Nebras Power Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

EY
Building a better working world

Ernst & Young - (Qatar Branch)
P.O. Box 164
Burj Al Gassar, 24th floor
Majlis Al Taawon Street, Onaiza
West Bay
Doha, State of Qatar

Tel: +974 4457 4111
Fax: +974 4441 4649
doha@qa.ey.com
ey.com/mena

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEBRAS POWER Q.P.S.C.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Nebras Power Q.P.S.C. (the "Company"), and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Other information

Other information consists of the information included in the Group's 2018 Annual Report other than the consolidated financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information. The Group's 2018 Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

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

Responsibilities of management and Board of Directors for the consolidated financial statements

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

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

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

EY
Building a better working world

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEBRAS POWER Q.P.S.C. (CONTINUED)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

EY
Building a better
working world

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF NEBRAS POWER Q.P.S.C. (CONTINUED)

Report on legal and other regulatory requirements

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

Ahmed Sayed
of Ernst & Young
Auditor's Registration No. 326

Date: 24 April 2019
Doha

Nebras Power Q.P.S.C.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 QR	2017 QR
Revenue from sale of electricity		**3,687,092**	-
Share of profit of associates and joint venture	10	**325,176,643**	358,381,221
Interest income	5	**117,726,808**	110,639,281
Fee income	4	**2,589,936**	7,865,895
Operating income		**449,180,479**	476,886,397
Other income		**45,739,687**	2,672,333
Cost of sales		**(1,973,484)**	-
General and administrative expenses	6	**(66,232,895)**	(79,850,797)
Other operating expenses	7	**(14,582,075)**	(16,874,140)
Operating profit		**412,131,712**	382,833,793
Finance costs		**(67,570,912)**	(56,294,727)
PROFIT FOR THE YEAR		**344,560,800**	326,539,066
Other comprehensive income			
Items that may be reclassified to statement of income in subsequent periods			
Share of other comprehensive income from associates and joint venture	10	**22,236,987**	6,899,679
Cumulative translation adjustment		**(52,883)**	-
Other comprehensive income for the year		**22,184,104**	6,899,679
Total comprehensive income		**366,744,904**	333,438,745
Profit attributable to:			
Equity holders of the parent		**345,001,695**	333,438,745
Non-controlling interests		**(440,895)**	-
		344,560,800	333,438,745
Total comprehensive income attributable to:			
Equity holders of the parent		**367,185,799**	333,438,745
Non-controlling interests		**(440,895)**	-
		366,744,904	333,438,745
Earnings per share			
Basic and diluted earnings per share (expressed in QR)	8	**0.94**	0.89

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2018

	Notes	***2018 QR***	*2017 QR*
ASSETS			
Non-current assets			
Property, plant and equipment	9	**38,589,720**	2,868,025
Goodwill	3	**73,695,201**	-
Investment in associates and joint venture	10	**2,681,163,658**	2,834,555,071
Loans receivable	11	**21,661,269**	16,694,904
Other non-current assets	12	**45,794,469**	1,803,800
		2,860,904,317	2,855,921,800
Current assets			
Loans receivable	11	**-**	43,618,415
Inventories		**196,011**	-
Trade and other receivables	13	**331,622,829**	1,525,378
Amounts due from related parties	21	**12,250,762**	754,595
Term deposits	14	**3,515,846,728**	3,159,186,715
Cash and bank balances	15	**105,728,673**	37,224,405
		3,965,645,003	3,242,309,508
TOTAL ASSETS		**6,826,549,320**	6,098,231,308
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**3,650,000,000**	3,650,000,000
Hedge reserve	17	**31,390,634**	9,153,647
Foreign currency translation reserve		**(52,883)**	-
Retained earnings		**855,464,036**	512,149,637
Equity attributable to equity holders of the parent		**4,536,801,787**	4,171,303,284
Non-controlling interest	17	**457,632**	-
Total equity		**4,537,259,419**	4,171,303,284
Non-current liabilities			
Interest bearing loans and borrowings	18	**2,037,363,350**	1,360,855,370
Employees' end of service benefits	19	**1,767,293**	1,354,308
		2,039,130,643	1,362,209,678
Current liabilities			
Accruals and other payables	20	**68,084,258**	63,887,793
Interest bearing loans and borrowings	18	**182,075,000**	495,244,000
Amounts due to a related party	21	**-**	5,586,553
		250,159,258	564,718,346
Total liabilities		**2,289,289,901**	1,926,928,024
TOTAL EQUITY AND LIABILITIES		**6,826,549,320**	6,098,231,308

Fahad Hamad Al-Mohannadi
Chairman

Khalid Jolo
Chief Executive Officer

The attached notes 1 to 24 form part of these consolidated financial statements.

Nebras Power Q.P.S.C.

CONSOLIDATED STATEMENT OF CASH FLOWS

At 31 December 2018

	Notes	*2018* *QR*	*2017* *QR*
OPERATING ACTIVITIES			
Profit for the year		**344,560,800**	326,539,066
Adjustments for:			
Depreciation	9	**2,480,649**	1,018,016
Provision for employees' end of service benefits	19	**993,636**	594,875
Gain on disposal of motor vehicles and equipment		**-**	(5,233)
Interest income	5	**(117,726,808)**	(110,639,281)
Interest received		**115,362,626**	139,426,364
Interest expense		**67,570,912**	56,411,103
Interest paid		**(68,875,267)**	(53,132,246)
Dividend received	10	**178,315,968**	1,813,668,063
Share of profit of associates and joint venture	10	**(324,374,715)**	(358,381,221)
Operating profit before working capital changes		**198,307,801**	1,815,499,506
Working capital changes:			
Prepayments and other receivables		**(603,765)**	(1,111,088)
Inventories		**(77,883)**	-
Accruals and other payable		**2,299,287**	36,114,587
Amounts due to related party		**(5,586,553)**	5,586,553
Amounts due from related parties		**(11,496,167)**	13,244,094
Net cash from operations		**182,842,720**	1,869,333,652
Employees' end of service benefits paid	19	**(580,651)**	(31,900)
Net cash flows from operating activities		**182,262,069**	1,869,301,752
INVESTING ACTIVITIES			
Purchase of fixed assets	9	**(5,245,911)**	(2,470,361)
Proceeds from disposal of fixed assets		**48,825**	167,000
Acquisition of a subsidiary, net of cash acquired	3	**(66,323,113)**	-
Investment in associates and joint venture	10	**(4,693,165)**	(96,582,709)
Net movement in other non-current assets		**(4,055,367)**	837,897
Net investment in term deposits		**(358,347,309)**	(2,507,418,756)
Net movement in loans receivable		**39,329,774**	744,133,707
Net cash flows used in investing activities		**(399,286,266)**	(1,861,333,222)
FINANCING ACTIVITY			
Net movement in interest bearing loans and borrowings		**285,528,465**	(65,474,015)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**68,504,268**	(57,505,485)
Cash and cash equivalents at 1 January	15	**37,224,405**	94,729,890
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**105,728,673**	37,224,405

The attached notes 1 to 24 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 31 December 2018

