International Company for Water and Power Projects and its Subsidiaries

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

FOR THE THREE AND SIX MONTHS PERIODS ENDED 30 JUNE 2021

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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 consolidated statement of financial position of International Company for Water and Power Projects (A Saudi Joint Stock Company) (the "Company") and its subsidiaries (collectively referred to as the "Group") as at 30 June 2021, the related interim consolidated statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and the interim consolidated statements of cashflows and changes in equity for the six-month 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") 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

Ahmed I. Reda
Certified Public Accountant
License No. (356)

Riyadh: 14 Muhurram 1443H
(22 August 2021)

شركة ارنست ويونغ وشركاهم (محاسبون قانونيون)
ERNST & YOUNG & Co. (CERTIFIED PUBLIC ACCOUNTANTS)
ترخيص مهني رقم ٤٥
PROFESSIONAL LICENSE No. 45

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**As at 30 Jun 2021**	As at 31 Dec 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**13,609,971**	12,732,340
Intangible assets		**2,000,645**	2,058,678
Equity accounted investees	4	**5,630,954**	5,062,848
Non-current portion of net investment in finance lease		**10,359,167**	10,605,337
Due from related parties	7	**70,490**	86,658
Deferred tax asset		**168,093**	135,498
Strategic fuel inventories		**70,743**	70,760
Other assets		**188,647**	197,510
TOTAL NON-CURRENT ASSETS		**32,098,710**	30,949,629
CURRENT ASSETS			
Inventories		**450,106**	450,835
Current portion of net investment in finance lease		**332,967**	323,571
Due from related parties	7	**711,397**	745,661
Accounts receivable, prepayments and other receivables		**2,995,821**	3,020,235
Cash and cash equivalents	5	**3,758,794**	832,668
TOTAL CURRENT ASSETS		**8,249,085**	5,372,970
TOTAL ASSETS		**40,347,795**	36,322,599

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**As at 30 Jun 2021**	As at 31 Dec 2020
EQUITY AND LIABILITIES			
EQUITY			
Shareholders' equity			
Share capital		**6,429,344**	6,429,344
Share premium		**1,410,398**	1,410,398
Statutory reserve		**642,883**	642,883
Retained earnings		**1,631,793**	1,184,908
Equity attributable to owners of the Company before other reserves		**10,114,418**	9,667,533
Other reserves	8	**(1,940,886)**	(2,798,419)
Equity attributable to owners of the Company		**8,173,532**	6,869,114
Non-controlling interest		**551,349**	531,041
TOTAL EQUITY		**8,724,881**	7,400,155
LIABILITIES			
NON-CURRENT LIABILITIES			
Long-term financing and funding facilities	6	**21,077,230**	17,286,744
Due to related parties	7	**1,588,903**	1,577,839
Equity accounted investees	4	**721,743**	1,244,571
Fair value of derivatives		**423,161**	650,789
Deferred tax liability		**141,878**	125,711
Deferred revenue		**77,491**	63,304
Other financial liabilities		**296,155**	290,990
Employee end of service benefits' liabilities		**195,882**	178,964
Other liabilities		**335,348**	309,422
TOTAL NON-CURRENT LIABILITIES		**24,857,791**	21,728,334
CURRENT LIABILITIES			
Accounts payable and accruals		**3,922,104**	4,116,726
Short-term financing facilities		**357,641**	364,847
Current portion of long-term financing and funding facilities	6	**1,052,162**	1,178,360
Due to related parties	7	**66,842**	43,280
Fair value of derivatives		**55,751**	59,584
Zakat and taxation		**174,417**	276,517
		5,628,917	6,039,314
Financing and funding facilities classified as current	6.4	**1,136,206**	1,154,796
TOTAL CURRENT LIABILITIES		**6,765,123**	7,194,110
TOTAL LIABILITIES		**31,622,914**	28,922,444
TOTAL EQUITY AND LIABILITIES		**40,347,795**	36,322,599

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**For the three months period ended 30 Jun**		**For the six months period ended 30 Jun**	
		2021	2020	**2021**	2020
CONTINUING OPERATIONS					
Revenue	10	**1,283,440**	1,208,092	**2,560,072**	2,270,861
Operating costs		**(568,099)**	(496,726)	**(1,175,008)**	(1,091,425)
GROSS PROFIT		**715,341**	711,366	**1,385,064**	1,179,436
Development cost, provision and write offs, net of reversals		**(19,386)**	(85,916)	**(49,056)**	(89,637)
General and administration expenses		**(227,901)**	(270,215)	**(458,507)**	(438,562)
Share in net results of equity accounted investees, net of tax	4	**136,209**	143,073	**137,298**	154,905
Other operating income	10.6	**33,735**	42,176	**59,512**	62,591
OPERATING INCOME BEFORE IMPAIRMENT LOSS AND OTHER EXPENSES		**637,998**	540,484	**1,074,311**	868,733
Impairment loss and other expenses	11	**(60,024)**	(32,761)	**(60,024)**	(32,761)
OPERATING INCOME AFTER IMPAIRMENT LOSS AND OTHER EXPENSES		**577,974**	507,723	**1,014,287**	835,972
Other income		**15,653**	43,911	**28,460**	60,564
Exchange gain / (loss), net		**7,432**	(15,475)	**6,691**	(17,300)
Financial charges, net	12	**(266,626)**	(278,618)	**(553,976)**	(548,305)
PROFIT BEFORE ZAKAT AND INCOME TAX		**334,433**	257,541	**495,462**	330,931
Zakat and tax	9.1	**(24,872)**	2,757	**(39,592)**	29,170
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**309,561**	260,298	**455,870**	360,101
DISCONTINUED OPERATIONS					
Profit from discontinued operations		**-**	16,591	**-**	21,238
PROFIT FOR THE PERIOD		**309,561**	276,889	**455,870**	381,339
Profit attributable to:					
Equity holders of the parent		**307,847**	221,024	**446,885**	325,649
Non-controlling interests		**1,714**	55,865	**8,985**	55,690
		309,561	276,889	**455,870**	381,339
Basic and diluted earnings per share to equity holders of the parent (in SR)	13.2	**0.48**	0.34	**0.69**	0.50
Basic and diluted earnings per share from continuing operations to equity holders of the parent (in SR)	13.2	**0.48**	0.33	**0.69**	0.49

