

Annual Report 2018



نبراس للطاقة
Nebras Power

Pioneering Future Energy



His Highness
Sheikh Hamad Bin Khalifa Al Thani
Father Emir



His Highness
Sheikh Tamim Bin Hamad Al Thani
Emir of the State of Qatar



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Business Overview

Who We Are

Nebras Power Q.P.S.C. (“Nebras Power” or “Nebras”) was established in 2014 as a Qatari shareholding company in accordance with the provision of Article 68 (now article 207) of Qatar commercial companies’ law. The Company, which is head-quartered in Doha, Qatar, is a joint venture of two Government Related Entities (“GREs”): Qatar Electricity and Water Company (“QEWCo”), (60%) and Qatar Holding LLC (“QH”) (40%). While QH is fully owned by Qatar Investment Authority, the State of Qatar sovereign wealth fund, QEWCo has been fully floated on the Doha stock exchange and State of Qatar owns directly and indirectly 52%.

Nebras was set up to take advantage of the investment opportunities created by continuously growing demand for electricity and water throughout the world, especially in the rapidly developing markets in the Middle East, Asia, Africa and Latin America. It was also set up to participate in the evolving nature of the global power industry and to pioneer future energy solutions in its investments.

Nebras was created as a fully-fledged investment company capable of building on this long-term opportunity. It is the vehicle through which Qatar intends to develop and manage a portfolio of strategic investments in power, water and renewables throughout the world. We form part of Qatar’s 2030 vision to diversify the economy away from oil and gas and be the custodian of wealth for future generation of Qataris.

We draw on the extensive experience gained by our major shareholder, Qatar Electricity and Water Company, in developing power and water projects in Qatar and abroad.

QEWCo is Qatar’s national power generating company, it controls the majority of Qatar’s power generating fleet and it is the second largest utility in the Middle East and North Africa regions.

Over the last 5 years we have developed an investment portfolio of 7 power generating assets totalling approximately 1.5 GW (Net), around 4 geographies in Europe, Middle East and South-East Asia, delivering on our strategy and business plan. We are just at the beginning of our journey.

We have built a highly professional management team with extensive years of experience in the power and utilities sectors. The management team has a mix of global, regional and local experience to ensure full alignment with shareholders and global knowledge of the power sector. We have the ambition and the strategic target to build a portfolio exceeding 13 GW net by 2028, well balanced in terms of technology mix, market geographies and off-taking arrangements.

We will pursue long term value creation through active management of the investment portfolio and direct involvement in engineering and construction, operation and maintenance, energy trading, sourcing and logistics of fuel. The focus will be on long-term investment opportunities pursued either through direct control or with associated significant governance rights to influence decision-making and protection of underlying value.

Our Vision

We have the ambition to become one of the leading energy companies of the world, pioneering future energy.

Our Mission

We are committed to provide safe, reliable, efficient, and environmentally sound energy solutions. We aspire to achieve this by living our values, which drive every decision and action we take. We encourage talents and we truly count on skills and creativity of our team to achieve excellence in everything we do.

Our Values

- ◆ **Safety as a Priority:** We believe in conducting our business in a safe and sustainable way.
- ◆ **Pursuing Excellence:** We believe in the pursuit of excellence in everything we do.
- ◆ **Collaboration and Teamwork:** We believe we are better when we work together.
- ◆ **Continuous Improvement and Knowledge:** We always strive to get better. We share our know-how, expertise and ideas with each other. We apply the lessons we learn.
- ◆ **Honesty, Integrity and Transparency:** We set the highest standard of corporate governance. We are open and honest with each other, our partners and stakeholders.
- ◆ **Commitment to Environment:** We understand our impact on the environment and we work towards a more sustainable industry.

Our Shareholders



Nebras Power enjoys full support from two strong shareholders, with solid fundamentals and outstanding track record. They have invested into the company's growth and are able to bring our vision and strategy into life.

Qatar Electricity And Water Company



Qatar Electricity and Water Company (QEWC) is one among the first private sector companies in the region that operate in the field of electricity generation and water desalination. The company was established in 1990 as a public shareholding company, in accordance with the provisions of the Qatari Commercial Companies Law, for the purpose of owning and operating power and water plants, and to sell its products.

QEWC is one among the largest companies in the field of electricity generation and water desalination in the Middle East and North Africa region. QEWC is the main supplier of electricity and desalinated water in Qatar.

The company and its joint venture companies together have a capacity of over 10,590 MW of electricity and over 481.5 MIGD of desalinated water.

The company has experienced remarkable growth over the past decade in line with the steady growth of the country's economy and the corresponding increase in demand for electricity and water.

The company's original paid up capital was QR 1 billion, divided into one hundred million shares QR 10 each. At the Ordinary General Assembly meeting held on 25th February 2014, a resolution was passed to distribute to shareholders ten million shares as bonus shares at the rate of one share for every ten shares held. With that, company's paid up capital became QR 1.1 Billion, divided into one hundred and ten million shares of QR 10 each. The Government of the State of Qatar and its affiliates own approximately 60% of the share capital and the remaining 40% is held by private companies and individuals. The company is managed by the Board of Directors consisting of 11 members headed by H.E. Mr. Saad Bin Sherida Al- Kaabi, Minister of Energy affairs.

It is worth mentioning that the Company won the awards for the best Arab company in the energy sector as well as the best Arab management team in the energy sector for the year 2017 in the awards of the second edition of the "Best Arab" held in the city of Marrakech in the Kingdom of Morocco. This was in recognition of the company's performance and professional excellence in the field of electricity production and desalination. It has also won numerous international awards from prestigious institutions involved in assessing security and safety performance such as ROSPA.

Qatar Holding



Qatar Holding LLC ("QH"), established in 2006 in the Qatar Financial Centre, is a 100% owned subsidiary of the Qatar Investment Authority ("QIA").

The QIA is the sovereign wealth fund of the State of Qatar.

QH invests internationally and locally in strategic private and public equity as well as in other direct investments.

The portfolio of QH includes some of the world's most prestigious institutions covering a wide range of industry sectors.

QH's investments cover more than 30 countries across all continents.

Chairman's Letter



“NEBRAS: IN THE MIDST OF THE
REVOLUTIONARY TRANSFORMATION
OF THE ENERGY INDUSTRY”

Mr. Fahad Bin Hamad Al-Mohannadi

In my 2017 letter, I have mentioned the revolutionary changes that impact the global energy industry. I mentioned the accelerating move away from thermal generation toward renewables, with related challenges for grid stability; the erosion of the concept of utility-scale, centralized power plants toward local end-user-tailored solutions. Finally I mentioned the determined entry of new classes of investors such as pension funds and yield companies, with their aggressive pricing, into competition for electric power generation industry assets, a business previously dominated by large international utilities.

Now in 2018, we see this transformation accelerating even further and steadily gathering pace. Counting by installed capacity, renewable projects alone now account for over 60% of all power generation projects under construction, globally. Financial investors – often managing money for retail consumers satisfied with relatively low yields – now own a very significant portion of global renewable assets and continue to aggressively compete on price. As entry barriers collapse, renewable industry newcomers, often with minimal capital, enter the market as developers. Finally, renewables increasingly start operating without subsidies and now compete in the merchant markets, with uncertain future pricings as industry revolution powers ahead.

These are all dramatic changes of our industry – an industry that for decades seemed to be stable, and now is in the midst of upheaval.

From Nebras, these changes demand new - and continuously updated - understanding of the dynamics of the global markets, of the evolving new technologies, of new strategies to capture value, and of changing projections and valuations. Fierce competition from financial investors for operating – or even late-development stage – assets increasingly demand from us to focus more on greenfield

development. New market realities demand from us to move up the value chain and leverage not just our financial capability but especially and foremost, our intellectual capability.

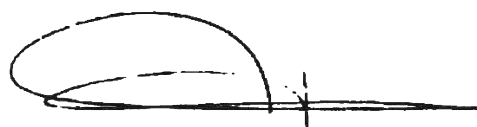
This is a challenge, but ultimately it is to our benefit. I believe that it is the intellectual capability and its continuous development that is the greatest asset of Nebras, and it fits perfectly with our leadership's objective of transitioning Qatar from a resource-based to a knowledge-based economy by 2030.

In the above context, effectively growing our development capability becomes an even more critical need for our company. This capability, in order to achieve the required results, will need to be based in the local markets. It goes without saying that for a global company, we need to be based globally.

While we are already planning to add to our Amsterdam-based capability, the next step will be to add further capability in other major global markets, to enable us to benefit from the rapid transformation of the industry and the opportunities this transformation offers.