	Attributable to the equity holder of the Parent						
	Share capital QR	*Hedge reserve QR*	*Retained earnings QR*	*Foreign currency reserve QR*	*Total QR*	*Non-controlling interest QR*	*Total equity QR*
At 1 January 2017	3,650,000,000	2,253,968	185,610,571	-	3,837,864,539	-	3,837,864,539
Profit for the year	-	-	326,539,066	-	326,539,066	-	326,539,066
Other comprehensive income for the year	-	6,899,679	-	-	6,899,679	-	6,899,679
Total comprehensive income for the year	-	6,899,679	326,539,066	-	333,438,745	-	333,438,745
At 31 December 2017	3,650,000,000	9,153,647	512,149,637	-	4,171,303,284	-	4,171,303,284
Balance at 1 January 2018 (as previously reported)	3,650,000,000	9,153,647	512,149,637	-	4,171,303,284	-	4,171,303,284
Adoption of IFRS (Note 2.2)	-	-	(1,687,296)	-	(1,687,296)	-	(1,687,296)
Balance at 1 January 2018 (as restated)	3,650,000,000	9,153,647	510,462,341	-	4,169,615,988	-	4,169,615,988
Profit for the year	-	-	345,001,695	-	345,001,695	(440,895)	344,560,800
Other comprehensive income for the year	-	22,236,987	-	(52,883)	22,184,104	-	22,184,104
Total comprehensive income for the year	-	22,236,987	345,001,695	(52,883)	367,185,799	(440,895)	366,744,904
Acquisition of subsidiary (Note 3)	-	-	-	-	-	898,527	898,527
At 31 December 2018	**3,650,000,000**	**31,390,634**	**855,464,036**	**(52,883)**	**4,536,801,787**	**457,632**	**4,537,259,419**

The attached notes 1 to 24 form part of these consolidated financial statements.

1 ACTIVITIES

Nebras Power Q.P.S.C. (the "Company") was incorporated on 6 January 2014 as a Qatari Shareholding Company under Commercial Registration No. 64383. The Company's registered office is P.O. Box 22328, Doha, State of Qatar. The Company commenced its commercial operations in February 2014.

The Company's shareholding structure was as follows:

Shareholder	***Shareholding Percentage***
Qatar Electricity and Water Company Q.S.C.	60%
Qatar Holding L.L.C.	20%
Qatar Petroleum International Limited	20%

On 19 April 2017, Qatar Petroleum International Limited transferred its 20% of shareholding of the Company to Qatar Holding L.L.C. The Company is in the process of updating the Company's registration documents to reflect the ownership change. The Company's current shareholding structure is as follows:

Shareholder	***Shareholding Percentage***
Qatar Electricity and Water Company Q.S.C.	60%
Qatar Holding L.L.C.	40%

The Company and its subsidiaries (together referred to as the "Group") core activity is to invest globally in power generation. The principal activities of the principal subsidiaries consolidated are disclosed in Note 2.1 of these consolidated financial statements.

In order to implement the shareholders' vision, achieve sustainable growth and realize optimal shareholder return in the context of an acceptable risk profile:

- The Group aims to be a strategic investor pursing long-term value creation through active management of the investment portfolio and direct involvement in the operation and maintenance, energy trading, fuel sourcing and logistics in respect of individual assets.
- The Group will primarily focus on long-term 'take-and-hold' investment opportunities where it can actively participate in management of operations and have acceptable governance rights, enabling it to both exert influence and maintain visibility with regards to the investee's management, operations and ultimately the returns.
- The Group targets to build and develop a well-balanced investment portfolio that preserves diversification in terms of fuel mix, geography, markets, green-field vs M&A development and contracted cash flow streams vs merchant exposure.

The Group invests in power generation across all technologies (conventional and renewable energy) with the exception of nuclear. The Group constantly monitors sector trends including inter alia the environmental, social and regulatory implications on the business.

The Group invests across all geographies. Country attractiveness is assessed based on market fundamentals, power sector fundamentals and country risk. The Group prefers markets with contracted offtake, existing robust IPP regulations and a track record of producing expected returns to international investors. Country rating, as well as political, economic and currency stability are also very important factors in assessing investment attractiveness. The Group targets assets that have a visible long-term earnings profile. The Group favors projects where revenues are received from creditworthy counterparties under long-term contracts incorporating availability based capacity payment mechanisms. The risks associated with fuel supply, dispatch and currency exchange are required to be well mitigated. Merchant market exposure will be taken on a selective basis and then only for projects operating within a mature and transparent regulatory environment where the Group can negotiate an acceptable risk profile through contractual mitigation to fuel-supply, electricity price and dispatch risk.

It is a priority for the Group to secure significant governance rights through either direct control or acceptable level of influence over management, operations, cash flow generation and equity distributions from its investees.

The consolidated financial statements of the Group as of and for the year ended 31 December 2018 have been authorised for issue by the Board of Directors on 12 March 2019.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance
The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of measurement
The consolidated financial statements are prepared under the historical cost convention, except for derivative financial instruments which are measured at fair value.

Functional and presentation currency
The consolidated financial statements are presented in Qatari Riyal ("QR"), which is the Group's functional and presentation currency.

Basis of consolidation
The consolidated financial statements comprise the financial statements of Nebras Power Q.P.S.C. and its subsidiaries as at 31 December 2018 (together referred to as the "Group"). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

The consolidated financial statements of the Group include:

Name	*Principal activities*	*Country of incorporation*	*% equity interest 2018*	*2017*
Nebras Power Netherlands BV	Finance and Investment Management	Netherlands	**100%**	100%
IPM Indonesia BV	Investment Management	Netherlands	**100%**	100%
Zon Exploitatie Nederland Holdings BV	Renewable energy development	Netherlands	**75%**	-
Zon Explotatie Nederland B.V.	Renewable energy development	Netherlands	**75%**	-
Zonhandel B.V.	Renewable energy development	Netherlands	**75%**	-

2.2 Changes in accounting policies and procedures

New and amended standards and interpretations
The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2018.

The Group applied for the first time, IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. In accordance with the transitional provisions of these new standards, comparatives have not been restated. The nature and effect of these changes are disclosed below.

IFRS 9 *Financial Instruments*
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

The effect of adopting IFRS 9 is, as follows:

Classification and measurement
Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of IFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under IAS 39.

Loans receivables and term deposits are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

The above changes have no material impact on the consolidated financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and procedures (continued)

Impairment
The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. IFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

Impact on the consolidated statement of financial position as at 01 January 2018:

	QAR '000
Assets	
Loans Receivables	**(1,033)**
Other receivables	(2)
Term deposits	(646)
Amounts due from related parties	(7)
Total	**(1,687)**
Equity	
Retained earnings	**1,687**

Hedge accounting
The Group applied hedge accounting prospectively. At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. There is no impact from the adoption of hedge accounting in the consolidated financial statements of the Group.

Under IAS 39, all gains and losses arising from the Group's cash flow hedging relationships were eligible to be subsequently reclassified to profit or loss. However, under IFRS 9, gains and losses arising on cash flow hedges of forecast purchases of non-financial assets need to be incorporated into the initial carrying amounts of the non-financial assets. This change only applies prospectively from the date of initial application of IFRS 9 and has no impact on the presentation of comparative figures.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard superseded all previous revenue recognition requirements under IFRS for annual periods beginning on or after 1 January 2018. IFRS 15 did not have an impact on Group's financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies and procedures (continued)

Standards issued but not yet effective
The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Topics	*Effective date*
IFRS 16 Leases	1 January 2019
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019
IFRS 9: Prepayment Features with Negative Compensation – Amendment	1 January 2019
IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment	Deferred indefinitely
IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019
IAS 28: Long-term interests in associates and joint ventures - Amendment	1 January 2019
Annual Improvements 2015-2017 Cycle	
IFRS 3 Business Combinations	1 January 2019
IFRS 11 Joint Arrangements	1 January 2019
IAS 12 Income Taxes	1 January 2019
IAS 23 Borrowing Costs	1 January 2019

The Group did not early adopt any standards, interpretations or amendments that have been issued but are not yet effective. However, the Group is carrying out impact assessment of application of major standards, mainly IFRS 16 Leases as disclosed below:

IFRS 16 Leases
IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. The Group is currently performing an initial assessment of the potential impact of the adoption of IFRS 16 on its consolidated financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies

a) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss within operating profit and represents profit or loss after tax and non- controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

b) Current versus non-current classification

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

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

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

b) Current versus non-current classification (continued)
All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current.

c) Foreign currencies
The Group's consolidated financial statements are presented in Qatari Riyals, which is also the Group's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income ("OCI") until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Group companies
On consolidation, the assets and liabilities of foreign operations are translated into Qatari Riyals at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

d) Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

d) Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

e) Revenue recognition

Accounting policy applied up to 31 December 2017

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for the sale services in the ordinary course of the Group's activities. The Group recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below:

Accounting policy applied from 1 January 2018

The Group recognises revenue from contracts with customers based on a five step model as set out in IFRS 15:

- Step 1. Identify the contracts with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2. Identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3. Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4. Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5. Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises as revenue, the amount of the transaction price that is allocated to that performance obligation. Consideration payable to a customer is recognised as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the Group.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

e) Revenue recognition (continued)

Accounting policy applied from 1 January 2018 (continued)
The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

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

Interest income
Interest income is recognised as the interest accrues using the effective interest rate method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Fee income
Fee income is recognized though the period for which the services are provided. The Group generates free income from providing technical, financial and construction management services.

f) Property, plant and equipment

Property, plant and equipment and other tangible assets is stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Category	*Useful Life*
Solar PV assets	16 years
Furniture and fixtures	5 years
Computer equipment	3 years
Computer software	3 years
Office equipment	3 years
Motor vehicles	5 years

The carrying values property, plant and equipment and other tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of property, plant and equipment and other tangible assets that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of motor vehicles and equipment. All other expenditure is recognised in the statement of comprehensive income as the expense is incurred.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

f) Property, plant and equipment (continued)

An item of motor vehicles and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each reporting date.

g) Financial instruments

Accounting policy applied up to 31 December 2017

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include bank balances, term deposits, interest receivables, loans receivables and amounts due from related parties.

Subsequent measurement

Loans and receivables

These assets are recognised initially at cost being fair value plus directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Accounting policy applied up to 31 December 2017 (continued)

Financial assets (continued)

Impairment of financial assets
The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of interest bearing loans and borrowings and payables,
net of directly attributable transaction costs.

The Group's financial liabilities include interest bearing loans and borrowings, accruals and other payable and amounts due to a related party.

Subsequent measurement
The measurement of financial liabilities depends on their classification as described below:

Other payables and amounts due to related parties
Trade payables, other payables and due to related parties are recognised for amounts to be paid in the future for goods and services received, whether or not billed by the supplier. Subsequent to initial recognition, trade and other payables and due to related parties are measured at amortized cost using the effective interest method.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Accounting policies applied from 1 January 2018

Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured at amortised cost

The classification is based on two criteria:
- The Company's business model for managing the assets; and
- Whether the instruments' contractual cash flows represent 'solely payments of principal and interest (Profit) on the principal amount outstanding (the "SPPI criterion").

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Accounting policies applied from 1 January 2018 (continued)

Classification (continued)

Business model: the business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (Profit) (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest (Profit) includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement.

Recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

g) Financial instruments (continued)

Accounting policies applied from 1 January 2018 (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (continued)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes loans receivables, amounts due from related parties and trade and other receivables.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired
  Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Summary of significant accounting policies (continued)

h) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

i) Impairment of non-financial assets
The carrying amounts of the Group's non-financial assets other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then asset's recoverable amount is estimated. An impairment loss is recognised in profit or loss, whenever the carrying amount of an asset exceeds its recoverable amount.

The impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

j) Cash and cash equivalents
Cash and cash equivalents in the statement of consolidated financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

k) Share capital
Ordinary shares are classified as equity.

l) Employees' end of service benefits
The Group provides for employees' end of service benefits determined in accordance with Group's regulations based on employees' salaries and the number of years of service. The Group has no expectation of settling its employees' terminal benefits obligation in the near future and hence classified this as a non-current liability.

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

n) Fair value measurement
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.

2.4 Use of judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affects the amounts reported in the consolidated financial statements and accompanying notes. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Use of judgments and estimates (continued)

Judgments are made by management on the developments, selection and disclosure of the Group's critical accounting policies and the application of these policies and estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised of the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Operating leases – Group as a lessee
The Group has entered into a commercial property lease related to its office space and staff accommodations. The Group has determined that the significant risks and rewards of ownership of this property were not transferred to the Group. Hence, they have been accounted as operating leases.

Existence of significant influence on associates and joint venture
Through the shareholder agreements, the Group is guaranteed seats on the board of directors and the right to appoint key management positions in all its associates and participates in all significant financial and operating decisions. The Group has therefore determined that it has significant influence over those entities.

Incidental costs incurred for the future acquisition of interest in other entities
The Group has recorded incidental costs incurred for the future acquisition of interest in other entities as other non-current assets and has determined that the probability of materialising of these investments is high. As at 31 December 2018, the Group has recorded incidental costs incurred for potential future acquisition of interest in investees amounting to QR 3,882,462 (2017: QR 1,754,800) as other non-current assets.

Useful lives of motor vehicles and equipment
The Group's management determines the estimated useful lives of its motor vehicles and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual values and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of associates and joint venture
After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss of the Group investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case the Group calculates the amount of impairment as being the difference between the recoverable amount of the associate and the acquisition cost and recognises the amount in the consolidated income statement.

Going concern
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

3 BUSINESS COMBINATIONS

3.1 Acquisitions by the Group

Investment in Zon Explotatie Nederland B.V.
On 8 August 2018, the Group acquired 75% of the share capital of Zon Explotatie Nederland Holding B.V. through its fully owned subsidiary, Nebras Power Investment Management BV.

Nebras Power Investment Management BV entered into an agreement with Mkchel Peek Beheer B.V., netraam Holding B.V. and AFJY B.V. to purchase 75% of the share capital of Zon Explotatie Nederland Holding BV, a Company incorporated in the Netherlands. Zon Explotatie Nederland Holding B.V owns 100% of Zon Explotatie Nederland B.V. and Zonhandel B.V. Both companies are incorporated in the Netherlands and develop and operate renewable energy projects.

3 BUSINESS COMBINATIONS (CONTINUED)

3.1 Acquisitions by the Group (continued)

Assets acquired and liabilities
The provisional fair values of the identifiable assets and liabilities of Zon Exploitatie Nederland Holdings BV and its subsidiaries as at the date of acquisition were:

	Fair value *QR*
Property, plant and equipment	71,071,448
Intangible Assets	507,198
Investment in joint ventures	2,337,928
Inventories	118,128
Accounts receivable	692,828
Loans receivable	677,724
Other receivables	931,163
Cash at bank	10,552,368
Total assets	**86,888,785**
Loans and borrowings	79,276,904
Other payables	3,533,074
Non-controlling interest	898,527
Total liabilities	**83,708,505**
Total identifiable net assets acquired	**3,180,280**
Purchase consideration transferred	76,875,481
Goodwill	**73,695,201**
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	10,552,368
Cash paid	(76,875,481)
Net cash outflow	**(66,323,113)**

4 FEE INCOME

	2018 ***QR***	*2017* *QR*
Technical and financial service fees *(Note 21 (iii), (iv) and (vii))*	**2,589,936**	7,865,895

5 INTEREST INCOME

	2018 ***QR***	*2017* *QR*
Interest income from term deposits	**115,326,303**	32,851,679
Interest income from other related parties *(Note 21(i) and (v))*	**2,400,505**	75,086,200
Interest income from other parties *(Note 11 (i))*	**-**	2,701,402
	117,726,808	110,639,281

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2018 *QR*	*2017* *QR*
Salaries and staff related cost	**35,464,924**	33,798,390
Consultancy and professional fees	**8,539,343**	33,651,518
Travel expenses	**6,200,009**	2,179,869
Board remuneration	**3,954,117**	1,920,000
Rent	**3,735,762**	4,241,980
Office expenses	**2,647,190**	3,324,151
Bank charges	**516,670**	116,374
Loss on disposal of property, plant and equipment	**48,825**	-
Entertainment	**5,195**	872
Miscellaneous	**5,120,860**	617,643
	66,232,895	79,850,797

7 OTHER OPERATING EXPENSES

	2018 *QR*	*2017* *QR*
Withholding tax- Investment in an associate *(Note i)*	**12,101,426**	14,604,370
Project development expenses	**-**	1,251,754
Depreciation (*Note 9*)	**2,480,649**	1,018,016
	14,582,075	16,874,140

(i) Dividend payment of PT Paiton Energy Pte Ltd. is subject to 5% of withholding tax at the time of payment. Hence, 5% of share of profit has been recorded as a tax provision.