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**For the three months period ended 30 Jun**		**For the six months period ended 30 Jun**	
		2021	2020	**2021**	2020
PROFIT FOR THE PERIOD		**309,561**	276,889	**455,870**	381,339
OTHER COMPREHENSIVE INCOME / (LOSS)					
Items that are or may be reclassified subsequently to profit or loss					
Foreign operations – foreign currency translation differences		**31**	21,209	**(345)**	14,119
Equity accounted investees – share of OCI	8	**(116,097)**	(365,212)	**698,873**	(1,657,996)
Net change in fair value of cash flow hedge reserve		**(111,456)**	23,187	**235,528**	(599,648)
Items that will not be reclassified to profit or loss					
Re-measurement of defined benefit liability		**(325)**	12,486	**(6,158)**	9,588
TOTAL OTHER COMPREHENSIVE (LOSS) / INCOME		**(227,847)**	(308,330)	**927,898**	(2,233,937)
TOTAL COMPREHENSIVE INCOME / (LOSS)		**81,714**	(31,441)	**1,383,768**	(1,852,598)
Total comprehensive income / (loss) attributable to:					
Equity holders of the parent		**117,511**	(89,430)	**1,304,418**	(1,732,314)
Non-controlling interests		**(35,797)**	57,989	**79,350**	(120,284)
		81,714	(31,441)	**1,383,768**	(1,852,598)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	**For the six months period ended 30 Jun 2021**	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before zakat and tax from continuing operations		**495,462**	330,931
Profit before zakat and tax from discontinued operations		**-**	16,943
Adjustments for:			
Depreciation and amortisation		**308,964**	284,871
Financial charges including discount on financial liabilities	12	**553,976**	548,305
Unrealised exchange (gain) / loss		**(10,882)**	12,505
Share in net results of equity accounted investees, net of zakat and tax	4	**(137,298)**	(154,905)
Charge for employees' end of service benefits		**24,547**	25,154
Provisions and write-offs		**23,659**	85,424
Development cost, provision and write-offs, net of reversals		**49,056**	89,637
Loss on disposal / write-off of property, plant and equipment		**7,648**	10,411
Impairment loss on goodwill	11	**60,024**	-
Changes in operating assets and liabilities:			
Accounts receivable, prepayments and other receivables		**(40,424)**	(73,682)
Inventories		**(10,937)**	(36,465)
Payables and accruals		**(66,439)**	(107,482)
Due from related parties		**47,234**	(94,776)
Net investment on finance lease		**236,774**	49,721
Strategic fuel inventories		**17**	6
Other assets		**(2,877)**	5,019
Other liabilities		**25,926**	45,106
Deferred revenue		**14,187**	26,787
Net cash flows from operations		**1,578,617**	1,063,510
Employees' terminal benefits paid		**(13,787)**	(3,815)
Zakat and tax paid		**(167,400)**	(23,595)
Dividends received from equity accounted investees		**48,202**	37,125
Net cash from operating activities		**1,445,632**	1,073,225
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets		**(1,209,985)**	(739,438)
Investments in equity accounted investees		**(386,328)**	(81,599)
Proceeds on disposal of property, plant and equipment		**21,924**	-
Changes in non-controlling interest		**3,991**	-
Assets held for sale		**-**	(15,203)
Net cash used in investing activities		**(1,570,398)**	(836,240)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Notes	For the six months period ended 30 Jun 2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing and funding facilities, net of proceeds, repayments and transaction costs		**3,649,374**	353,480
Due to related parties		**20,176**	214
Financial charges paid		**(555,625)**	(537,919)
Dividends paid		**(63,033)**	(62,757)
Net cash from / (used in) financing activities		**3,050,892**	(246,982)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD		**2,926,126**	(9,997)
Cash and cash equivalents at beginning of the period		**832,668**	2,798,315
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	5	**3,758,794**	2,788,318

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in Saudi Riyals thousands unless otherwise stated)

	Share capital	*Share premium*	*Statutory reserve*	*Retained earnings*	*Other Reserves (note 8)*	*Equity attributable to owners of the Company*	*Non-controlling interest*	*Total equity*
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	-	-	-	325,649	-	325,649	55,690	381,339
Other comprehensive loss	-	-	-	-	(2,057,963)	(2,057,963)	(175,974)	(2,233,937)
Total comprehensive income / (loss)	-	-	-	325,649	(2,057,963)	(1,732,314)	(120,284)	(1,852,598)
Changes to non-controlling interest	-	-	-	(10,530)	-	(10,530)	10,530	-
Dividends	-	-	-	-	-	-	(62,757)	(62,757)
Balance at 30 June 2020	6,429,344	1,177,031	554,626	3,417,227	(3,419,199)	8,159,029	530,993	8,690,022
Balance at 1 January 2021	**6,429,344**	**1,410,398**	**642,883**	**1,184,908**	**(2,798,419)**	**6,869,114**	**531,041**	**7,400,155**
Profit for the period	**-**	**-**	**-**	**446,885**	**-**	**446,885**	**8,985**	**455,870**
Other comprehensive income	**-**	**-**	**-**	**-**	**857,533**	**857,533**	**70,365**	**927,898**
Total comprehensive income	**-**	**-**	**-**	**446,885**	**857,533**	**1,304,418**	**79,350**	**1,383,768**
Changes to non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**3,991**	**3,991**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(63,033)**	**(63,033)**
Balance at 30 June 2021	**6,429,344**	**1,410,398**	**642,883**	**1,631,793**	**(1,940,886)**	**8,173,532**	**551,349**	**8,724,881**

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

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 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

The interim condensed consolidated financial statements for the three and six months periods ended 30 June 2021 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 Chartered and Professional Accountants ("SOCPA") (collectively referred as "IAS 34 as endorsed in KSA"). The Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

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 2020. These interim condensed consolidated financial statements for the three and six months periods ended 30 June 2021 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.

The interim condensed consolidated financial statements are prepared under the historical cost convention 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 and methods of computation followed 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 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Amendments to IFRS
Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:
- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when a RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods as they become applicable.