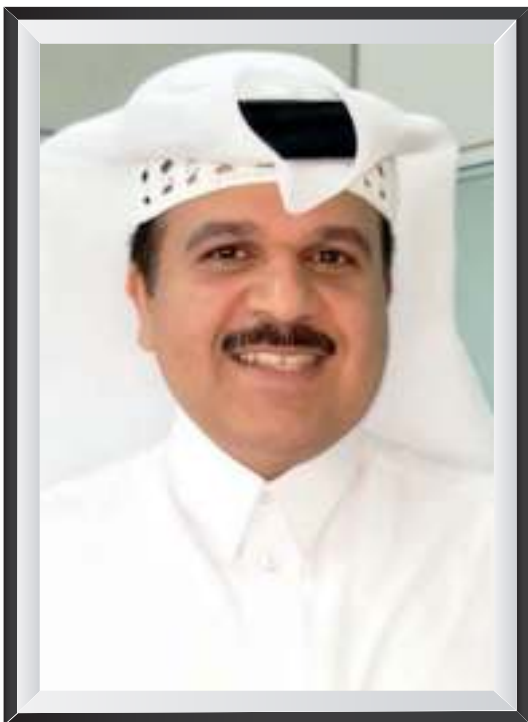
In closing, Nebras is now located at both the most exciting and perhaps the most challenging intersection of technological changes in our time, a total transformation of the energy industry. We are being challenged and need to rise to this challenge. Our recent successes and ongoing efforts need to be measured against this backdrop of the complexity that accompanies the ongoing revolutionary change.

I wish Nebras and its management and staff all the best in 2019 and thank them for their efforts in 2018.



Fahad Hamad Al-Mohannadi
Chairman

CEO's Message



“NEBRAS’ GROWING ROLE AS
GLOBAL POWER DEVELOPER”

Mr. Khalid Mohammed Jolo

The past year 2018 has been for Nebras a year of continuous growth in the global arena, marked by mid-year acquisition of a Netherlands-based solar power developer, ZON Exploitatie Nederland B.V. (ZEN), owner of 96MW of operating, under development and under-construction solar projects portfolio and developer of a large deal pipeline of several hundred MWs.

This is not just an important entry into the Netherlands solar market, one of the most exciting and profitable in the world at the moment. It is also a game-changing investment by Nebras. For the first time since its inception, our company will be not just an acquirer of assets, generally in minority position, but will be leading on-the-ground development of greenfield solar projects as majority owner in control position.

From our base in Amsterdam, we hope to expand our portfolio not only into the Netherlands, but also across the region, primarily in the fast-growing solar generation business, which is set to reach over 1000 GWs by 2022 and now, together with wind, accounts for majority of all new projects under construction in Europe.

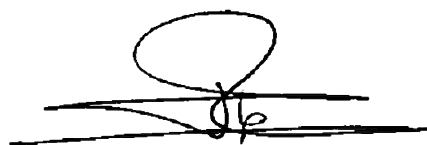
Beside closing this important 'development deal', we have been very actively involved in a number of greenfield and brownfield prospects, principally in Latin America, Asia and Africa. Several of these transactions are in a well advanced stage and we hope to be able to close them early in 2019. We are also well advanced with construction of a new solar plant

in Jordan which in a few months will join our growing portfolio of operating assets.

The profile of these investments proves that we continue to follow our principal gas-and-renewables strategy. The prospects we are currently working on are exclusively renewables and gas-fired projects, with continued special focus on developing gas-to-power capability. We recorded another year of strong financial performance with year-on-year growth. Operating Income and Net Income have registered continuous increase as compared to previous years, thanks to the excellent performance of our quality asset portfolio. We continue to look for and secure the essential and much needed resources to tackle a large number of projects that we are processing, bidding for, and developing.

To summarize, 2018 has been not just another successful year, but also a game-changer year for Nebras: a year where for the first time we moved from minority investor position to a position of controlling developer of new projects. A number of the projects we are currently working reflect this qualitative change, with Nebras in controlling and leading position. The seeds we have sown in our consolidation year of 2017 are beginning to yield results.

I wish Nebras and our team a lot of success in the coming new year 2019.



Khalid Mohammed Jolo
CEO

Sector Overview

"Nebras Power will participate in and actively shape the ongoing power industry transformation process."

Over the last couple of decades, the global power generation sector has undergone a profound transformation process. As far as global power demand is concerned, Emerging Markets are expected to lead demand growth, driven by economic and population upward dynamics and increased electrification mainly in Asia, Africa, Middle East and Latin America. On the other side, most of the developed countries are experiencing slowing demand growth due to slow economic growth, efficiency gains, growing demand-side management, and advent of energy saving technologies.

From a technology mix perspective, we are witnessing a global shift towards renewable energy sources, increasingly becoming less expensive. Solar is expected to be the dominant technology within the renewable market space. In conventional power generation, gas is expected to drive future capacity growth, being able to provide a quick and clean source of base-load capacity and growing rapidly due to environmental challenges for coal and nuclear technologies. Notwithstanding that, coal will continue to play a role in Asian and African countries due to less stringent environmental guidelines and regulations and abundance of domestic cheap resources.

Besides that, the emergence and development of energy storage solutions is setting up the conditions for the renewable base-load revolution through the combination of intermittent power with fast and readily available reserve capacity.

On the other side, the fast-growing dynamics of distributed power generation and the advent of off-grid power systems is putting under pressure the traditional unidirectional model of electric power system and it is opening new market opportunities.

While most of the new greenfield developments are expected to come from emerging economies in South East Asia, Africa, Middle East and Latin America, to meet the upward trend in demand, market competitiveness is expected to increase and providers of both debt and equity capital

are expected to become more selective towards specific markets.

Governments are increasingly seeking private sector participation in the power sector to meet demand especially in Emerging Markets while the unbundling of vertically integrated government owned entities is underway. Merchant markets are expected to be predominant in future but there is increasing pressure on regulators to introduce capacity payment schemes to support long term returns.

As far as the electricity transmission and distribution segments are concerned, the increasing adoption of computing intelligence and networking ability to the existing conventional networks (smart grid solutions) is allowing electric utilities to control better their networks, to connect better to their customers, to compete more effectively and to provide expanded services to end-users who now become active players of the energy conservation process.

All of that is happening in a context where energy efficiency policies and programs are proliferating supported by technology advances as well as by shift in consumer's habits. This new context is inevitably producing a paradigm shift in the decision-making process including advanced predictive portfolio performance monitoring platforms related to new asset development and asset management in the power industry.

Our overall strategic objective is to achieve optimal investment portfolio returns while growing our global asset base and to expand technological know-how and expertise across the whole spectrum of power generation and water desalination technologies. This includes active participation in the global shift in the nature of the power generation industry, pioneering new energy solutions. To achieve this purpose, Nebras Power's Board of Directors have developed a clear set of strategic directions that guide the management team in assessing, selecting, executing and managing investments.

Strategy

- ◆ **We invest globally in power generation, sourcing and logistic of fuel, water desalination, water treatment, district cooling/heating projects.**
- ◆ We are a strategic investor and we pursue long-term value creation. We aim at maximizing shareholder returns in the context of an acceptable risk profile.
- ◆ We target to achieve a well-balanced investment portfolio in terms of technology mix, markets, merchant exposure, and greenfield developments vs. M&A.
- ◆ We target to secure significant governance rights over investees through either direct control or an acceptable level of influence over management, operations and cash flow generation.
- ◆ We seek to develop and grow key technical, commercial, market, management competences and expertise across all technologies and target markets.
- ◆ We adopt financial discipline while pursuing growth. We aim at maintaining at all times a stand-alone investment grade credit rating.
- ◆ We want to build successful long-term relationships with strategic partners (utilities, power developers, EPC, OEM, O&M providers, financial institutions) for developing opportunities in target markets.

Board of Directors

The broad range of backgrounds, expertise and experience brought by the members of our Board of Directors plays a crucial role in the long term sustainable development of our business and operations, and ensures that high standards of corporate governance are pursued and maintained.

Mr. Fahad bin Hamad Al-Mohannadi

CHAIRMAN

Appointed Chairman to the Board in February 2014.

CAREER AND EXPERIENCE

Mr. Fahad bin Hamad Al-Mohannadi is the Chairman of Nebras Power QPSC and Managing Director & General Manager of QEWC. Mr. Al-Mohannadi has a career spanning more than 25 years in the power and utilities sector. He held various positions at the Ministry of Electricity & Water of Qatar from 1981 to 1992. One of the Board of Directors of HK Electric Investments & HK Electric Investments Ltd., Siraj Energy, Qatar Hot Briquetted Iron Co., Qatar Steel Co., Ras Laffan Power Co. Ltd. and Qatar Electricity & Water Co. Mr. Al-Mohannadi also served on the Board at Industries of Qatar., Qatar Petroleum Corp. and Qatar Science & Technology Park.