8 EARNINGS PER SHARE

The calculation of basic earnings per share ('EPS') is arrived by dividing the profit attributable to the owners of the parent Company for the year by the weighted average number of ordinary shares outstanding during the year.

	2018 *QR*	*2017* *QR*
Profit for the year attributable to the owners of the parent Company	**345,001,695**	326,539,066
Weighted average number of ordinary shares for basic EPS*	**365,000,000**	365,000,000
Basic and diluted EPS (expressed in QR per share)	**0.94**	0.89

*During the year, there is no increase or decrease of share capital and accordingly weighted average number of ordinary shares equals to the authorized and issued share capital *(Note 16)*.

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

9 PROPERTY, PLANT AND EQUIPMENT

	Furniture and fixtures QR	*Computer equipment QR*	*Office equipment QR*	*Motor vehicles QR*	*Computer software QR*	*Solar PV assets QR*	*Total QR*
Cost:							
At 1 January 2018	88,676	744,436	372,580	1,136,960	2,122,175	-	4,464,827
Additions	113,300	80,575	21,647	-	245,038	-	460,560
Acquisitions of subsidiary (Note 3)	-	-	-	-	16,966	43,096,581	43,113,547
Disposals	(54,250)	-	-	-	-	-	(54,250)
At 31 December 2018	147,726	825,011	394,227	1,136,960	2,384,179	43,096,581	47,984,684
Depreciation:							
At 1 January 2018	25,007	607,916	54,065	483,012	426,802	-	1,596,802
Acquisitions of subsidiary (Note 3)					-	5,322,938	5,322,938
Charge for the year	29,120	44,947	217,338	227,392	856,632	1,105,220	2,480,649
Relating to disposals	(5,425)	-	-	-	-	-	(5,425)
At 31 December 2018	48,702	652,863	271,403	710,404	1,283,434	6,428,158	9,394,964
Net carrying amounts:							
At 31 December 2018	**99,024**	**172,148**	**122,824**	**426,556**	**1,100,745**	**36,668,423**	**38,589,720**

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture and fixtures QR	*Computer equipment QR*	*Office equipment QR*	*Motor vehicles QR*	*Computer software QR*	*Total QR*
Cost:						
At 1 January 2017	67,206	689,852	100,448	1,347,960	-	2,205,466
Additions	21,470	54,584	272,132	-	2,122,175	2,470,361
Disposals	-	-	-	(211,000)	-	(211,000)
At 31 December 2017	88,676	744,436	372,580	1,136,960	2,122,175	4,464,827
Depreciation:						
At 1 January 2017	3,459	309,588	45,286	269,686	-	628,019
Charge for the year	21,548	298,328	8,779	262,559	426,802	1,018,016
Relating to disposals	-	-	-	(49,233)	-	(49,233)
At 31 December 2017	25,007	607,916	54,065	483,012	426,802	1,596,802
Net carrying amounts:						
At 31 December 2017	63,669	136,520	318,515	653,948	1,695,373	2,868,025

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

The Group has the following investments in associates and joint venture:

Movement for 2018	*Notes*	*% of ownership*	*Domicile*	*At 1 January 2018 QR*	*Additions QR*	*Share of profit QR*	*Dividends Received/ Declared QR*	*Share in cash flow hedge reserve QR*	***At 31 December 2018 QR***
Associates									
Phoenix Power Company SAOG*	10.1	9.84%	Oman	155,548,088	-	12,039,375	(6,864,825)	15,641,542	**176,364,180**
Phoenix Operation and Maintenance Company LLC	10.1	15.00%	Oman	735,438	-	2,566,711	(2,348,731)	-	**953,418**
AES Oasis Ltd	10.2	38.89%	Cayman Islands	123,892,939	-	11,891,313	(6,521,475)	2,967,457	**132,230,234**
AES Baltic Holding BV	10.3	40.00%	Netherlands	103,586,831	-	23,285,369	(27,779,936)	-	**99,092,264**
PT Paiton Energy Pte Ltd	10.4	35.51%	Indonesia	2,205,852,185	-	258,188,615	(449,006,599)	-	**2,015,034,201**
IPM Asia Pte Ltd	10.5	35.00%	Singapore	176,462,605	-	4,170,100	(15,294,300)	-	**165,338,405**
Minejesa Capital BV	10.6	35.51%	Netherlands	36,479,455	-	10,967,172	-	648,446	**48,095,073**
AES Jordan Solar BV	10.7	40%	Netherlands	2,934,297	4,693,165	(1,140,392)	-	(1,450,374)	**5,036,696**
Brabant Zon BV	10.9	37.5%	Netherlands	-	2,317,658	-	-	-	**2,317,658**
Joint Venture									
Shams Maan Solar UK Limited	10.8	35.00%	United Kingdom	29,063,233	-	3,208,380	-	4,429,916	**36,701,529**
				2,834,555,071	**7,010,823**	**325,176,643**	**(507,815,866)**	**22,236,987**	**2,681,163,658**

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

Movement for 2017	*Notes*	*% of ownership*	*Domicile*	*At 1 January 2018 QR*	*Additions QR*	*Share of profit QR*	*Dividends Received/ Declared QR*	*Share in cash flow hedge reserve QR*	*At 31 December 2017 QR*
Associates									
Phoenix Power Company SAOG*	10.1	9.84%	Oman	146,834,008	-	9,299,832	(4,361,199)	3,775,447	155,548,088
Phoenix Operation and Maintenance Company LLC	10.1	15.00%	Oman	880,333	-	2,313,081	(2,457,976)	-	735,438
AES Oasis Ltd	10.2	38.89%	Cayman Islands	113,915,491	-	14,765,508	(5,923,166)	1,135,106	123,892,939
AES Baltic Holding BV	10.3	40.00%	Netherlands	78,311,793	-	25,275,038	-	-	103,586,831
PT Paiton Energy Pte Ltd	10.4	35.51%	Indonesia	3,645,361,028	58,085,250	286,771,636	(1,786,905,947)	2,540,218	2,205,852,185
IPM Asia Pte Ltd	10.5	35.00%	Singapore	175,512,619	-	14,969,761	(14,019,775)	-	176,462,605
Minejesa Capital BV	10.6	35.51%	Netherlands	-	35,563,162	916,293	-	-	36,479,455
AES Jordan Solar BV	10.7	40%	Netherlands	-	2,934,297	-	-	-	2,934,297
Joint Venture									
Shams Maan Solar UK Limited	10.8	35.00%	United Kingdom	25,544,253	-	4,070,072	-	(551,092)	29,063,233
				4,186,359,525	96,582,709	358,381,221	(1,813,668,063)	6,899,679	2,834,555,071

* *Note:* The Quoted fair value of Phoenix Power Company SAOG is QR 137,781,138 (2017: QR 200,017,439). The associate and joint ventures had no other contingent liabilities or capital commitments as at 31 December 2018, except as disclosed in Note 22.