(All amounts in Saudi Riyals thousands unless otherwise stated)

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

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 are consistent with those used in preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020 except as explained below.

Provisions

Management continually monitors and assesses provisions recognised to cover contractual obligations and claims raised against the Group. Estimates of provisions, which depend on future events that are uncertain by nature, are updated periodically and provided for by the management. The estimates are based on expectations including timing and scope of obligation, probabilities, future cost level and includes a legal assessment where relevant.

Useful economic lives of property, plant and equipment

During the period ended 30 June 2021, the Group re-assessed the useful life of certain plants, based on oil fired technology, in its portfolio and decided to align the plants existing useful life to its re-assessed economic life as per the term of Power and Water Purchase Agreements ("PWPA") with effect from 1 January 2021. This change in accounting estimate has resulted in SR 99.2 million being expensed, representing the Group's share in incremental depreciation, in the interim condensed consolidated statement of profit or loss, which is reflected through share in net results of equity accounted investees.

The change in estimate will have annual impact of SR 198.4 million on profit or loss in future periods till expiry of underlying PWPAs.

3 PROPERTY, PLANT AND EQUIPMENT

	30 Jun 2021	31 Dec 2020
At the beginning of the period / year	**12,732,340**	11,982,377
Additions for the period / year	**1,204,032**	1,440,199
Depreciation charge for the period / year	**(296,662)**	(547,488)
Impairment loss for the period / year	**-**	(129,985)
Disposals / write-offs	**(29,572)**	(12,408)
Foreign currency translation	**(167)**	(355)
At the end of the period / year	**13,609,971**	12,732,340

(All amounts in Saudi Riyals thousands unless otherwise stated)

4 EQUITY-ACCOUNTED INVESTEES

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

	30 Jun 2021	31 Dec 2020
At the beginning of the period / year	**3,818,277**	4,776,885
Share of results for the period / year (note 4.1)	**137,298**	231,107
Share of other comprehensive income / (loss) for the period / year	**698,873**	(1,191,366)
Additions during the period / year, net	**292,578**	167,892
Dividends for the period / year	**(37,815)**	(166,241)
At the end of the period / year	**4,909,211**	3,818,277
Equity accounted investees shown under non-current assets	**5,630,954**	5,062,848
Equity accounted investees shown under non-current liabilities	**(721,743)**	(1,244,571)
	4,909,211	3,818,277

4.1 Share of results for the period ended 30 June 2021 includes the Group's share in additional depreciation of property, plant and equipment amounting to SR 99.2 million (refer note 2.3).

Further, share in net results for the period ended 30 June 2021 includes the Group's share of SR 30.0 million in impairment reversal of property, plant and equipment of an equity accounted investee.

5 CASH AND CASH EQUIVALENTS

	As at 30 Jun 2021	As at 31 Dec 2020
Cash in hand and at bank	**1,352,942**	798,263
Short-term deposits with original maturities of three months or less	**2,405,852**	34,405
	3,758,794	832,668

6 LONG-TERM FINANCING AND FUNDING FACILITIES

	Notes	**As at 30 Jun 2021**	As at 31 Dec 2020
Recourse debt:			
Financing facilities in relation to projects		**2,088,802**	753,314
Corporate facilities		**1,130**	113,630
Corporate bond	*6.1*	**2,787,321**	-
Non-Recourse debt:			
Financing facilities in relation to projects		**14,762,064**	15,746,631
ACWA Power Management and Investments One Ltd ("APMI One")	*6.2*	**3,004,997**	3,006,325
ACWA Power Capital Management Ltd ("APCM")	*6.3*	**621,284**	-
Total financing and funding facilities		**23,265,598**	19,619,900
Less: current portion shown under current liabilities		**(1,052,162)**	(1,178,360)
Less: Financing and funding facilities classified as current	*6.4*	**(1,136,206)**	(1,154,796)
Non-current portion shown under non-current liabilities		**21,077,230**	17,286,744

6 LONG-TERM FINANCING AND FUNDING FACILITIES (CONTINUED)

Financing and funding facilities as reported in the Group's interim consolidated statement of financial position are classified as 'non-recourse' or 'recourse' debt. Non-recourse debt 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 recourse debt 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 On 14 June 2021, the Group issued an Islamic bond (Sukuk) amounting to SR 2,800 million at par (sak) value of SR 1 million each, without discount or premium. The Sukuk issuance bears a return based on Saudi Arabia Interbank Offered Rate (SIBOR) plus a pre-determined margin payable semi-annually in arrears. The Sukuk will be redeemed at par on its date of maturity on 14 June 2028.

6.2 In May 2017, the Group (through one of its subsidiaries, APMI One) issued bonds with an aggregate principal of USD 814 million. The bonds carry a fixed rate of interest at 5.95% per annum due for settlement on a semi-annual basis. The bonds' principal is due to be repaid in semi-annual instalments commencing from June 2021, with the final instalment due in December 2039. The bonds are collateralised by cash flows from certain equity accounted investees and subsidiaries of the Group.

6.3 During the period ended 30 June 2021, the Group (through a subsidiary, APCM) issued Notes with an aggregate principal of USD 166.18 million. The Notes carry a fixed interest at 3.7% per annum and the principal is due to be repaid in semi-annual variable instalment commencing from 31 May 2021, with final instalment due on 27 May 2044. The Notes were issued to refinance an existing long-term facility of one of the Group's wholly owned subsidiaries, Shuaibah Two Water Development Project ("Shuaibah II").

6.4 Due to Covid 19 related issues, a delay in contractual payments from the off-taker in one of the Group's subsidiaries ("the Subsidiary") resulted in a technical covenant breach as at 31 December 2020, under the power purchase agreement which led to a cross default under the financing documents. The cumulative amount withheld during 2020 was SR 42.4 million. While the project benefits from a Government Guarantee on the receivables from the off-taker, the project company did not call on the Government Guarantee to cover these partially withheld payments as the off-taker reached a settlement agreement and subsequently cleared all overdue balances by 30 June 2021.

On 9 February 2021, the Subsidiary received a covenant waiver from the lenders, with an effective date of 31 December 2020. Despite receipt of the waiver, the breach under the financing documents resulted in reclassification of the loan amounting to SR 1,154.8 million, from non-current liabilities to current liabilities as at 31 December 2020. Pursuant to the waiver received, this loan balance was reclassified to non-current liabilities as at 31 March 2021.