QUALIFICATIONS AND RECOGNITIONS

Mr. Al-Mohannadi holds a Bachelor Degree in Mechanical Engineering from North Carolina Agricultural & State University in the USA. He is a Qatari national.

Mr. Khalid Mohammed Jolo

CHIEF EXECUTIVE OFFICER

Elected as CEO in February 2014.

Appointed to the Board in December 2014.

CAREER AND EXPERIENCE

Mr. Jolo has more than 20 years' experience in the power and utilities sector. He headed the QEWC's Business Development team in the recent past, and was responsible for leading critical development projects in and outside Qatar including Ras Abu Fontas-B1 (375 MW), Ras Abu Fontas-B2 (550 MW + 33MIGD), Ras Abu Fontas-A1 (45 MIGD) in Qatar, Sur IPP (2000 MW) in Oman and the acquisition of an equity stake in IPP4 (370 MW) in Jordan.

He is the Chairman of the Board of Phoenix Power Company (Oman) and Shams Ma'an Power Generation (Jordan). He is also a member of the Board of Directors in Ras Girtas Power Company (Qatar), Siraj Energy (Qatar), and Ras Laffan Power Company (Qatar).

QUALIFICATIONS AND RECOGNITIONS

Mr. Jolo holds a degree in Mechanical Engineering from the Faculty of Engineering, Qatar University. He is a Qatari national.

Mr. Abdulsattar Mohd. Al-Rasheed

DIRECTOR

Appointed to the Board in February 2014.

CAREER AND EXPERIENCE

Mr. Al-Rasheed is a Qatari national born on 1st January 1957. He has more than 35 years of experience in the power and water sector in Qatar. He is currently the Business Development Director of Qatar Electricity & Water Company (QEWC).

Mr. Al-Rasheed has held various senior positions during his career including Operations Manager at RAF-A Station, Production Manager at QEWC, Executive Managing Director of QPower Company and CEO Ras Abu Fontas Power and Water Station. He currently serves on the Board of Directors for Phoenix Operation & Maintenance Company, Umm Al Houl Power Company, Ras Girtas Power Company and Siraj Energy.

QUALIFICATIONS AND RECOGNITIONS

Mr. Al-Rasheed holds a Bachelor Degree in Mechanical Engineering from California State University in December 1982, Sacramento, USA. He is a Qatari national.

Mr. Mohammed Ahmed Al-Hardan

DIRECTOR

Appointed to the Board in June 2015.

CAREER AND EXPERIENCE

Mr. Al-Hardan joined Qatar Investment Authority in 2009 where he is currently working as a Senior Investment Associate in the Technology, Media & Telecommunication Investing department. Prior to 2017, Mr. Al-Hardan used to be part of the Infrastructure & Power Investment department at the QIA. Mr. Al-Hardan is also a member of the Board of Directors of the Qatari Algerian Investment Company (QAIC).

QUALIFICATIONS AND RECOGNITIONS

Mr. Al-Hardan holds a Bachelor of Science degree in Business Administration with concentrations in Finance & Strategy from Carnegie Mellon University. He is a Chartered Financial Analyst (CFA). He is a Qatari national.

Mr. Abdulmajeed Shihab Al-Reyahi

DIRECTOR

Appointed to the Board in May 2017

CAREER AND EXPERIENCE

Mr. Al-Reyahi has more than 25 years of experience in power & water projects in various capacities such as head of Operation and Maintenance, Station Manager, Maintenance Manager, Production Manager, Chief Executive Officer & Vice Chairman under Secondment of QEWC. At present, Mr. Abdul Majeed, is the Chief Executive Office for Ras Girtas Power Company.

QUALIFICATIONS AND RECOGNITIONS

Mr. Al-Reyahi holds Bachelor of Science degree in Mechanical Engineering from Qatar University in 1992. He is a Qatari national.

Mr. Jamal Ali Al-Khalaf

DIRECTOR

Appointed to the Board in May 2017.

CAREER AND EXPERIENCE

Mr. Al-Khalaf started his career with the Ministry of Electricity and Water, Government of Qatar, where he was appointed as Head of Operations at Ras Abu Fontas Power and Water A-Station. In 2005 he was appointed to manage the entire operation of all Power and Water production facilities of QEWC. He was appointed as the Chief Executive Officer of Umm Al Houli Power Company (UHP) in 2015, a Joint Venture company of QEWC with 60 % QEWC shareholding.

QUALIFICATIONS AND RECOGNITIONS

Mr. Al-Khalaf holds a Bachelors of Science degree in Mechanical Engineering from Qatar University. He also obtained NEBOSH/OSHA certification in the year 2011. He is a Qatari national.

Mr. Fahad Abdulla Al-Mana

DIRECTOR

Appointed to the Board in February 2014.

CAREER AND EXPERIENCE

Mr. Al-Mana has joined Qatar Investment Authority in 2010 as senior financial analyst Business Development. Currently he is a senior member of the M&A / Co-investment team. Mr. Al-Mana is Member of the Board of Directors of Juweel and Al Rayyan Hospitality.

QUALIFICATIONS AND RECOGNITIONS

Mr. Al-Mana holds a Degree in Business Administration from Qatar University. He is a Qatari national.

Mr. Sultan Hassen Al-Saadi

DIRECTOR

Appointed to the Board in May 2017.

CAREER AND EXPERIENCE

Mr. Al-Saadi joined Qatar Investment Authority in March 2010. He is currently Associate Director within the Qatar Investments Department, which has the mandate to look after the investments of QIA within the State of Qatar. Sultan's role is to assist the Head of Qatar Investments in developing the strategy for the department as well as supporting portfolio companies in terms of new investments, divestments, financing, strategy and governance with the objective of maximizing return of the investments.

QUALIFICATIONS AND RECOGNITIONS

Mr. Al-Saadi holds Bachelor of Science degree in Electronics Engineering with a minor in Mathematics from the University of Arizona, USA in 2002. He is a Qatari national.

Mr. Oluwafemi Idowu

DIRECTOR

Appointed to the Board in March 2018

CAREER AND EXPERIENCE

Mr. Idowu joined Qatar Investment Authority in 2012 where he is currently working as part of the Infrastructure investment team. Prior to 2012, Mr. Idowu worked as a mergers & acquisitions banker at Citigroup in London focused on power and utilities. He serves as a Director of Gulf Chemical Carriers Holdings Limited.

QUALIFICATIONS AND RECOGNITIONS

Mr. Idowu graduated with an M. Eng degree in Chemical Engineering from Imperial College London with a specialization in natural gas fractionation technology. He is a Nigerian national.

Mr. Issa Shaheen Al-Ghanim

DIRECTOR

Appointed to the Board in February 2014

CAREER AND EXPERIENCE

Mr. Al-Ghanim has more than 35 years' experience in the oil, gas, and power sector. He is currently Senior Advisor to the President & CEO of Qatar Petroleum. He has held various senior executive positions at Qatar Petroleum, Qatar Electricity and Water Corporation, Qatar Electricity and Water Company and the Ministry of Finance and Petroleum. He is the Chairman of Mesaieed Power Company and the State of Qatar's Governor to OPEC.