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

The table below represents the summarised financial information of investments in associates held by the Group.

Year ended 31 December 2018	*Phoenix Power Company SAOG QR*	*Phoenix Operation and Maintenance Company LLC QR*	*Total Phoenix QR*	*AES Oasis Ltd QR*	*AES Balatic Holding BV QR*	*PT Paiton Energy Pte Ltd QR*	*IPM Asia Pte Ltd QR*	*Minejesa Capital BV QR*	*AES Jordan Solar BV QR*
Current assets	305,543,700	33,454,461	338,998,160	607,410,317	165,864,103	2,125,157,551	1,331,033	644,865,952	25,532,840
Non-current assets	5,235,530,210	-	5,235,530,210	2,585,803,906	951,434,238	14,151,932,318	4,642,918	9,607,089,055	27,633,548
Current liabilities	(471,814,589)	(10,531,218)	(482,345,807)	(341,366,422)	(59,946,193)	(1,714,684,030)	(81,541)	(607,606,124)	5,852,469
Non-current liabilities	(3,370,357,552)	(1,726,071)	(3,372,083,623)	(2,018,684,836)	(854,708,796)	(10,451,050,490)	-	(9,546,104,854)	26,515,961
Equity	1,698,901,769	21,197,172	1,720,098,940	833,162,965	202,643,352	4,111,355,349	5,892,410	98,244,029	20,797,958
Net assets of the investment in associates			170,351,510	72,914,609	96,715,775	1,459,942,284	2,062,344	34,886,455	5,036,696
Goodwill on acquisition			5,406,258	59,315,624	2,376,490	555,205,750	157,195,989	-	-
Carrying amount of investment			175,757,768	132,230,233	99,092,265	2,015,148,034	159,258,333	34,886,455	5,036,696
Summarised statement of comprehensive income*									
Revenue	1,274,696,151	74,279,317	1,348,975,468	547,594,081	195,439,992	2,596,767,153	-	515,112,936	-
Profit	122,365,324	16,878,353	139,243,677	47,121,911	99,941,729	713,929,388	43,639,933	32,037,528	(4,705,991)
Other comprehensive income	60,554,504	-	60,554,504	12,717,309	-	-	-	5,146,938	(6,043,226)
Total comprehensive income	182,919,828	16,878,353	199,798,181	59,839,220	99,941,729	713,929,388	43,639,933	37,184,466	(10,749,217)

**Note:*
All amounts represent full year results reported by respective associates

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

Year ended 31 December 2017	*Phoenix Power Company SAOG QR*	*Phoenix Operation and Maintenance Company LLC QR*	*Total Phoenix QR*	*AES Oasis Ltd QR*	*AES Balatic Holding BV QR*	*PT Paiton Energy Pte Ltd QR*	*IPM Asia Pte Ltd QR*	*Minejesa Capital BV QR*	*AES Jordan Solar BV QR*
Current assets	508,564,607	32,817,198		157,591,396	88,948,857	2,771,542,068	1,401,846	247,566,410	1,118
Non-current assets	5,423,828,534	-		737,699,355	239,135,800	14,006,657,821	4,642,918	10,004,389,647	1,813,685
Current liabilities	(535,529,915)	(11,598,178)		(89,524,112)	(15,722,742)	(944,960,807)	(94,286)	(119,052,458)	(1,103)
Non-current liabilities	(3,795,444,413)	(1,241,752)		(591,183,981)	(236,622,153)	(10,452,818,968)	-	(10,033,504,437)	-
Equity	1,601,418,813	19,977,268		214,582,658	75,739,762	5,380,420,114	5,950,478	99,399,162	1,813,700
Net assets of the investment in associates			150,877,268	64,577,315	101,210,341	1,922,557,829	19,266,616	36,479,455	2,934,297
Goodwill on acquisition			5,406,258	59,315,624	2,376,490	283,294,356	157,195,989	-	-
Carrying amount of investment			156,283,526	123,892,939	103,586,831	2,205,852,185	176,462,605	36,479,455	2,934,297

*Summarised statement of comprehensive income**

	Phoenix Power Company SAOG QR	Phoenix Operation and Maintenance Company LLC QR	Total Phoenix QR	AES Oasis Ltd QR	AES Balatic Holding BV QR	PT Paiton Energy Pte Ltd QR	IPM Asia Pte Ltd QR	Minejesa Capital BV QR	AES Jordan Solar BV QR
Revenue	1,216,057,076	75,877,936		152,185,112	195,239,063	3,502,842,697	41,946,511	170,311,949	-
Profit	94,529,699	16,051,732		59,323,592	105,568,718	691,307,588	40,768,034	2,580,091	-
Other comprehensive income	40,839,423	-		(25,550,777)	-	-	-	-	-
Total comprehensive income	135,369,122	16,051,732		33,772,815	105,568,718	691,307,588	40,768,034	2,580,091	-

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

The table below represents the summarised financial information of investments in joint ventures held by the Group.

	2018 *QR*	*2017* *QR*
Current assets	**52,982,980**	66,959,323
Non-current assets	**509,736,635**	538,834,416
Current liabilities	**(83,849,164)**	(72,557,740)
Non-current liabilities	**(406,065,187)**	(460,158,477)
Equity	**72,805,264**	73,077,522
Net assets of the investment in joint venture		29,063,233

Summarised statement of comprehensive income

	2018 *QR*	*2017* *QR*
Revenues	**4,758,255**	87,404,608
Cost of sales	**(763,188)**	(8,748,418)
Other income	**-**	1,510,540
Other expenses	**(5,372,438)**	(67,994,132)
Profit before tax	**(1,377,371)**	12,172,598
Income tax expense	**65,330**	(677,404)
Profit for the year	**(1,312,041)**	11,495,194

10.1 Phoenix Power Company SAOG and Phoenix Operation and Maintenance Company LLC

On 18 June 2015, the Group purchased 0.088% of the share capital of Phoenix Power Company SAOG from the Initial Public Offer. The company is incorporated in the Sultanate of Oman and owns and operates a high efficiency gas fired power generation facility with a capacity of 2,000 MW located at Sur, in the Sultanate of Oman.

On 30 December 2015, the Group entered into an agreement with Qatar Electricity and Water Company Q.S.C ("QEWC") to purchase 9.75% of the share capital of Phoenix Power Company SAOG and to purchase 15% of the share capital of Phoenix Operation and Maintenance Company LLC, a company incorporated in the Sultanate of Oman which provides operation and maintenance services to Phoenix Power Company SAOG.

The Group exercises significant influence over financial and operating policy decisions of Phoenix Power Company SAOG and Phoenix Operation and Maintenance Company LLC through representation in the Board of Directors.

10.2 AES Oasis Ltd

On 1 December 2015, the Group purchased from Qatar Electricity and Water Company Q.S.C ("QEWC") 38.89% of the share capital of AES Oasis Ltd, a Company incorporated in Cayman Islands. AES Oasis Ltd. holds effectively 60% of the share capital AES Jordan PSC which holds and operates a 370MW combined cycle gas fired power in the Kingdom of Jordan through its intermediary subsidiary.

10.3 AES Baltic Holding BV

On 18 February 2016, the Group purchased from Qatar Electricity and Water Company Q.S.C ("QEWC") 40% of the share capital of the share capital AES Baltic Holding BV, a Company incorporated in The Netherlands. AES Baltic Holding BV effectively holds 60% of the share capital AES Levant Holdings B.V. Jordan PSC which owns and operates a 241MW gas power plant in the Kingdom of Jordan through its intermediary subsidiary.