Further, on 29 April 2021, the same Subsidiary, with endorsement of the lenders, issued a notice of dispute to the off-taker in relation to its payment obligations. The dispute constitutes a covenant breach under the financing documents. The notice of dispute was issued to claim the withheld liquidated damages amounting to SR 78.5 million and non-payment of deemed capacity charges (capacity charges for the period following deemed commissioning on 16 December 2017, until the commercial operation date for phase 1 on 1 July 2018) amounting to SR 84.7 million. The breach resulted in reclassification of the loan amounting to SR 1,136 million, from non-current liabilities to current liabilities. The Subsidiary is in process of securing waiver from the lenders.

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES

Significant transactions with related parties during the period and significant period-end balances are as follows:

	Notes	***Relationships***	**For the three months period ended 30 Jun**		**For the six months period ended 30 Jun**	
			2021	2020	**2021**	2020
Transactions:						
Revenue		Affiliates	**530,265**	391,512	**1,134,763**	850,160
Service fees		Joint ventures	**33,735**	42,176	**59,512**	62,591
Finance income		Joint venture	**19,638**	8,988	**26,889**	19,095
Financial charges on loan to a related party	12	Joint venture	**6,990**	10,138	**13,296**	24,692
Key management personnel compensation including director's remuneration			**7,308**	4,721	**15,849**	12,662

	Notes	***Relationships***	***As at***	
			30 Jun 2021	31 Dec 2020
Due from related parties				
Current :				
Al Mourjan for Electricity Production Company	(a)	Joint venture	**142,743**	144,910
Rabigh Electricity Company	(a)	Joint venture	**37,852**	41,557
Shuqaiq Water and Electricity Company	(a)	Joint venture	**48,333**	47,181
Shuaibah Water & Electricity Company	(a)	Joint venture	**53,759**	43,462
Shuaibah Expansion Project Company	(a)	Joint venture	**13,115**	12,482
Hajr for Electricity Production Company	(a)	Joint venture	**116,081**	113,883
Dhofar O&M Company	(d)	Joint venture	**34,839**	27,607
Hassyan Energy Phase 1 P.S.C	(a)	Joint venture	**27,654**	149,158
ACWA Power Oasis Three	(d)	Joint venture	**7,850**	7,810
Noor Energy 1 P.S.C	(a)	Joint venture	**13,438**	13,653
Naqa Desalination Plant LLC	(e)	Joint venture	**12,170**	9,761
Ad-Dhahirah Generating Company SAOC	(a), (d)	Joint venture	**34,728**	21,780
Shinas Generating Company SAOC	(a), (d)	Joint venture	**27,051**	16,872
Saudi Malaysia Water and Electricity Company	(d)	Joint venture	**1,760**	1,197
UPC Renewables S.A	(a)	Joint venture	**31,098**	37,061
Risha for Solar Energy Projects	(a)	Joint venture	**229**	889
ACWA Power Solafrica Bokpoort CSP Power Plant Ltd	(a)	Joint venture	**8,488**	15,344
Haya Power & Desalination Company	(a), (e)	Joint venture	**9,275**	2,450
Shams Ad-Dhahira Generating Company SAOC	(d)	Joint venture	**1,592**	315
ACWA Power Solarreserve Redstone Solar TPP	(e)	Joint venture	**36,193**	-
Other related parties		Affiliates	**53,149**	38,289
			711,397	745,661
Due from related parties				
Non-current :				
Hassyan Energy Phase 1 P.S.C	(f)	Joint venture	**61,616**	61,612
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(g)	Joint venture	**8,874**	25,046
			70,490	86,658
Due to related parties				
Non-current :				
ACWA Power Renewable Energy Holding Company	(b)	Joint venture	**769,243**	773,060
Water and Electricity Holding Company CJSC	(i)	Shareholder's subsidiary	**692,416**	677,966
Loans from minority shareholders of subsidiaries	(c)	-	**127,244**	126,813
			1,588,903	1,577,839

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

	Notes	Relationships	As at	
Due to related parties			**30 Jun 2021**	31 Dec 2020
Current:				
ACWA Power Africa Holdings (Pty) Ltd	(h)	Joint venture	**21,442**	21,306
ACWA Guc Isletme Ve Yonetim Sanayi Ve Ticaret	(j)	Joint venture	**24,707**	-
Others		Affiliates	**20,693**	21,974
			66,842	43,280

(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 have no specific repayment date.

(b) During the year 2018, ACWA Renewable Energy Holdings Limited ("APREH") entered into 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 ("the agreement"). An amount of SR 1,361.2 million was advanced to APGS and bore a commission rate of 4.3% per annum for first 18 months and 3.4% per annum thereafter on the principal outstanding. On 31 December 2019, pursuant to the option available under the Agreement, a portion of loan amounting to SR 580.65 million was converted as sales consideration against the sale of 49% of the Group's shareholding in APREH. In addition, during 2020, the Group have agreed an additional consideration of SR 7.9 million as part of adjustments with respect to the sale of 49% of Group's shareholding in APREH.

The outstanding loan balance is repayable within 60 months from first utilization in the event of non-conversion. The debt is guaranteed by ACWA Power (i.e. recourse to ACWA Power).

(c) This includes:

i. Loan payable to non-controlling shareholders of ACF Renewable Energy Limited amounting to SR 42.0 million (2020: SR 41.6 million). The loans are due for repayment in 2024 and carry profit rate at 5.75% per annum; and

ii. Loan payable to non-controlling shareholders of Qara Solar Energy Company amounting to SR 85.2 million (2020: SR 85.2 million). The loans are due for repayment in 2024 and carry profit rate at Libor + 1.3% per annum.

(d) The balance represents advance provided to related parties that has no specific repayment and bears no profit rate.

(e) This represents receivable on account of development fee and reimbursement of cost incurred on behalf of the equity accounted investee.

(f) The balance represents sub-ordinated advance provided to related parties that has no specific repayment 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.

(g) 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 June 2021, the Group has provided SR 3.6 million (31 Dec 2020: SR 28.5 million) provision against this balance.