QUALIFICATIONS AND RECOGNITIONS

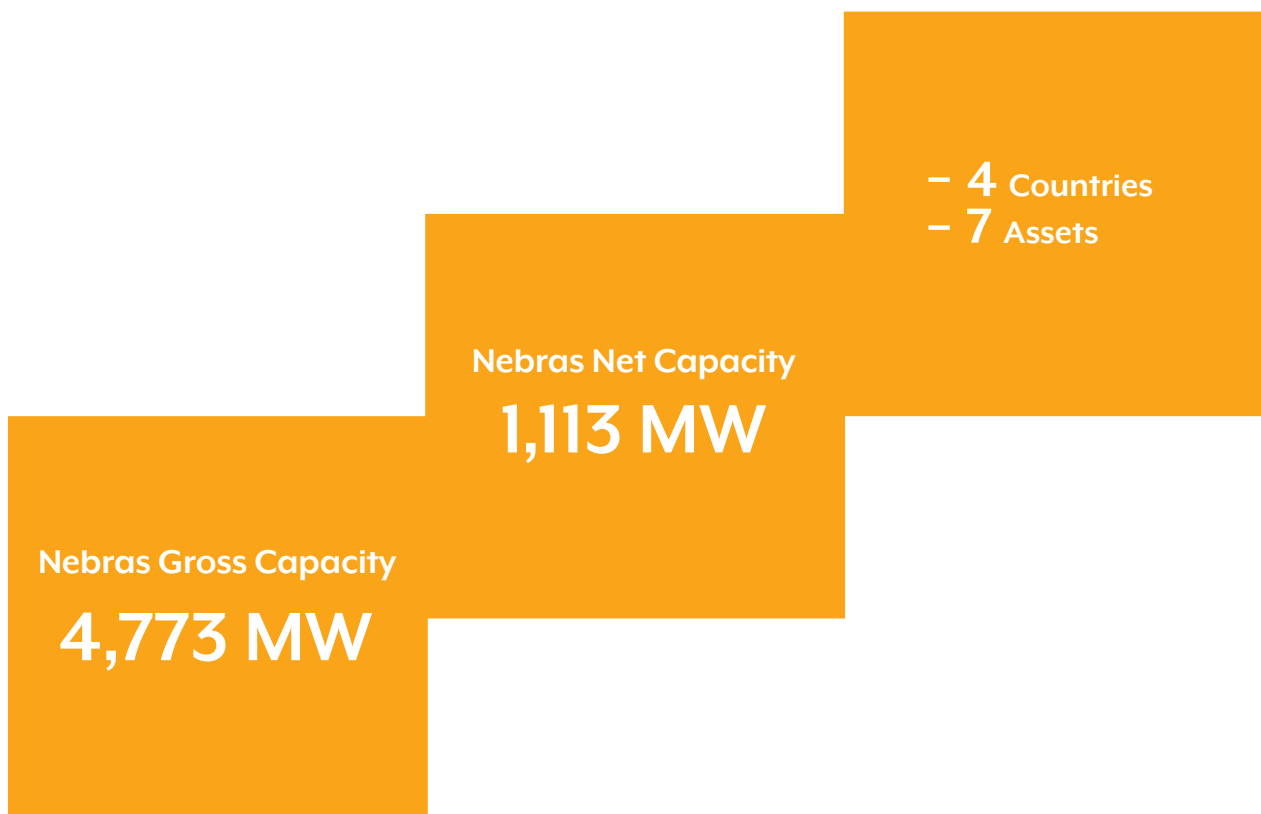
Mr. Al-Ghanim has a Master degree in Economics from the American University in Washington DC, USA and a B.A. in Political Science from the Portland State University in Oregon. He is a Qatari national.

Investment Portfolio



Portfolio Overview

Over the last four years Nebras has built a power investment portfolio of 1.1 GW (net capacity) of operational assets underpinned by solid contractual and off taking structures and able to deliver highly visible cash flows, stable return on investment and strong financial position. Our management constantly and effectively monitors our investments to ensure safe and efficient operations, sustainable risk profile and, in turn, protection of the underlying value of our portfolio.



Netherlands	Gross Capacity	Other Partners
Zon Exploitatie Nederland Holding B.V. (ZEN) (75%)	Solar - 24MW	Michel Peek Beheer B.V. (25%)

Jordan	Gross Capacity	Other Partners
AM Solar (24%)	Solar - 40 MW	AES Jordan (36%) Mitsui & Co (40%)
Shams Ma'an Power Generation (35%)	Solar - 52.5MW	Mitsubishi (35%) Kawar (30%)
Amman East (23.4%)	CCGT - 370MW	AES Corp (36.6%) Mitsui & Co (40%)
IPP4 (24%)	Tri-Fuel Engines - 241MW	AES Corp (36%) Mitsui & Co (40%)

Oman	Gross Capacity	Other Partners
Phoenix Power Company (9.8%)	CCGT - 2,000MW	Marubeni (32.5%) Chubu (19.5%) Multitech (3.25%) Free float (35%)



Indonesia	Gross Capacity	Other Partners
Paiton Energy (35.5%)	Coal - 2,045MW	Mitsui & Co. (45.5%) JERA (14%) BHP (5%)



Amman East - Jordan

- ◆ Amman East - IPP, is the first independent power producer (“IPP”) in Jordan.
- ◆ Amman East owns and operates a 370 MW gas fired power generating facility.
- ◆ The power plant comprises of 2 gas turbines and 1 steam turbine and it has started its commercial operation in 2009.
- ◆ All the electricity produced and the capacity made available by Amman East IPP is purchased by National Electric Power Company (NEPCO) under a long term Power Purchase Agreement (“PPA”) until 2034.
- ◆ Nebras Power owns 23.4% of IPP. Other partners are AES Corp. (36.6%) and Mitsui & Co. (40%).

Equity stake in Amman East is owned by Nebras

23.4%

Gross Capacity

370MW

Other Partners:

AES Corp



36.6%

Mitsui & Co



40%



IPP4 - Jordan

- ◆ IPP4 is the fourth independent power producers (“IPP”) in Jordan.
- ◆ IPP4 owns and operates a 241 MW multi fuel power generating facility.
- ◆ The power plant comprises of 16 Wartsila tri-fuel combustion engines and it has started its commercial operation in 2014.
- ◆ All the electricity produced and the capacity made available by IPP is purchased by National Electric Power Company (NEPCO) under a long term Power Purchase Agreement (“PPA”) until 2036.
- ◆ Nebras Power owns 24% of IPP4. Other partners are AES Corp. (36%) and Mitsui & Co. (40%).

Equity stake in IPP4 is owned by Nebras

24%

Gross Capacity

241MW

Other Partners:

AES Corp	—————	36%
Mitsui & Co	—————	40%



Shams Ma'an Power Generation - Jordan

- ◆ Shams Ma'an is the largest Solar Photovoltaic independent power producer ("IPP") in Jordan.
- ◆ Shams Ma'an owns and operates a 52.5 MW solar PV farm. The plant has started its commercial operation in 2016.
- ◆ All the electricity produced and the capacity made available by Shams Ma'an IPP is purchased by National Electric Power Company (NEPCO) under a long term Power Purchase Agreement ("PPA") until 2040.
- ◆ Nebras owns 35% of Shams Ma'an. Other shareholders are Mitsubishi Corporation (35%) and Kawar (30%).

Equity stake in Shams Ma'an is owned by Nebras

35%

Gross Capacity

52.5MW

Other Partners:

Mitsubishi Corporation	_____	35%
Kawar	_____	30%



AM Solar - Jordan

- ◆ AM Solar is a 40 MW solar plant under construction and Commercial Operation Date is targeted 2nd quarter of 2019.
- ◆ All the electricity produced and the capacity made available by AM Solar IPP is purchased by National Electric Power Company (NEPCO) under a long term Power Purchase Agreement (“PPA”) until 2039.
- ◆ Nebras Power owns 24% of AM Solar. Other partners are AES Corp. (36%) and Mitsui & Co. (40%).

Equity stake in AM Solar is owned by Nebras **24%**

Gross Capacity **40MW**

Other Partners:

AES Corp.	_____	36%
Mitsui & Co.	_____	40%



Paiton Energy - Indonesia

- ◆ Paiton Energy is one of the largest independent power producers (“IPP”) in Indonesia; with 2,045 MW generating capacity (representing ca. 4% of installed capacity in Indonesia), and ca. 13,500 GWh of annual power output.
- ◆ Paiton Energy operates three power generating units (P7, P8 and P3) at the Paiton Power Complex in East Java.
- ◆ P7 and P8 commenced commercial operations in 1999 and P3 in 2012.
- ◆ All electricity produced and the capacity made available by Paiton is purchased by PLN under a long-term Power Purchase Agreement (“PPA”) until 2042.
- ◆ The plants are operated and maintained by Paiton Operation & Maintenance Indonesia (“POMI”).
- ◆ Nebras Power owns 35.5% equity stake in Paiton Energy. Other shareholders are Mitsui & Co (45.5%), Jera Co. (14%) and PT Batu Hitam Perkasa (5%).

Equity stake in Paiton Energy is owned by Nebras

35.5 %

Gross Capacity

2,045MW

Other Partners:

Mitsui & Co.	—	45.5%
Jera Co.	—	14%
Toba Bara Energi	—	5%



Phoenix Power Company - Sultanate of Oman

- ◆ Phoenix Power Company owns and operates the largest independent power producer (“IPP”) in Oman, Sur Power generating facility.
- ◆ Sur IPP has 2,000 MW of gas fired power generating capacity (representing ca. 28% of the installed capacity in Oman).
- ◆ The power station comprises of 5 gas turbines and 3 steam turbines and it has started commercial operations in 2014.
- ◆ All the electricity produced and the capacity made available by Sur IPP is purchased by Oman Power and Water Procurement Company (OPWP) under a long term Power Purchase Agreement (“PPA”) until 2029.
- ◆ The plant is operated and maintained by Phoenix Operation & Maintenance Company.
- ◆ Nebras Power owns 9.8% equity stake in Phoenix Power Company. Other major shareholders are Marubeni Corporation (32.5%) and Chubu Electric Power (19.5%) and Multitech (3.25%). The remaining shareholding stake has been floated on the Muscat securities stock market.