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

10.4 PT Paiton Energy Pte Ltd

On 22 December 2016, the Group purchased 35.514% of the share capital of PT Paiton Energy Pte Ltd through its fully own subsidiary, IPM Indonesia BV.

Nebras Power Netherland BV entered into an agreement with Engie Global Development B.V to purchase 100% of the share capital of IPM Indonesia BV, a Company incorporated in The Netherlands. IPM Indonesia BV holds 35.514% of the share capital PT Paiton Energy Pte Ltd., fully own company incorporated in Indonesia where it owns and operates a 2,045 MW coal-fired power plant.

10.5 IPM Asia Pte Ltd

On 22 December 2016, the Group purchased 35% of the share capital of IPM Asia Pte Ltd through its fully owned subsidiary, Nebras Power Netherlands BV.

Nebras Power Netherland BV entered into an agreement with Engie Global Development BV to purchase 35% of shares of IPM Asia Pte Ltd, a Company incorporated in Singapore. IPM Asia Pte Ltd. owns 84.1% of PT IPM Operation and Maintenance Indonesia., a Company incorporated in Indonesia which provides Operation and Maintenance services to PT Paiton Energy Pte Ltd. In addition, IPM Asia Pte Ltd owns 100% of share capital of IPM O&M Services Pte Ltd. a Company incorporated in Singapore, which provides technical services to PT IPM Operation and Maintenance.

10.6 Minejesa Capital BV

Minejesa Capital BV is a company registered in Netherlands on 29 June 2017, which provides financial services.

On 2 August 2017, IPM Indonesia BV, a fully owned subsidiary of the Company entered into a shareholders' agreement with PT Batu Hitam Perkasa, Paiton Power Financing BV and Tokyo Electric Power Company International Paiton II BV for governance and management of Minejesa Capital BV. As per the shareholders' agreement, the Group owns 35.51% of the share capital of Minejesa Capital BV.

Investment in Minejesa Capital BV is recorded at cost in the consolidated financial statements as at 31 December 2017.

10.7 AES Jordan Solar BV

AES Jordan Solar BV is a company registered in Netherlands and engaged in the engineering, procurement, construction, ownership, operation, maintenance, management, leasing and financing of AM Solar BV, a company registered in Jordan.

On 31 October 2017, Nebras Power Netherlands BV, a fully owned subsidiary of the Company entered in to a shareholder's agreement with AES Horizons Holdings BV for governance and management of AES Jordan Solar BV. As per the shareholders' agreement, the Group owns 40% of the share capital of AES Jordan Solar BV.

Investment in AES Jordan Solar BV is recorded at cost in the consolidated financial statements as at 31 December 2017.

10.8 Shams Maan Solar UK Limited

On 26 June 2015, the Group acquired 35% of the share capital of Shams Maan Solar UK Limited, a joint venture Company registered in England and Wales engaged in the financing, building, ownership and operation of a 52.5 MW solar power plant in Ma'an city in the Kingdom of Jordan.

10.9 Brabant Zon BV

On August 8, 2018 the group acquired Zen Exlplotatie Nederland Holding B.V, which owns 50% of Bravant Zon B.V., a joint venture company registered in the Nehterlands engaged in the development of renewable energy projects.

11 LOANS RECEIVABLE

	2018 *QR*	*2017* *QR*
Loans receivable from other parties *(Note i)*	**15,228,890**	43,618,415
Loans receivable from related parties *(Note 21)*	**6,432,379**	16,694,904
	21,661,269	60,313,319

Presented in the consolidated statement of financial position as follows:

	2018 *QR*	*2017* *QR*
Non-current	**21,661,269**	16,694,904
Current	**-**	43,618,415
	21,661,269	60,313,319

(i) According to the "Share Purchase Agreement" entered in to on 26 February 2016 with International Power (Impala) BV, the Group has taken over the loan receivables from "Batu Hitam Perkasa P.T.- Indonesia (BHP)", a previous shareholder of IPM Asia PTE Ltd. and IPM Indonesia BV. The loan carries an interest rate of 4% per annum.

12 OTHER NON-CURRENT ASSETS

	2018 *QR*	*2017* *QR*
Project development cost *(Note i)*	**3,882,462**	1,754,800
Work in progress *(Note ii)*	**40,206,386**	49,000
Others	**1,705,621**	-
	45,794,469	1,803,800

(i) This consists of incidental costs incurred for potential future acquisition of interest in investees.

(ii) This represents solar energy projects under construction amounting to QR 38,930,445 as of 31 December 2018.

13 TRADE AND OTHER RECEIVABLES

	2018 *QR*	*2017* *QR*
Trade receivables	**458,017**	-
Dividend receivable*	**329,499,898**	-
Prepayments	**970,650**	371,889
Supplier advances	**132,973**	32,066
Interest accrued on loans receivable from other parties	**84,605**	90,817
Other receivables	**476,686**	1,030,606
	331,622,829	1,525,378

* This pertains to amount receivables from PT Paiton Energy Pte Ltd. for the interim dividend declared and approved by shareholders on 24 December 2018.

14 TERM DEPOSITS

	2018 QR	2017 QR
Term deposits	**3,520,921,356**	3,144,633,067
Interest receivable - term deposits	**27,152,647**	23,657,398
Total	**3,548,074,003**	3,168,290,465
Less: Term deposits with original maturity less than 3 months	**(32,227,275)**	(9,103,750)
	3,515,846,728	3,159,186,715

The term deposits are placed with local banks with strong long term credit rating (Moody's rating: Baa1 to Aa3, S&P rating: BBB+ to A and Fitch rating: A- to AA-). The interest rates are ranging from 1.25% to 4.30% (2017: 2.70% to 4.05%).

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows include the following amounts:

	2018 QR	2017 QR
Cash on hand	**6,163**	4,560
Cash at bank	**73,495,235**	28,116,095
Cash and bank balances	**73,501,398**	28,120,655
Term deposits with original maturity less than 3 months	**32,227,275**	9,103,750
Cash and cash equivalents	**105,728,673**	37,224,405

16 SHARE CAPITAL

	2018 QR	2017 QR
Authorised, issued and fully paid:		
365,000,000 shares of QR 10 each	**3,650,000,000**	3,650,000,000

17 RESERVES

17.1 Hedge reserve

The hedge reserve comprises the Group's share of effective portion of the cumulative net change in the fair value of the interest rate swaps used for hedging in associates and a joint venture.

Movement of share of hedging reserve of associate and joint venture is as follows:

	2018 *QR*	*2017* *QR*
At 1 January	**9,153,647**	2,253,968
Share of other comprehensive income from associates and joint venture	**22,236,987**	9,439,897
Reclassification to statement of profit or loss upon cancellation of hedge arrangement	**-**	(2,540,218)
	22,236,987	6,899,679
At 31 December	**31,390,634**	9,153,647

Share of other comprehensive income (loss) from associates and joint venture is as follows:

	2018 *QR*	*2017* *QR*
Phoenix Power Company SAOG	**15,641,542**	3,775,447
AES Oasis Ltd	**2,967,457**	1,135,106
PT Paiton Energy Pte Ltd	**-**	2,540,218
Shams Maan Solar UK Limited	**4,429,916**	(551,092)
Minejesa Capital	**648,446**	-
AES Jordan Solar B.V.	**(1,450,374)**	-
Total	**22,236,987**	6,899,679

17.2 Legal reserve

The Company has been incorporated under Article 207 of the Qatar Commercial Companies Law No. 11 of 2015. The provisions of the article of association apply to the Company for legal reserve. As per the articles of the Company, The Company shall allocate such proportion of the profit for the year or quarter to reserves as decided by a vote of the shareholders at an ordinary general assembly. In case of no decision, there shall be no allocation made to the statutory reserves. The shareholders have not decided to allocate such proportion of profits to the reserve, and accordingly no such transfers were made to the legal reserve.