(h) This represents amounts payable to an equity accounted investee for transfer of project development cost.

(i) During 2020, the Group declared a one-off dividend of SR 2,701.0 million. A portion of such declared dividend, payable to the Public Investment Fund of Saudi Arabia (the "Shareholder"), was converted into a long-term non-interest-bearing loan amounting to SR 901.0 million through a wholly owned subsidiary of the Shareholder. This loan may be adjusted, on behalf of the subsidiary of the Shareholder, against future investments in renewable projects made by the Company, based on certain conditions. The loan will be repaid or settled by 31 December 2030 unless the repayment or settlement period is mutually extended by both parties. The Group recorded this loan at the present value of expected cash repayments discounted using an appropriate rate applicable for long-term loans of a similar nature. The difference between the nominal value of the loan and its discounted value was recognised as other contribution from shareholder within share premium.

(All amounts in Saudi Riyals thousands unless otherwise stated)

7 RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the period ended 30 June 2021, SR 14.5 million (31 Dec 2020: SR 9.7 million) finance charge was amortised on the outstanding loan balance.

(j) This represents advance received from equity accounted investee on account of future O&M services. This will be paid to an external supplier within next 12 months.

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 4)*	*Re-measurement of defined benefit liability*	*Other*	*Total*
Balance as at 1 January 2020	(313,175)	(29,721)	(971,975)	(19,185)	(27,180)	(1,361,236)
Changes during the year	(277,941)	23,550	(1,191,366)	8,574	-	(1,437,183)
Balance as at 31 December 2020	(591,116)	(6,171)	(2,163,341)	(10,611)	(27,180)	(2,798,419)
Balance as at 1 January 2021	**(591,116)**	**(6,171)**	**(2,163,341)**	**(10,611)**	**(27,180)**	**(2,798,419)**
Changes during the period	**163,506**	**(345)**	**698,873**	**(4,501)**	**-**	**857,533**
Balance as at 30 June 2021	**(427,610)**	**(6,516)**	**(1,464,468)**	**(15,112)**	**(27,180)**	**(1,940,886)**

8.1 This mainly represents movements in mark to market valuation of hedging instruments net of deferred taxation in relation to the Group's subsidiaries.

9 ZAKAT AND TAX

9.1 Amounts recognized in profit or loss

	For the three months period ended 30 Jun		**For the six months period ended 30 Jun**	
	2021	2020	**2021**	2020
Zakat and current tax *	**29,797**	73,232	**65,300**	89,591
Deferred tax	**(4,925)**	(80,792)	**(25,708)**	(123,056)
Zakat and tax charge / (credit)	**24,872**	(7,560)	**39,592**	(33,465)
Less: Tax credit from discontinued operation	**-**	4,803	**-**	4,295
Zakat and tax charge / (credit) reflected in profit or loss	**24,872**	(2,757)	**39,592**	(29,170)

*****Zakat and current tax charge for the six months period ended 30 June 2021 includes SR 10.5 million (30 June 2020: SR 30.0 million) provision on prior year assessments.*

The Company

Pursuant to the investment by International Finance Corporation ("IFC") in the Company on 17 September 2014; the Company was assessed as a mixed entity in Saudi Arabia commencing from 2014. During the year 2020, IFC disposed of its shares to a Saudi shareholder which increased the shareholding of Saudi Shareholders in the Company to 100%. However, for the purpose of zakat and tax filing, the Company continued to comply with its obligation under Zakat law as a mixed entity for the year 2020. For the year 2021, as the Company is now held wholly by Saudi shareholders, it will only be subject to zakat.

(All amounts in Saudi Riyals thousands unless otherwise stated)

9 ZAKAT AND TAX (CONTINUED)

The Company has filed zakat and tax returns for all the years up to 2020. During July 2020, the Company received an assessment from the Zakat, Tax & Customs Authority (the "ZATCA") assessing additional zakat in relation to years 2009 to 2018 for which the Company has paid SR 116.0 million to the ZATCA and finalized its position for these years. The ZATCA is yet to assess the years 2019 and 2020.

ACWA Power Projects ("APP")
APP has filed its zakat and tax returns for all the years up to 2020. APP had finalized its position with the ZATCA up to the year 2014.

During 2020, APP received an assessment from the ZATCA for the year 2018 with an additional zakat liability of SR 31 million. Further, during April 2021, APP received an assessment from the ZATCA for the years 2015 to 2017 with an additional zakat liability of SR 39.7 million. An appeal has been filed by APP against these assessments and adequate provisions have already been recognised based on advice from tax advisors.

NOMAC Saudi Arabia ("NOMAC")
NOMAC has filed its zakat returns for all the years up to 2020. During the prior years, the Company received two zakat assessments from the ZATCA for the years 2008-2012 and 2013-2016, assessing an additional zakat liability of SR 12 million for these assessed years. NOMAC has filed appeals against these assessments and adequate provisions have already been recognised based on advice from tax advisors.

Rabigh Arabian Water & Electricity Company ("RAWEC")
RAWEC has filed its zakat and tax returns for all the years up to 2020. The ZATCA raised 2 assessments in relation to years 2007-2013 and 2017 claiming additional tax, zakat and withholding tax including penalties for delayed payments. RAWEC has submitted objections against both assessments issued and adequate provisions have already been recognised based on advice from tax advisors.

Others
With its multi-national operations, the Group is subject to taxation in multiple jurisdictions around the world with complex tax laws. The Group has ongoing matters in relation to tax assessments in the various jurisdictions in which it operates. However, based on the best estimates of management, the Company has adequately provided for all tax assessments, where appropriate.

10 REVENUE

	Notes	**For the three months period ended 30 Jun**		**For the six months period ended 30 Jun**	
		2021	2020	**2021**	2020
Services rendered					
Operation and maintenance	10.1	**404,368**	279,781	**832,921**	683,359
Development and construction management services	10.2	**121,601**	100,117	**296,080**	148,417
Others		**4,296**	11,614	**5,762**	18,384
Sale of electricity	10.3				
Capacity		**250,077**	275,882	**507,751**	522,052
Energy		**107,384**	154,011	**182,972**	222,869
Finance lease income	10.5	**118,875**	122,636	**193,038**	153,340
Sale of water					
Capacity	10.3 & 10.4	**244,586**	232,708	**482,152**	468,841
Output	10.3 & 10.4	**32,253**	31,343	**59,396**	53,599
		1,283,440	1,208,092	**2,560,072**	2,270,861

Refer note 15 for the geographical distribution of revenue.