Equity stake in Phoenix Power Company is owned by Nebras **9.8 %**

Gross Capacity **2,000MW**

Other Partners:

Marubeni Corporation	—————	32.5%
Chubu Electric Power	—————	19.5%
Multitech	—————	3.25%

** The remaining shareholding stake has been floated on the Muscat securities stock market.*



Zon Exploitatie Nederland Holding B.V. (ZEN) - Netherlands

- ◆ ZEN (Zon Exploitatie Nederland Holding B.V.) is a Netherlands-based solar PV power generation company engaged in development, construction, ownership and operation of large-scale solar rooftop power generation projects on roofs of commercial buildings.
- ◆ ZEN currently has 24MW of installed capacity and additional 72MW of construction-ready and under-construction capacity. With 75% equity stake in ZEN, net capacity attributable to Nebras Power share is 73.5MW.
- ◆ In addition, ZEN is working on ground-mounted utility-scale solar PV projects in the Netherlands, with a significant number of deals in the pipeline.
- ◆ The electricity produced by ZEN is purchased by the distribution companies of the Netherlands and partially by the building tenants. The projects run under a 15-year Feed-in-Tariff guaranteed by the Dutch government (the “SDE+ program”).
- ◆ Nebras Power owns 75% of ZEN. Other partner is Michel Peek Beheer B.V. (25%).

Equity stake in ZEN
is owned by Nebras

75 %

Gross Capacity

24MW

Other Partners:

Michel Peek Beheer B.V.

25%

Operational Highlights



Business Development

During 2018, Nebras Power has pursued many business opportunities, both greenfield and acquisition of operating assets. These opportunities were in line with the company's corporate strategy, with target assets located in focus geographies, and comprising conventional and renewable power generation capacity.

Some of the highlights of 2018 include the closing of financing for AM Solar project (40 MWac) in Jordan where the project company concluded and signed the financing agreements and started the construction activities where commercial operation is targeted in July 2019. In addition, Nebras Power acquired a 75% controlling stake in Zon Exploitatie Nederland B.V. (ZEN), A company specializing in solar PV projects in the Netherlands. This acquisition is in AAA rated country and provides access to Nebras in the rapidly growing EU PV solar market. Moreover, we have been very actively involved in a number of greenfield and brownfield prospects principally in Latin America, Asia and Africa. Several of these transactions are in a well advanced stage and we hope to be able to close them during first half of 2019. We are focusing on developing complete gas to power solutions and becoming a leader in this field.

We continue to enhance our investment governance framework and investment decision-making process through improved investment policy and strategy and proactive role of our Investment Committee.

Growth and increasing demands for electricity and water remains strong in developing countries and emerging markets with increasing shift towards renewable energy due to decrease in capital costs. Hence, the Company continues its focus and quest for securing profitable investments with well-defined and manageable risks in these markets. While our focus is on emerging markets, we continue to seek investment opportunities in well-established economies like USA and EU markets. This continues to be factored in our business plan and investment strategy.

We continue to augment our development team with additional talented experts to support our targeted growth.

Asset Management

Nebras Power seeks to adopt best asset management practices for all different types of technologies. By the systematic and coordinated applications of knowledge, process and logistics we shall enable this through life optimization of the Asset portfolio. The critical evaluation of risk within the business is to be undertaken in conjunction with the joint venture partners so as to allow fully informed decision making to be applied in the delivery of business performance.

The asset management practices will rely upon gathering data from each asset within the portfolio and conducting analysis using the Nebras platform tools. Through this we expect to enhance our ability to partner, collaborate, and cooperate in the development, delivery and the operational execution of Nebras Power's business.

Nebras Power's current portfolio is performing well and overall is exceeding targets. Nebras Power team monitored the assets performance closely with the management and partners of each asset and provided its support and recommendations where needed

Financial Management

In 2018 Nebras Power has made further progress towards achieving its goal of developing a best in class finance organization aimed at effectively supporting the achievement of the company's strategic goals.

From a capital structuring perspective and in order to support sustainable growth, a long-term financing strategy has been developed and embedded into the 5 year business plan approved by the Board of Directors. Nebras Power targets to have non-recourse financing to fund its development projects. The company also utilizes corporate financing to optimize

cost of capital, secure long term growth and maximize shareholders value. 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 the methodologies adopted by major credit rating agencies.

Nebras Power has continued to actively establish and develop solid relationships with domestic and international banking institutions, ECAs and multilateral agencies across the Middle East, Africa, Asia, Europe and United States. These activities are essential to promoting the company's image and appeal in the local and international financial markets as well as getting visibility on banks' capabilities and service offering in support of Nebras' international business development efforts.

One of the key highlights of the year has been the refinancing of existing corporate credit facilities. Notably Nebras Power has managed to successfully refinance its debut 2016 credit facility with a new 5 years USD 470 million credit facility with the existing syndicate of relationship banks: SMBC, Mizuho and HSBC. By closing this financing transaction the group managed to stabilize its capital structure, increasing the average life from 1.8 years to 4.5 years. At the same time the group has achieved a significant decrease of its overall cost of debt, following the pre-payment of more expensive credit facilities.

This successful refinancing, closed under highly competitive terms, demonstrates the reputation and the high level of trust and confidence that Nebras Power has been able to build on international financial markets in a relatively short period of time.

The company recognizes the importance of managing its tax affairs in a prudent, socially responsible and effective manner. One of the goals is to ensure the positive reputation of the company as a taxpayer and foster a constructive relationship with the tax authorities and communities in all jurisdictions where the group operates.

Nebras Power aims to achieve best in class tax risk management and ensure that tax value is

fairly distributed based on the laws of applicable jurisdictions and that Nebras shareholders are realizing their fair share of after-tax returns. In order to achieve the key objectives outlined above, the company aims at continuously improving internal tax control and risk management process and achieving optimal level of awareness, proactivity, turnaround time and cost efficiency.

Being an international group, Nebras wants to embrace best practices in managing complex international tax relationships and transactions alike. This has been achieved by building a robust in-house tax management expertise and by custom tailoring the tax processes and solutions to fit Nebras culture, risk appetite and scale of its investments.

In its continuous effort to strengthen its internal control system, the group has conducted during 2018 a thorough review of its key business processes and related controls. As a result, improvements have been made to key business processes and which have resulted in efficiency enhancements as well as more robust internal controls.

Nebras Power understands the value of efficient and effective cash management. In 2018 the group has achieved full integration of its Enterprise Resource Planning system with its e-banking platform. Full automation of cash reconciliation and daily group cash reporting has been achieved. It has resulted in Nebras Power effectively managing its cash needs while having more control over the group cash flows.

As part of Nebras Power's initiative to build a positive image, reputation and to promote its brand, the group's finance leadership team has participated in a number of conferences and industry events across the globe delivering key note speeches. The group is keeping up on its effort to build a strong brand and develop key relationships across the industry and international financial markets by sharing its knowledge and vision with other global industry and financial leaders.



Organization and Corporate Structure

Nebras Power has redesigned its organization and brought it in line to lean, effective and fit-for-purpose management principles. The new organization has been designed to successfully enable the execution of the company's strategy and to build and develop internal capabilities across all core company's functions.

In 2018, Nebras Power has appointed a number of highly skilled business professionals in Finance, Business Development, Asset Management, and Business Support Services, further strengthening its workforce's diversity and core competencies. Furthermore, Nebras Power has continued its focus on Qatarization and development of Qatari expertise in the international energy market, filling management positions with Qatari nationals. We have a clear framework for reaching 25% Qatarization in permanent positions in the next 5 years.



Information Technology and Communication

Information Technology is at the core of every business. With the substantial growth of Nebras Power, Corporate IT Infrastructure enhancements have enabled a multi-layered approach focused upon networks, applications, data, host, physical controls and administrative controls. Nebras' servers and network hardware were replaced with modern, robust, and redundant server hardware along with corresponding safeguards of additional layers of Internet security and monitoring systems.

In 2018, we have successfully implemented our corporate ERP platform for various modules, which provided automation and integration of all key business processes.

As a critical infrastructure owner and provider of services, Nebras Power takes a holistic view of the overall risk within its business environment. It is increasingly aware of the potential for Cyber threats to impact the business and accordingly has adopted a policy of monitoring and iterative action steps to treat potential threats. The intent is to provide a business process environment that assures the reliable, secure, and free flow of information, whilst providing resilience against emergent and active Cyber threats. Nebras Power is beginning to use the linkages of such systems with operational technology platforms and process control networks to enhance business decision-making. Accordingly Nebras Power is increasingly compliant with the critical infrastructure Cyber Security Standards as defined in the markets it serves.