17.3 Non-controlling interest

Movements of non-controlling interest are as follows:

	2018 *QR*	*2017* *QR*
Acquisition of non-controlling interest	**898,527**	-
Loss for the year	**(440,895)**	-
Total	**457,632**	-

18 INTEREST BEARING LOANS AND BORROWINGS

	Interest rate %	*Maturity*	*2018* *QR*	*2017* *QR*
Current interest-bearing loans and borrowings				
QR 182,075,000 Bank Loan *(Note i)*	USD LIBOR+1.1%	2019	**182,075,000**	182,075,000
QR 1,565,845,000 Bank Loan *(Note ii)*	USD LIBOR+1%	2018	**-**	313,169,000
Total interest-bearing loans and borrowings- current			**182,075,000**	495,244,000
Non-current interest-bearing loans and borrowings				
QR 1,565,845,000 Bank Loan *(Note ii)*	USD LIBOR+1.1%	2023	**1,690,133,341**	1,088,223,548
QR 273,112,500 Bank Loan *(Note iii)*	USD LIBOR+1.8%	2020	**272,872,161**	272,631,822
Project finance Loan (Note iv)			**74,357,848**	-
Total interest-bearing loans and borrowings- non-current			**2,037,363,350**	1,360,855,370
Total interest-bearing loans and borrowings			**2,219,438,350**	1,856,099,370

Notes:

(i) The Group has entered into an unsecured revolving loan agreement with HSBC Bank Middle East Ltd for a credit facility amounting to QR 182 million (USD 50 million) to fund the working capital requirements. The total outstanding amount as at 31 December 2018 is QR 182 million (USD 50 million) (2017: QR 182 million (USD 50 million)). Interest is charged at a rate of LIBOR + 1.1% per annum (2017: 0.9% per annum) as specified in the agreement. The loan is repayable at maturity, 12 months from the facility drawdown date.

(ii) The Group had entered into a syndicated revolving unsecured credit facility amounting to QR 1,565 million (USD 430 million) with a consortium of banks to partially fund asset acquisitions. The facility carried interest at LIBOR + 1% per annum as specified in the agreement. The total outstanding amount as at 31 December 2017 was QR 1,409 million (USD 387 million). The loan was repayable over period of 4 years in semi-annual instalments starting from 11 December 2017.

During the year ended 31 December 2018, the Group has entered into an amendment and restatement agreement according to which the credit facility has been increased to QR 1,712 million (USD 470 million). The total outstanding amount as at 31 December 2018 is QR 1,712 million (USD 470 million). Interest is charged at a rate of LIBOR + 1.1% per annum as specified in the agreement. The loan is repayable at maturity, 5 years from the facility drawdown date.

(iii) The Group has entered into a revolving loan agreement with First Gulf Bank for a credit facility amounting to QR 273 million (USD 75 million) to fund the working capital requirements. During the year ended 31 December 2018, loan has been transferred from First Gulf Bank to Doha Bank by way of Novation agreement. All the terms and conditions of the loan remain unchanged. The total outstanding amount as at 31 December 2018 is QR 273 million (USD 75 million) (2017: QR 273 million). Interest is charged at a rate of LIBOR + 1.8% per annum as specified in the agreement. The loan is repayable at maturity, 3 years from the facility drawdown date.

(iv) This represents two non-recourse project finance loans granted to Zon Exploitatie Nederlands B.V. by Triodos Bank with an outstanding balance of EUR 17,770,678. The first loan was granted in 2015; the committed amount is EUR 14,970,907 and consists of a EUR 967,544 fixed loan A facility with a scheduled maturity on 1 January 2026 and a EUR 14,003,363 fixed loan B facility with a scheduled maturity on 30 July 2030. The second loan was granted in 2016; the total committed amount is EUR 15,100,000 and consists of a EUR 7,550,000 fixed loan A facility with scheduled maturity on 1 April 2032 and a EUR 7,550,000 fixed loan B facility with scheduled maturity on 1 April 2032. Interest is charged at 2.14%.

19 EMPLOYEES' END OF SERVICE BENEFITS

	2018 *QR*	*2017* *QR*
At 1 January	**1,354,308**	791,333
Provision made during the year	**993,636**	594,875
Payments during the year	**(580,651)**	(31,900)
As 31 December	**1,767,293**	1,354,308

20 ACCRUALS AND OTHER PAYABLES

	2018 *QR*	*2017* *QR*
Accrued expenses	**32,542,633**	43,427,772
Accrued interest on interest bearing loans and borrowings	**5,235,052**	3,818,066
Tax provision- investment in an associate	**4,602,729**	14,604,370
Provision for impairment of financial and contract assets	**1,001,939**	-
Others	**24,701,905**	2,037,585
	68,084,258	63,887,793

21 RELATED PARTY DISCLOSURES

Related parties represent parent company, major shareholders, associated companies, directors and key management personnel of the Group, and companies of which they are principal owners. Pricing policies and terms of these transactions are approved by the Group's management and/or by the Board of Directors on an arm-length basis under normal market terms and conditions.

Transactions with related parties included in the statement of comprehensive income are as follows:

	31 December 2018		
	Expenses QR	***Interest income QR***	***Fee income QR***
Shareholders			
Qatar Electricity and Water Company Q.S.C.	**7,043,512**	-	-
Others			
PT Paiton Energy Pte Ltd *(Note (v))*	-	**1,959,809**	-
Shams Maan Power Generation PSC *(Note (i))*	-	**440,696**	-
IPM O&M Services Pte Ltd *(Note (vii))*	-	-	**1,911,788**
AES Oasis Ltd *(Note (iv))*	-	-	**644,690**
	7,043,512	**2,400,505**	**2,556,478**

21 RELATED PARTY DISCLOSURES (CONTINUED)

	31 December 2017		
	Expenses QR	*Interest Income QR*	*Fee Income QR*
Shareholders			
Qatar Electricity and Water Company Q.S.C.	8,863,767	-	-
Others			
PT Paiton Energy Pte Ltd *(Note (v))*	-	73,854,024	-
Shams Maan Power Generation PSC *(Note (i), (ii) and (iii))*	-	1,232,176	-
AES Oasis Ltd *(Note (iv))*	-	-	1,911,788
	-	-	748,994
	8,863,767	75,086,200	2,660,782

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

	31 December 2018		
	Loan receivable QR	***Other receivables QR***	***Payable QR***
Shareholders			
Qatar Electricity and Water Company Q.S.C.	-	**8,346,442**	-
Others			
PT Paiton Energy Pte Ltd *(Note (v))*	**15,944,797**	**3,639,754**	-
Shams Ma'an Power Generation PSC *(Note (i))*	**5,716,472**	**136,938**	-
AES Oasis Ltd *(Note (v))*	-	**127,628**	-
	21,661,269	**12,250,762**	-

	31 December 2017		
	Loan receivable QR	*Other receivables QR*	*Payables QR*
Shareholders			
Qatar Electricity and Water Company Q.S.C.	-	-	5,586,553
Others			
PT Paiton Energy Pte Ltd *(Note (v))*	43,618,415	-	-
Shams Ma'an Power Generation PSC *(Note (i))*	16,694,904	507,166	-
AES Oasis Ltd *(Note (v))*	-	247,429	-
	60,313,319	754,595	5,586,553

Notes:

(i) According to the "Shareholder Loan Agreement" entered on 21 July 2014 between the Group and Shams Ma'an Power Generation PSC ("Shams Ma'an "), the Group has agreed to lend an aggregate amount of USD 17 Million. This loan is long term in nature and does not have a fixed repayment schedule. The Group does not expect to recover the outstanding amount within a year, thus this is classified under non-current assets. The loan carries an interest at 5% per annum.