(All amounts in Saudi Riyals thousands unless otherwise stated)

10 REVENUE (CONTINUED)

10.1 Revenue earned by NOMAC and its group entities, from rendering technical, operation and maintenance services. This includes technical service agreements ("TSA") fee of SR 90.6 million for the six months and SR 45.4 million for the three months period ended 30 June 2021 (30 June 2020: six months SR 69.6 million and three months SR 35.9 million).

10.2 Revenue earned by the Group for project development services provided in relation to the development of the projects which is recognised upon financial close of the project (being the point in time at which committed funding for the project has been achieved). Revenue from project management, consultancy services, and construction management services provided in relation to the construction of the projects are recognised as services are rendered.

Costs incurred on projects under development (the "Project Development Cost"), which are considered as feasible, are recognised as a current asset to the extent they are assessed to be recoverable. The Project Development Cost as of 30 June 2021 amounts to SR 325.5 million (31 December 2020: SR 313.2 million). Proceeds received from successful projects in excess of the Project Development Cost reimbursements are recognised during the period within revenue earned by the project development services.

10.3 Revenue from supply of desalinated water and electricity is recognised upon satisfaction of performance obligations which in general happens for, capacity revenues upon making available the production capacity of power or desalinated water, and for output or energy revenues on delivery of desalinated water and power, respectively, to the customer in accordance with underlying Power and Water Purchase Agreements ("PWPA") or Power Purchase Agreements ("PPA") or Water Purchase Agreements ("WPA").

10.4 Includes revenue from sale of steam amounting to SR 198.3 million for the six months and SR 99.9 million for the three months periods ended 30 June 2021 (30 June 2020: six months SR 185.8 million and three months SR 93.3 million).

10.5 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.

10.6 In addition to the amounts mentioned in the above table, income in relation to management support services, and ancillary support services provided to certain Group companies amounting to SR 59.5 million (30 Jun 2020: SR 62.6 million) has been presented as other operating income.

11 IMPAIRMENT LOSS AND OTHER EXPENSES, NET

	Notes	**For the three months period ended 30 Jun**		**For the six months period ended 30 Jun**	
		2021	2020	**2021**	2021
Impairment loss on goodwill	11.1	**60,024**	-	**60,024**	-
Corporate social responsibility	11.2	**-**	32,761	**-**	32,761
		60,024	32,761	**60,024**	32,761

11.1 Considering the uncertainty regarding the renewal of certain PWPAs, the Group performed impairment testing for certain of its cash generating units namely ACWA Power Barka Services 1 and ACWA Power Barka Services 2 ("the Entities"). The Entities are considered as a single cash generating unit for impairment testing purposes and to determine the value in use. The Group used discounted cash flows to calculate the recoverable amount to which goodwill is allocated and estimated that the recoverable amount was lower than the carrying amount and accordingly an impairment loss of SR 60.0 million (30 June 2020: nil) was recognised in these interim condensed consolidated financial statements.

11.2 During 2020, the Group contributed SR 52.5 million to support national health efforts in Saudi Arabia to contain the impact of the Covid-19 pandemic. Funds were utilised to build an integrated mobile hospital with a 100-bed capacity in cooperation with a local construction company that is a wholly owned subsidiary of a shareholder. The new mobile hospital was fully resourced with the medical equipment and supplies required to treat Covid-19 cases. During the period ended 30 June 2020, the Group paid SR 32.8 million and the remaining amount was paid in the second half of 2020.

12 FINANCIAL CHARGES, NET

	Notes	For the three months period ended 30 Jun		For the six months period ended 30 Jun	
		2021	2020	**2021**	2020
Financial charges on borrowings		**219,076**	242,581	**461,169**	480,460
Financial charges on letters of guarantee		**24,148**	1,705	**46,409**	14,475
Financial charges on loans from a related party	7.1	**6,990**	10,138	**13,296**	24,692
Other financial charges		**16,412**	24,194	**33,102**	28,678
		266,626	278,618	**553,976**	548,305

13 EARNINGS PER SHARE

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

	For the three months period ended 30 Jun		For the six months period ended 30 Jun	
	2021	2020	**2021**	2020
Issued ordinary shares	**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

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

	For the three months period ended 30 Jun		For the six months period ended 30 Jun	
	2021	2020	**2021**	2020
Net profit for the period attributable to equity holders of the Parent	**307,847**	221,024	**446,885**	325,649
Profit for the period from continuing operations attributable to equity holders of the Parent	**307,847**	214,056	**446,885**	316,729
Basic and diluted earnings per share to equity holders of the Parent (in SR)	**0.48**	0.34	**0.69**	0.50
Basic and diluted earnings per share for continuing operations to equity holders of the Parent (in SR)	**0.48**	0.33	**0.69**	0.49

14 CONTINGENCIES AND COMMITMENTS

At 30 June 2021, the Group had outstanding contingent liabilities in the form of letters of guarantee, corporate guarantees issued in relation to bank facilities for project companies and performance guarantees amounting to SR 12.85 billion (31 December 2020: SR 11.34 billion). The amount also includes the Group's share of equity accounted investees' commitments.

(All amounts in Saudi Riyals thousands unless otherwise stated)

14 CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	As at 30 Jun 2021	As at 31 Dec 2020
Performance/development securities and completion support Letters of Credit (“LCs”)	**5,595,452**	5,104,362
Guarantees in relation to bridge loans and equity LCs	**4,280,290**	3,803,049
Guarantees on behalf of joint ventures and subsidiaries	**1,564,036**	1,082,764
Debt service reserve account (“DSRA”) standby LCs	**1,214,534**	1,146,903
Bid bonds for projects under development stage	**152,793**	154,022
Guarantees to funded facilities of joint ventures	**42,240**	53,760
	12,849,345	11,344,860

In addition to commitments disclosed above, the Group has also committed to contribute SR 131.0 million towards the equity of an equity accounted investee.