Corporate Social Responsibility



General Overview

The sustainability programs within Nebras Power are designed to align governance of the business, environmental performance and social responsibility efforts. With an open approach to diversity and inclusion we regard socially responsible business beliefs are judged as underpinning the long-term growth and development of our business. Corporate social responsibility is at the core of Nebras Power's operations and business conduct and it is deeply embedded in our work environment and exists within our organizational culture.

In our continual efforts to pursue a socially responsible business, we follow an approach that aims at achieving a greater balance between economic sustainability, social development and environmental protection. We seek to ensure our socio-economic contributions are recognized and support the wider development within societies of those markets we serve.

Our 3P approach to management – People, Planet and Profit - ensures that we build and maintain a sustainable, profitable and successful business

Commitment to People and Society

In our continuous effort to positively impact people life and the society, and especially the areas around our sites:

- ◆ We strongly support a balanced socio-economic development of the regions where we are present.
- ◆ We work towards the removal of barriers to the social inclusion of disadvantaged groups.
- ◆ We support education, health and cultural development.
- ◆ We promote inclusion, zero tolerance to discrimination, trust and mutual respect.
- ◆ We provide fair working conditions while maintaining a safe and healthy work environment.

Commitment to the Environment

We believe in an environmentally sustainable business and we seriously consider the impact or potential for impact that our conduct of business has on our planet and future generations.

In this Respect

- ◆ We invest in advanced power and water technologies, specifically renewable energy sources, highly efficient gas fired and clean coal power technologies.
- ◆ We follow global best practices in environmental performance management reporting openly and transparently as required by the regulatory regimes of the markets served.
- ◆ We perform comprehensive environmental impact assessment for all greenfield, brownfield development as well as for all business acquisitions.
- ◆ We adopt integrated management systems according to the highest environmental standards, periodically certified by reputable accredited independent advisors.
- ◆ We record and track equivalent CO2 savings by our renewable power generation projects compared to equivalent life time approach coal based power generation.



Implementation of Corporate Social Responsibility Principles across our Investments



Paiton Energy (Indonesia)

- ◆ Supported and funded multiple initiatives to improve health and sanitation systems in various regions. Funded initiatives to increase health awareness in communities, working in close cooperation with local health agencies to reduce negative stigma and discrimination against AIDS patients.
- ◆ Funded multiple initiatives to support and improve educational health programs. This includes sponsoring a vocational training centre; manufacturing products made from Moringa plants to help a local health service centre provide additional nutrient foods every month, and help them develop their food processing skills.
- ◆ Facilitated and contributed to cloth dying and Batik printing, and re-cycled paper production.
- ◆ Supported the Paiton Energy Indonesian Young Leaders Scholarship Program. A unique program that provides financial support and leadership development training for accomplished second-year undergraduate students from recognized institutions.
- ◆ Implemented various energy-saving initiatives such as the installation of PV solar panels at high schools in Malang and Madura, and introduced waste recycling programs as well as the development of Methane production infrastructure to produce small scale biogas for community use.
- ◆ Donated IDR 500,000,000 (five hundred million rupiah) to the Indonesian Red Crescent (PMI) to help survivors of the tsunami and earthquakes overcome difficulties and disasters. Paiton's rescue team were deployed after each disaster to provide support.
- ◆ Paiton Energy endorsed the Jakarta Blue Sky Project which started in 2018. The project's scope is to install solar electricity power stations, recharging stations and electric motorcycles in Monas, Taman Margasatwa Ragunan and Jatibaru which helps reduce Greenhouse Gas Emissions and supports energy mix achievements in terms of solar energy.
- ◆ Conducted Mangrove conservation and coastal livelihood improvement programs at Banyuglugur. Contributed to local environmental conservation by developing a Biodiversity project at one of the staff communities, as well as a Carbon Capture Storage program by planting 140,000 teak trees in the Selobanteng area.
- ◆ Replaced diesel-powered personnel shuttle buses with electric-powered buses to reduce emissions and noise pollution whilst increasing employees' awareness and engagement in environmentally friendly initiatives.

Phoenix Power Company (Oman)

- ◆ Granted support focusing on the local community at Sur in the areas of education, health and safety and environmental care.
- ◆ Provided contributions to the local Royal Oman Police traffic week, providing child car seats to promote safety.
- ◆ Supported Health care practitioners by provision of medical equipment for the Ministry of Health.

IPP4 and Amman East (Jordan)

- ◆ Supported social engagement and natural resources assessment by signing landmark agreement with the International Union for Conservation of Nature Regional office for West Asia. This partnership is to focus upon the Stakeholder needs and how learning from project delivery can be leveraged. Amongst the many initiatives a socio-economic study is to be conducted to assess the investments in this region. The objective of the study is to define environmental, social and economic factors having impact within our local communities.
- ◆ Provided consultation sessions and information support for new Solar PV projects to Al Manaker, Al Baida and Al Khashafya villages.
- ◆ Supported Al Quds College by leading two awareness sessions for HSE students on the subject of Power Plant Engineering.

Shams Ma'an (Jordan)

- ◆ Donated services and equipment for the rehabilitations and re-equipment of the Shams Ma'an Orphanage center.
- ◆ Funded the supply and installation of 18 Bus stops in the Ma'an Region providing shelter from the sun and wind.
- ◆ Provided leadership of, and materials to Taghyeer Organization workshop sessions supporting the "We Love Reading" program.
- ◆ Purchased equipment and supported newly established Nashama Ma'an indoor Football Club to encourage sports in the community through 5-a-side.
- ◆ Supported the Martyr Saleh Shafiq Salah/Charity Association, which focuses upon Hearing and Vision Clinics, Dental Clinic, Dialysis Unit and many other Community services by providing physical therapy equipment for handicapped members of the Ma'an community.

Corporate Governance



Nebras is committed to adhering to the highest standards of corporate governance. We believe in promoting transparency and fairness throughout our governance and leadership system.

The Chief Executive Officer of Nebras has ultimate responsibility for the day-to-day management, direction and operation of the company, and oversees the operational decisions affecting the business.

In line with its objective to build a well-structured, world class corporate governance framework, in 2018 Nebras established a:

1. Risk Management Policy and Procedure to manage risk effectively by properly identifying, assessing, and managing risks in order to enhance Nebras' ability to make better decisions, deliver on business objectives, and improve business sustainability in the long term;
2. Business Integration Policy to provide an effective framework and define roles and responsibilities for the effective and risk-assured planning and execution of the integration of new businesses; and
3. Information Disclosure Procedure to provide employees with a precise process for disclosing corporate information and to ensure that information disclosed is accurate, updated, and provided in a timely fashion.

Our Corporate Governance Approach

Our corporate governance framework is based on local and international best practices and is aimed at promoting transparency and fairness in the way we conduct our business, while creating long-term value for our shareholders. In doing so, we take into account the interests of all other stakeholders involved in our business: employees, customers, suppliers, partners and financiers, governments and other public authorities, as well as the local communities of the areas where we conduct our business.

The Shareholders' Meeting

The shareholders meeting adopts the most relevant decisions concerning the company, such as the approval of the annual financial statement, the allocation of net income, the approval of external auditor and the remuneration of the Board of Directors.

The Board of Directors

The Board of Directors is the governing body accountable to the shareholders and entrusted with the direction of the company. It carries out all the activities appropriate for the achievement of the corporate objectives. Nebras' Board of Directors is comprised of ten (10) directors. The broad range of backgrounds, expertise and experience brought by the members of our Board of Directors plays a crucial role in the long-term sustainable development of our business and operations. Nine out of ten Directors are non-executive Directors.

Four Board of Directors' meetings were held during 2018

Board Committees

The Board of Directors has three committees: the Audit Committee, the Investment Committee, and the Remuneration Committee. Each of these committees has been established pursuant to a resolution of the Board of Directors and has adopted a written charter setting forth its scope and responsibilities. The committees act as consultancy and advisory bodies to the Board of Directors and do not assume the functions of management, which remain the responsibility of the CEO and the Executive Management team.

The Audit Committee

The Audit Committee activity is focused on monitoring the integrity, completeness and accuracy of the financial statements, reviewing the reliability and effectiveness of the internal control and risk management systems, monitoring and reviewing the effectiveness of the internal audit function and monitoring the independence of the external auditors. The Audit Committee also advises the Board of Directors regarding compliance with law, regulations and internal policies. The members of the Audit Committee are appointed by the Board of Directors and the duration of their office is three years. The charter of the Audit Committee sets out the composition and terms of office, roles, responsibilities and functions of the Audit Committee members.

The Investment Committee

The Investment Committee activity is focused on assisting the Board of Directors in setting the company's investment strategy and reviewing investment proposals. Investment Committee members are appointed by the Board of Directors and serve a three-year term.



