the nine months period ended 30 Sep 2019				
External revenues	1,362,169	1,430,034	323,575	3,115,778
Inter-segment revenues	-	232,082	-	232,082
Total revenues	1,362,169	1,662,116	323,575	3,347,860
Segment profit before zakat, tax and impairment loss	673,223	82,103	9,727	765,053
Impairment (loss)	(880,203)	-	-	(880,203)
Financial charges, net	370,961	239,539	193,003	803,503
Exchange loss / (gain), net	23,784	47	7,900	31,731
Depreciation	172,187	18,561	86,390	277,138
Share in net results of equity accounted investees	273,172	13,528	5,983	292,683
As of 31 Dec 2019				
Segment total assets	30,015,658	7,230,223	475,402	37,721,283
Equity accounted investees	4,723,547	53,338	-	4,776,885
Additions to property, plant and equipment	2,009,740	36,136	-	2,045,876
Segment total liabilities	21,302,666	5,440,213	373,027	27,115,906

*This relates to generation (power and water) segment.

International Company for Water and Power Projects and its Subsidiaries
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

For the three months and nine months periods ended 30 September 2020

(All amounts in Saudi Riyals thousands unless otherwise stated)

17 OPERATING SEGMENTS (CONTINUED)

Inter-segment revenues mainly includes revenue on account of operation, maintenance and other technical services. Inter-segment transaction pricing is determined by third party partners on the projects.

The Company is headquartered in the Kingdom of Saudi Arabia. Group's revenue, profit after tax, assets and liabilities contributed by Kingdom of Saudi Arabia and overseas subsidiaries and equity accounted investees including discontinued operation are as follows:

	Revenue	Profit/ (loss) after tax
<u>For the nine months period ended 30 Sep 2020</u>		
Kingdom of Saudi Arabia	1,445,425	641,347
Overseas	2,255,589	281,516
	<u>3,701,014</u>	<u>922,863</u>
<u>For the nine months period ended 30 Sep 2019</u>		
Kingdom of Saudi Arabia	945,854	303,354
Overseas	2,169,924	(470,240)
	<u>3,115,778</u>	<u>(166,886)</u>
	<u>Total assets</u>	<u>Total liabilities</u>
<u>As at 30 Sep 2020</u>		
Kingdom of Saudi Arabia	17,200,833	10,686,197
Overseas	20,646,069	17,790,712
	<u>37,846,902</u>	<u>28,476,909</u>
<u>As at 31 Dec 2019</u>		
Kingdom of Saudi Arabia	14,678,629	8,835,437
Overseas	23,042,654	18,280,469
	<u>37,721,283</u>	<u>27,115,906</u>

18 COMPARATIVE FIGURES

Certain figures for the prior period have been reclassified to conform to the presentation in the current period. Summary of reclassifications within the interim condensed consolidated statement of financial position is as follows:

Particulars	As previously reported	Reclassifications	As reported in these financial statements
<i>Non-current assets</i>			
Property, plant and equipment	12,036,771	(54,394)	11,982,377
Intangible assets	2,004,811	54,394	2,059,205
<i>Current assets</i>			
Accounts receivable, prepayments and other receivables	3,000,020	(46,218)	2,953,802
Due from related parties	714,192	19,964	734,156
<i>Non-current liabilities</i>			
Deferred revenue	176,045	(46,218)	129,827
<i>Current liabilities</i>			
Due to related parties	-	19,964	19,964

19 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors on 10 December 2020, corresponding to 25 Rabi Thani 1442.