The Group also has a loan commitment amounting to SR 592.9 million in relation to mezzanine debt facilities (“the Facilities”) taken by certain of the Group’s equity accounted investees. This loan commitment arises due to symmetrical call and put options entered in by the Group with the lenders of the Facilities. Liabilities in relation to certain other call and put options are recognised under non-current and current liabilities amounting to SR 296.1 million (31 Dec 2020: SR 290.9 million) and SR 11.25 million (31 Dec 2020: SR 11.25 million) respectively.

Further, in relation to an independent power plant (IPP) held by one of the Group’s equity accounted investees, the Group has entered into a long-term coal supply agreement with a third party supplier where the Group has committed to cover the difference or take up the surplus between two agreed prices with the coal supplier during the IPP’s 25-year period of operations. Pursuant to the agreement, for any difference between two agreed prices (i.e. reference under the coal supply agreement as opposed to the coal supplier's actual prices agreed on sourcing of such coal) the Group may be obliged to pay the difference when the coal is procured. The relevant coal prices shall be determined on arm’s length basis with reference to certain coal price indices which act as a market reference for coal trading in Europe and Asia.

The Group also has a commitment to contribute SR 75.0 million towards corporate social responsibility initiatives in Uzbekistan during the year 2021 and 2022.

In one of the Group’s subsidiaries, “CEGCO”, the fuel supplier (“Jordan Petrol Refinery PLC”) has claimed an amount of SR 596.1 million (31 Dec 2020: SR 582.4 million) as 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 addition to above, the Group also has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and arbitrations involving a variety of issues. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments will result from these contingencies.

15 OPERATING SEGMENTS

The Group has determined that the Management Committee, chaired by the Chief Executive Officer, is the chief operating decision maker in accordance with the requirements of IFRS 8 ‘Operating Segments’.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 OPERATING SEGMENTS (CONTINUED)

During the year ended 31 December 2020, the Group amended its reportable operating segments. In line with its continued focus on environment and sustainability, the Group continues to see increasing growth in the renewables part of its business. This has resulted in a change in the information provided regularly to the chief operating decision maker, to include discrete information on results from renewable power activities, as well as thermal and water desalination activities combined. This information is used to make decisions about resources to be allocated to each segment and to assess segmental performance. The Group is in the process of further refining and revising the operating segment information including the allocation of intangible assets across the operating segments.

Revenue is attributed to each operating segment based on the type of plant or equipment from which the revenue is derived. The accounting policies of the operating segments are the same as the Group's accounting policies. All intercompany transactions within the reportable segments have been appropriately eliminated. There were no inter-segment sales in the years presented below. Details of the Group's operating and reportable segments are as follows:

(i) Thermal and Water Desalination	The term Thermal refers to the power and water desalination plants which use fossil fuel (oil, coal, gas) as the main source of fuel for the generation of electricity and production of water whereas water desalination refers to the stand-alone reverse osmosis desalination plants. The segment includes all four parts of the business cycle of the business line (i.e. develop, invest, operate and optimize). These plants include IPPs (Independent Power Plants), IWPPs (Independent Water and Power Plants) and IWPs (Independent Water Plants).
(ii) Renewables	This includes the Group's business line which comprises of PV (Photovoltaic), CSP (Concentrated Solar Power) and Wind plants. The segment includes all four parts of the business cycle of the business line (i.e. develop, invest, operate and optimize).
(iii) Others	Comprises certain activities of corporate functions and other items that are not allocated to the reportable operating segments and the results of the ACWA Power reinsurance business.

Key indicators by reportable segments

	For the three months period ended 30 Jun		For the six months period ended 30 Jun	
Revenue	**2021**	2020	**2021**	2020
(i) Thermal and Water Desalination	**976,368**	932,921	**2,050,619**	1,862,832
(ii) Renewables	**302,776**	263,557	**503,691**	389,645
(iii) Others	**4,296**	11,614	**5,762**	18,384
Total revenue	**1,283,440**	1,208,092	**2,560,072**	2,270,861
Operating income before impairment loss and other expenses				
(i) Thermal and Water Desalination	**583,580**	579,385	**1,094,446**	970,369
(ii) Renewables	**207,370**	114,711	**285,181**	138,379
(iii) Others	**4,754**	11,532	**5,829**	18,196
Total*	**795,704**	705,628	**1,385,456**	1,126,944
Unallocated corporate operating income / (expenses)				
General and administration expenses	**(167,412)**	(174,773)	**(287,097)**	(272,035)
Depreciation and amortisation	**3,951**	(2,183)	**(9,637)**	(11,047)
Provision for long term incentive plan	**(8,672)**	-	**(43,308)**	-
Restructuring cost	**-**	(9,403)	**-**	(9,403)
Other operating income	**14,427**	21,215	**28,897**	34,274
Total operating income before impairment loss and other expenses	**637,998**	540,484	**1,074,311**	868,733

**The segment total operating income does not necessarily tally with the statement of profit or loss, as these are based on information reported to the Management Committee.*

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 OPERATING SEGMENTS (CONTINUED)

Segment profit

	For the three months period ended 30 Jun		For the six months period ended 30 Jun	
	2021	2020	**2021**	2020
(i) Thermal and Water Desalination	**490,946**	459,815	**862,029**	724,895
(ii) Renewables	**110,035**	60,930	**128,753**	586
(iii) Others	**4,732**	11,532	**5,807**	18,196
Total	**605,713**	532,277	**996,589**	743,677
Reconciliation to profit for the year from continuing operations				
General and administration expenses	**(167,412)**	(174,773)	**(287,097)**	(272,035)
Impairment of goodwill in subsidiaries	**(60,024)**	-	**(60,024)**	-
Impairment reversal in relation to equity accounted investees	**-**	-	**30,000**	-
Provision for long term incentive plan	**(8,672)**	-	**(43,308)**	-
Corporate social responsibility contribution	**-**	(32,761)	**-**	(32,761)
Provision for zakat and tax on prior year assessments	**-**	(30,000)	**(10,500)**	(30,000)
Provision / discounting on due from related party	**(1,900)**	(22,600)	**(3,600)**	(22,600)
Restructuring cost	**-**	(9,403)	**-**	(9,403)
Gain on remeasurement of options	**-**	24,651	**-**	24,651
Discounting impact on loan from shareholder subsidiary	**(7,553)**	-	**(14,450)**	-
Loss on disposal / write-off of property, plant and equipment	**131**	-	**(7,648)**	-
Depreciation and amortisation*	**(66,179)**	(22,733)	**(149,897)**	(52,147)
Other operating income	**14,427**	21,215	**28,897**	34,274
Other income	**35,681**	18,142	**41,892**	32,604
Financial charges and exchange loss, net	**(20,816)**	(18,853)	**(48,381)**	(26,475)
Zakat and tax charge	**(13,835)**	(24,864)	**(16,603)**	(29,684)
Profit for the year from continuing operations	**309,561**	260,298	**455,870**	360,101