The Remuneration Committee

The Remuneration Committee is a standing consultancy and advisory body to the Board of Directors of the Company.

The Remuneration Committee ensures that the overall remuneration levels of the company's employees are transparent, aligned with company's strategic goals, consistent with a "performance-based" culture and are aimed at maintaining the company's competitive position in the labour market in terms of ability to attract and retain talent, and in terms of consistency with internal and external remuneration benchmarks.

◆ Internal Controls

Ultimate responsibility for the operation of the internal control system rests with the Board of Directors of the company, supported in this crucial task by the Audit Committee.

The company has a robust and effective internal control function. Nebras' internal controls are processes designed to achieve effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations.

The Internal Audit function is responsible for designing, overseeing, implementing and auditing Nebras' internal control processes, and testing the compliance of our business and operations with the internal control framework.

The Internal Audit function reports directly to the Audit Committee. The Audit Committee is backed by a formal audit charter approved by the Board of Directors, which sets out its role and responsibilities.

◆ External Auditors

The Board of Directors proposes to the General Shareholders Meeting the appointment of an external auditor, based on the recommendation of the Audit Committee.

At the general shareholders meeting of 28 March 2018 and based on the recommendation of the Board of Directors, the shareholders had resolved upon the appointment of Ernst & Young as Nebras' external auditors.

No company other than Ernst & Young and its affiliates has provided external audit services to Nebras in relation to year 2018..

Financial Review



In 2018 the company has delivered a strong financial performance, underpinned by a high quality asset portfolio which provides stable and visible earnings and cash flows, as well as a solid base for future growth.

One of the key highlights of the year has been the refinancing of existing corporate credit facilities. Notably Nebras Power has managed to successfully refinance its 2016 debut corporate loan with a new 5 years USD 470 million credit facility with the existing syndicate of relationship banks: SMBC, Mizuho and HSBC. As a result of this transaction the group has been able to stabilize its capital structure, increasing the average debt life from 1.8 years to 4.5 years while decreasing its average cost of debt for the entire debt portfolio, through the pre-payment of more expensive debt.

This successful refinancing, closed under highly competitive terms, demonstrates the reputation and the high level of trust and confidence that Nebras Power has been able to build on international financial markets in a relatively short period of time.



Income Statement

◆ Operating Profit

Operating profit for the year was QAR 412.1 million compared to QAR 382.8 million in 2017 (8% year-on-year increase). Operating income for the year was influenced by lower share of income from associates, primarily due to Paiton Energy Unit 3 transformer outage. This impact was partially offset by the increase in interest income due to higher average cash balance and higher interest rates on term deposits (ranging from 1.25% to 4.30% in 2018 compared to 2.70% to 4.05% in 2017). Other income mainly represents one-off tax indemnity payments related to assets acquisition. The upward trend in operating profit has also been influenced by lower general and administrative expenses, mostly due to M&A consultancy and advisory services

Total Assets

QR 6,826.5M

Shareholder's Equity

QR 4,537.3M

Total Comprehensive Income

QR 366.7M

Year-on-Year Net Income Growth

10%

Total Liquidity

QR 5,096.4 M

◆ Finance Cost

Finance Cost in 2018 were QAR 67.6 million compared to the prior year costs of QAR 56.4 million. The increase is attributable to higher average debt balance (QAR 2,038 million in 2018 compared to QAR 1,887 million in 2017) and higher LIBOR rate (average 3 months USD LIBOR 2.3% in 2018 compared to 1.3% in 2017)

◆ Net Income

Net Income for the year was QAR 344.6 million compared to QAR 326.5 million in 2017 (6% year-on-year increase). Profit and Total Comprehensive income for the year was QAR 366.7 million compared to QAR 333.4 million in (2017 10% year-on-year increase). The change in other comprehensive income from QAR 6.9 million in 2017 to QAR 22.2 million in 2018 is driven by changes in fair value of interest rate hedges on debt financing of Group's associates. Basic and diluted earnings per share attributable to equity holders were QAR 0.94 in 2018 compared to QAR 0.89, showing an increase of 6%.

Balance Sheet

◆ Assets

Total assets at the year-end 2018 were QAR 6,826.5 million showing a 12% increase compared to 2017.

◆ Non-Current Assets

Non-current assets were QAR 2,860.9 million, showing a level which is mainly in line with the one recorded in 2017. Investment in associates and joint ventures was QAR 2,681.2 Million. The decrease of 153.3 Million compared to the previous year is explained by dividend distributed and declared in excess of respective share of profits. Tangible and intangible fixed assets comprising of property, plant, equipment and goodwill were QAR 112.3 Million. The significant increase on the previous year value is due to the acquisition, completed on 8th of August 2018, of 75% equity stake in Zon Exploitatie Nederland B.V. (ZEN), a Solar power development company based in The Netherlands.

◆ Current Assets

Current assets were QAR 3,965.6 Million, showing an increase of QAR 723.3 Million compared to 2017. The change is mostly due to higher cash and term deposit balances proceeding from distributions from Group's associates as well as from the refinancing of the corporate revolving facility. Change in prepayments and other receivables of QAR 329.7 million refer to dividend distribution from Paiton Energy declared in December 2018 but scheduled to be paid in 2019.

◆ Liabilities

Total liabilities increased from QAR 1,926.9 million in 2017 to QAR 2,289.3 million in 2018. The 19% increase is primarily due to the refinancing of the existing syndicated revolving credit facility executed under the wider group's capital structure optimization strategy.

◆ Shareholders' Equity

Total equity at the end of 2018 was QAR 4,537.3 million compared to QAR 4,171.3 million at the year-end 2017. The positive change is mainly attributable to the Comprehensive Income for the year.

◆ Liquidity Position

At the end of 2018, total liquidity (cash, deposits and available credit facilities) was QAR 5,096 million compared to QAR 4,671 million at the end of 2017.

Cash Flow

◆ Cash flow from operating activities

Net cash flow from operating activities in 2018 was QAR 182.3 million compared to QAR 1,869.3 million in 2017. In 2017 the Group benefited from a one-off distribution from Paiton Energy (QAR 1,304 million). In 2018 the Group has experienced lower recurring cash distributions from Paiton Energy due to time shifting of cash payments to 2019 following the outage of the Unit 3 transformer.

◆ Cash flow from investing activities

In 2018 cash flow from investing activities was QAR 399.3 million. The cash outlay is mainly explained by the placement of excess cash in term deposits and by the acquisition, completed in August 2018, of a 75% equity stake in Zon Exploitatie Nederland B.V. (ZEN), a solar PV power development company based in the Netherland.

In 2017 cash from investing activities was QAR 1,861.3 million and was mostly related to the placement of excess cash in term deposits, primarily from one-off cash distributions from Paiton Energy. This was offset by the early repayment of shareholders' loan by Paiton Energy (QAR 744.1 million). Investment in Associates and Joint Ventures amounted to QAR 96.6 Million and was mainly related to payment of a price adjustment related to the acquisition of the 35.5% equity stake in Paiton Energy and to the capital contribution executed in the same year for the incorporation of Minejesa Capital B.V., a Group's associate company based in the Netherland

◆ Net cash flow from financing activities

Net cash flow from financing activities in 2018 was QAR 285.5 million. The cash inflow is explained by the proceeds from the refinancing of the existing syndicated corporate revolving facility. The refinancing has resulted in a longer average life of the entire debt portfolio and reduced average cost of funding. Net cash flow from financing activities in 2017 was an outflow of QAR 65.5 million and it was mainly explained by the amortization of the existing syndicated corporate revolving facility.

Total Assets

QR Billions

2018	6,826.5
2017	6.1
2016	5.8

Operating Income

QR Millions

2018	449.2
2017	173
2016	81

Comprehensive Income

QR Millions

2018	366.7
2017	333.4
2016	125.2

Nebras Power Q.P.S.C.