21 RELATED PARTY DISCLOSURES (CONTINUED)

Notes: (continued)

(ii) According to the "Construction Management Agreement" entered on 18 January 2014 between the Group and Shams Ma'an, the Group has agreed to assist Shams Ma'an in supervising, monitoring and controlling the construction of the solar power generating facility.

(iii) According to the "Technical and Financial Service Agreement" entered on 18 January 2014 between the Group and Shams Ma'an, the Group has agreed to provide certain technical and financial services as specified in the agreement.

(iv) According to the "Technical Service Agreement" entered between AES Oasis Ltd and AES Jordan PSC, AES Oasis Ltd has agreed to provide technical services as specified in the agreement. The Group receives the respective share of the technical fee.

(v) According to the "Share Purchase agreement" entered in to on 26 February 2016 with International Power (Impala) BV the Group has taken over the loan receivables from PT Paiton Energy Pte Ltd. The loan carries an interest rate of 4% per annum.

(vii) Nebras Power Netherlands BV and Mitsui Co. Ltd entered in to an agreement on 22 December 2016 with IPM O&M Services Pte Ltd to provide technical services as specified in the agreement. The Group receives the respective share of the technical fee.

Compensation of key management personnel
The remunerations of directors and other members of key management during the year were as follows:

	2018	*2017*
	QR	*QR*
Management		
Salaries and staff-related costs	**6,499,948**	7,610,493
Board remuneration	**3,954,117**	1,920,000
	10,454,065	9,530,493

22 COMMITMENTS AND CONTINGENCIES

At 31 December 2018, the Group had the following commitments:

(i) Based on the shareholders' loan agreement entered on 21 July 2014, between Nebras Power Q.P.S.C. and Shams Ma'an Power Generation PSC, the Group has committed to lend up to USD 17 million to Shams Ma'an Power Generation PSC. As of 31 December 2018, QR **5,716,472** (USD1,569,812) (2017: QR 23,530,126 (USD 6,461,659)) has been lent by the Group *(Note 21(i))*.

(ii) According to the shareholders' agreement entered on 26 June 2014, the Group along with other shareholders have agreed to contribute for the development of the joint venture entity (Shams Maan Solar UK Limited) USD 800,000. As of 31 December 2018, the Group's share of committed contributions for the development of the joint venture amounted to USD 280,000 (2017: USD 280,000).

(iii) Based on the shareholders' agreement entered on 26 June 2014 between Nebras Power Q.P.S.C. and Shams Maan Solar UK Limited, the Group has committed to subscribe to the capital of Shams Maan Solar UK Limited in accordance with a Shareholder Financing Plan. As of the reporting date, the Group's equity subscription amounts to QR 28,180,309 (USD 7,732,672) (2017: QR 28,180,309 (USD 7,732,672)).

(iv) At 31 December 2018, the Group had contingent liabilities amounting to QR 86,510,176 (2017: QR 43,329,298) in respect of tender bonds and performance bonds arising in the ordinary course of business from which no material liability is expected to arise.

(v) The share of IPM Indonesia B.V. are pledged with the lenders of PT Paiton Energy Pte Ltd under the relevant lending agreements.

22 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating lease commitments
The Group has entered into agreements for the commercial lease of the office buildings. The lease agreement for the building is for an initial period of 4 years commencing on 1 February 2018. Company had earlier entered into lease agreement for building for 2 years and 8 months commencing on 1 August 2015 which has been vacated during the year.

The future minimum lease rental payable under non-cancellable operating leases as of 31 December as follows:

	2018 QR	*2017 QR*
Within one year	**1,941,300**	1,034,151
After one year but not more than three years	-	-
	1,941,300	1,034,151

23 FINANCIAL RISK MANAGEMENT

Objectives and policies
The Group's principal financial liabilities, other than derivatives, comprise of interest bearing loans and borrowings, accruals and other payable and amounts due to a related party. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets are bank balances, term deposits, interest receivables, loans receivables and amounts due from related parties that derive directly from its operations.

The Group's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk and currency risk.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The Group's exposure to credit risk is indicated by the carrying value of its financial assets which consists primarily of term deposits, bank balances, interest receivables and due from related parties.

With respect to credit risk in respect of bank balances and other financial assets, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as follows:

	2018 QR	*2017 QR*
Bank balances *(Note 15)*	**73,495,235**	28,116,095
Term deposits *(Note 14)*	**3,548,074,003**	3,168,290,465
Dividend receivable *(Note 13)*	**329,499,898**	-
Trade receivable *(Note 13)*	**458,017**	-
Amounts due from related parties *(Note 21)*	**12,250,762**	754,595
Loans receivable *(Note 11)*	**21,661,269**	60,313,319
Other receivables	**476,686**	1,121,422
	3,985,915,870	3,258,595,896

Credit risk on bank balances and term deposits is negligible as they are placed with local Qatari banks having strong long term credit ratings (Moody's rating: Aa3, S&P rating: BBB+ to A and Fitch rating: A- to A+).

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group limits its liquidity risk by investing available cash in term deposits redeemable at any time at no cost and ensuring that bank facilities are promptly available when required.

The following are the contractual maturities of financial liabilities:

31 December 2018	*Carrying amounts QR*	*Less than 1 year QR*	*1 – 5 years QR*	*More than 5 years QR*
Interest bearing loans and borrowings	**2,219,438,350**	**182,075,000**	**2,037,363,350**	-
Accruals and other payables	**62,479,590**	**62,479,590**	-	-
	2,281,917,940	**244,554,590**	**2,037,363,350**	-

31 December 2017	*Carrying amounts QR*	*Less than 1 year QR*	*1 – 5 years QR*	*More than 5 years QR*
Interest bearing loans and borrowings	1,856,099,370	495,244,000	1,360,855,370	-
Accruals and other payables	63,887,793	63,887,793	-	-
Amounts due to a related party	5,586,553	5,586,553	-	-
	1,925,573,716	564,718,346	1,360,855,370	-

Interest rate risk
The Group's financial assets and liabilities that are subject to interest rate risk comprise bank deposits and interest bearing loans and borrowings.

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial liabilities with floating interest rates.

The following table shows the sensitivity of the consolidated income statement to possible changes in interest rate by 25 basis points, with all other variables held constant. The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates for one year, on the floating rate borrowing held at 31 December. The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown below:

	Changes in basis points	*Effect on profit QR*
2018		
Floating rate instruments	**+25 bps**	**4,702,961**
2017		
Floating rate instruments	+25 bps	4,640,248

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. A significant portion of the Group's foreign currency transactions is denominated in US Dollars. As the Qatari Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

Nebras Power targets to have non-recourse financing to fund its development projects. The Group also utilize corporate financing to optimize cost of capital, secure long-term growth and maximize shareholders value. However, the targeted level of corporate debt is consistent with maintaining an internally assessed stand-alone investment grade credit rating. This assessment is performed in accordance with methodologies adopted by major credit rating agencies.

The management monitors the capital, which the Group defines as share capital and retained earnings and is measured at QR 4,505,464,036 (2017: QR 4,162,149,637).

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

Financial assets consist of bank balances, term deposits, interest receivables, loans receivables and amounts due from related parties. Financial liabilities consist of interest bearing loans and borrowings, accruals and other payable and amounts due to a related party.

The fair values of financial instruments at reporting date are not materially different from their carrying values.