**Includes additional depreciation charge of SR 140.3 million (30 June 2020: SR 41.3 million) on account of revision in PPE useful life of certain assets.*

Geographical concentration

The Company is headquartered in the Kingdom of Saudi Arabia. The geographical concentration of the Group's revenue and property, plant and equipment ("PPE") is shown below.

	Revenue from continuing and discontinued operations		PPE	
	30 Jun 2021	30 Jun 2020	**30 Jun 2021**	31 Dec 2020
Kingdom of Saudi Arabia	**1,147,797**	1,063,600	**9,960,232**	9,831,278
Oman	**307,450**	366,665	**545,128**	570,190
Jordan	**297,274**	287,461	**2,086,079**	2,193,676
Morocco	**301,346**	225,559	**54,512**	55,350
United Arab Emirates	**389,677**	258,900	**60,349**	64,653
South Africa	**23,358**	20,240	**-**	-
Uzbekistan	**-**	-	**867,213**	-
Rest of world	**93,170**	93,073	**36,458**	17,193
	2,560,072	2,315,498	**13,609,971**	12,732,340

The 30 June 2020 numbers presented above include revenue from discontinued operations.

(All amounts in Saudi Riyals thousands unless otherwise stated)

15 OPERATING SEGMENTS (CONTINUED)

Information about major customers

During the period, three customers (2020: three) individually accounted for more than 10% of the Group's revenues. The related revenue figures for these major customers, the identity of which may vary by period, were as follows:

	For the six months period ended 30 June	
	2021	2020
Customer A	**576,491**	555,353
Customer B	**297,275**	287,460
Customer C	**278,108**	237,448

The revenue from these customers is attributable to the Thermal and Water Desalination, and Renewables reportable operating segments.

16 FAIR VALUES OF FINANCIAL INSTRUMENTS

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. It is management's assessment the fair value of assets and liabilities that are not measured at fair value would qualify for a Level 2 classification.

(All amounts in Saudi Riyals thousands unless otherwise stated)

16 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

		Fair value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
<u>As at 30 Jun 2021</u>					
<u>Financial liabilities</u>					
Fair value of derivatives used for hedging	**478,912**	**-**	**478,912**	**-**	**478,912**
Long-term financing and funding facilities	**23,265,598**	**3,566,846**	**20,260,601**	**-**	**23,827,447**
<u>As at 31 Dec 2020</u>					
<u>Financial liabilities</u>					
Fair value of derivatives used for hedging	710,373	-	710,373	-	710,373
Long-term financing and funding facilities	19,619,900	3,648,439	15,462,487	-	19,110,926

Fair value of other financial instruments has been assessed as approximate the carrying amounts due to frequent re-pricing or their short-term nature.

Management believes that the fair value of net investment in finance lease is approximately equal to its carrying value because the lease relates to a specialised nature of asset whereby the carrying value of net investment in finance lease is the best proxy of its fair value.

17 SIGNIFICANT MATTERS DURING THE PERIOD

17.1 In response to novel Coronavirus ("COVID-19"), which has caused global economic disruption, the Group has implemented active prevention programs at its sites and contingency plans in order to minimize the risks related to COVID-19, safeguard the continuity of business operations and to ensure the health and safety of its employees.

During the period, management assessed the overall impact of Covid-19 on the Group's operations and business aspects, and considered a range of factors including effects on supply chain, operating capacity/generation of its plants, additional costs in supply chain, and the health and safety of employees. Based on this assessment, no significant adjustments were required in the interim condensed consolidated financial statements for the period ended 30 June 2021. However, in view of the ongoing uncertainty, any future change in the assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and/or liabilities in future periods. Management will continue to assess the impact based on prospective developments which could affect the Group's future financial results, cash flows and financial position.

17.2 On 30 June 2021, the Capital Market Authority in Saudi Arabia has approved the Company's application for the offering of 81,199,299 shares through an initial public offering (IPO), which will be offered by increasing the Company's share capital. The Company's prospectus will be published in due course.

17.3 On 30 March 2021, the Board of Directors approved an incentive plan comprising of shares and cash benefits (the "Plan") for eligible employees payable upon a successful listing of the Company subject to other performance conditions. On 13 June 2021, the shareholders of the Company approved the Plan. No provision has been recognised in the interim condensed consolidated financial statements as the Plan has yet to be granted to eligible employees and allocation of cash and share award benefits under the Plan have yet to be determined and approved by a subcommittee appointed by the Board of Directors.

17.4 During the period, the Board of Directors approved a cash based long term incentive plan (the "LTIP") which was granted to certain members of key management personnel. The LTIP covers a nine-year period in total effective from 1 January 2020 and comprises three separate performance periods of three years each. Cash awards will vest pursuant to the LTIP at the end of each performance period subject to the achievement of performance conditions. Accordingly, a provision of SR 43.3 million has been recognised within general and administration expenses representing the performance periods for the 2020 year and the six months period ended 30 June 2021.

18 SUBSEQUENT EVENTS

Effective from 31 July 2021, ACWA Power Reinsurance Company ("ACWA Re") (a 100% owned subsidiary of the Group) will retain risk on certain reinsurance programs, with a total combined maximum exposure of up to SR 37.5 million during the policy period until 30 July 2022, with a sublimit of SR 9.4 million per incident or claim.

Furthermore, 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.

19 APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These interim condensed consolidated financial statements were approved by the Board of Directors and authorised for issue on 14 Muhurram 1443H, corresponding to 22 August 2021G.