Consolidated Financial Statements

31 DECEMBER 2018

Statements of Income (Unaudited)

None	Consolidated Financial statements Six month period ended		Separate Financial statements Six month period ended	
	30 June 2018	30/11 (in thousands of Rials)	30 June 2018	30/11 2017
Revenues				
Revenues from rendering of services and equipment rentals	64,122,806	61,036,930	56,288,030	52,769,700
Revenue from sale of goods	9,361,105	8,696,957	152,964	259,700
Total revenue	73,483,911	69,733,887	57,440,994	53,029,400
Cost				
Cost of rendering of services and equipment rentals	(20,520,199)	(19,692,200)	(17,931,157)	(18,200,000)
Revenue sharing expense	(13,890,066)	(13,470,000)	(12,660,418)	(13,300,000)
Cost of sale of goods	(8,652,779)	(8,652,779)	(352,635)	(352,635)
Total cost	(43,063,044)	(43,063,044)	(43,063,044)	(43,063,044)
Gross profit	30,420,867	26,670,843	14,377,950	10,966,356
Selling and administrative expenses				
Selling expenses	(1)	(1)	(1,256,735)	(1,126,999)
Administrative expenses	(4)	(4)	(4,239,378)	(4,544,193)
Total selling and administrative expenses	(5)	(5)	(5,496,113)	(5,671,192)
Profit from sales, services and equipment rentals	30,415,862	26,665,838	8,881,837	5,295,164
Investment income	139,881	139,881	401,963	3,947,866
Other operating income	183,876	183,876	193,765	183,779
Net foreign exchange gain (loss)	16,249	16,249	2,438	15,100
Management benefits expense	(87,677)	(87,677)	(73,385)	(87,677)
Finance costs	(111,230)	(111,230)	(179,837)	(179,837)
Profit before income tax expense	30,874,881	26,817,866	8,628,881	5,223,325
Income tax expense	(2,801,987)	(2,801,987)	(2,801,987)	(2,801,987)
Profit for the period	28,072,894	24,015,879	5,826,894	2,421,338
Profit attributable to owners of the Company	28,072,894	24,015,879	5,826,894	2,421,338



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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.

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.

**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



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

For the year ended 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
		6,826,549,320	6,098,231,308
TOTAL ASSETS			
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	-
		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
		2,289,289,901	1,926,928,024
		6,826,549,320	6,098,231,308
TOTAL EQUITY AND LIABILITIES			



Mr. Fahad Hamad Al-Mohannadi, Chairman



Mr. Khalid Mohammed Jolo, CEO

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

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 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

For the year ended 31 December 2018

Attributable to the equity holder of the Parent

	Share capital QR	Hedge reserve QR	Retained earnings QR	Foreign cur- rency reserve QR	Total QR	Non-con- trolling inter- est QR	Total 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

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 pursuing 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 off-take, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2018

1 ACTIVITIES (Continued)

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 counter-parties 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.1 Basis of preparation (Continued)

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 de-recognises 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.

The consolidated financial statements of the Group include:

Name	Principal activities	Country of incorporation	% Equity interest	
			2018	2017
Nebras Power Netherlands B.V.	Finance and Investment Management	Netherlands	100%	100%
Nebras Power Investment Management B.V.	Investment Management	Netherlands	100%	100%
Zon Exploitatie Nederland Holdings B.V. (ZEN)	Renewable energy development	Netherlands	75%	-
Zon Exploitatie Nederland Holdings B.V. (ZEN)	Renewable energy development	Netherlands	75%	-
Zonhandel B.V.	Renewable energy development	Netherlands	75%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

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 de-recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.2 Changes in accounting policies and procedures (Continued)

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.

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	
<i>Loans receivables</i>	(1,033)
<i>Other receivables</i>	(2)
<i>Term deposits</i>	(646)
<i>Amounts due from related parties</i>	(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.2 Changes in accounting policies and procedures (Continued)

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.2 Changes in accounting policies and procedures (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.3 Summary of significant accounting policies (Continued)

a) Investment in associates and joint ventures (Continued)

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 recognised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be recognised within twelve months after the reporting period, or

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.3 Summary of significant accounting policies (Continued)

c) Foreign currencies (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.3 Summary of significant accounting policies (Continued)

e) Revenue recognition (Continued)

- 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.

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 fee income from providing technical, financial and construction management services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.3 Summary of significant accounting policies (Continued)

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:

<i>Category</i>	<i>Useful Life</i>
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.

An item of motor vehicles and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition 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 de-recognised.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.3 Summary of significant accounting policies (Continued)

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.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is de-recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

- 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)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

- 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 liabilities (Continued)

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.

De-recognition

A financial liability is de-recognised 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 de-recognition 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")'.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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)

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 de-recognition (equity instruments)
- Financial assets at fair value through profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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)

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

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 de-recognised, modified or impaired.

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

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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)

Financial assets at amortised cost (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.3 Summary of significant accounting policies (Continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.3 Summary of significant accounting policies (Continued)

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

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

2.4 Use of judgments and estimates (Continued)

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 B.V. (earlier known as "IPM Indonesia B.V.").

Nebras Power Investment Management B.V. entered into an agreement with Michel Peek Beheer B.V., Netraam Holding B.V. and AFJY B.V. to purchase 75% of the share capital of Zon Explotatie Nederland Holding B.V., 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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 B.V. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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	(54,250)	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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
<i>Associates:</i>									
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 B.V.	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 B.V.	10.6	35.51%	Netherlands	36,479,455	-	10,967,172	-	648,446	48,095,073
AES Jordan Solar B.V.	10.7	40%	Netherlands	2,934,297	4,693,165	(1,140,392)	-	(1,450,374)	5,036,696
Brabant Zon B.V.	10.9	37.5%	Netherlands	-	2,317,658	-	-	-	2,317,658
<i>Joint Venture</i>									
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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 2018 QR
<i>Associates:</i>									
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 B.V.	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 B.V.	10.6	35.51%	Netherlands	-	35,563,162	916,293	-	-	36,479,455
AES Jordan Solar B.V.	10.7	40%	Netherlands	-	2,934,297	-	-	-	2,934,297
<i>Joint Venture</i>									
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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 B.V. QR	PT Paiton Energy Pte Ltd QR	IPM Asia Pte Ltd QR	Minejesa Capital B.V. QR	AES Jordan Solar B.V. 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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 B.V. QR	PT Paiton Energy Pte Ltd QR	IPM Asia Pte Ltd QR	Minejasa Capital B.V. QR	AES Jordan Solar B.V. 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	<u>1,601,418,813</u>	<u>19,977,268</u>		<u>214,582,658</u>	<u>75,739,762</u>	<u>5,380,420,114</u>	<u>5,950,478</u>	<u>99,399,162</u>	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			<u>156,283,526</u>	<u>123,892,939</u>	<u>103,586,831</u>	<u>2,205,852,185</u>	<u>176,462,605</u>	<u>36,479,455</u>	2,934,297

Summarised statement of comprehensive income*

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	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

	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	73,077,5
Net assets of the investment in joint venture		29,063,233

Summarised statement of comprehensive income

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

10.1 Phoenix Power Company SAOG and Phoenix Operation and Maintenance Company LLC (Continued)

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 (“QEW”) 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 B.V.

On 18 February 2016, the Group purchased from Qatar Electricity and Water Company Q.S.C (“QEW”) 40% of the share capital of the share capital AES Baltic Holding B.V., a Company incorporated in The Netherlands. AES Baltic Holding B.V. 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.

10.4 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, Nebras Power Investment management B.V. (earlier known as “IPM Indonesia B.V.”).

Nebras Power Netherland B.V. entered into an agreement with Engie Global Development BV to purchase 100% of the share capital of Nebras Power Investment management B.V., a Company incorporated in The Netherlands. Nebras Power Investment management B.V. 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 B.V..

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

10.5 IPM Asia Pte Ltd (Continued)

Nebras Power Netherland B.V. entered into an agreement with Engie Global Development B.V. 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 B.V.

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

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

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

10.7 AES Jordan Solar B.V.

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

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

Investment in AES Jordan Solar B.V. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (Continued)

10.9 Brabant Zon B.V.

On August 8, 2018 the group acquired Zen Explotatie Nederland Holding B.V, which owns 50% of Brabant Zon B.V., a joint venture company registered in the Netherlands 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) B.V., 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 Nebras Power Investment management B.V.. The loan carries an interest rate of 4% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 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: A3 to Aa3, S&P rating: BBB+ to A and Fitch rating: A to A+). The interest rates are ranging from 1.25% to 4.30% (2017: 2.70% to 4.05%).

15 CASH AND CASH EQUIVALENTS

	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

17 RESERVES (Continued)

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	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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 draw-down date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

18 INTEREST BEARING LOANS AND BORROWINGS (Continued)

Notes: (continued)

(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 draw-down 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 draw-down date.

(iv) This represents two non-recourse project finance loans granted to Zon Exploitatie Nederlands B.V. (ZEN) 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

20 ACCRUALS AND OTHER PAYABLES

Movements of non-controlling interest are as follows:

	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

21 RELATED PARTY DISCLOSURES (Continued)

31 December 2017

	Expenses QR	Interest income QR	Fee income QR
Shareholders	8,863,767	-	-
Qatar Electricity and Water Company Q.S.C.			
Others	-	73,854,024	-
PT Paiton Energy Pte Ltd (Note (v))	-	1,232,176	1,911,788
Shams Maan Power Generation PSC (Note (i), (ii) and (iii))	-	-	748,994
AES Oasis Ltd (Note (iv))	8,863,767	75,086,200	2,660,782
AES Oasis Ltd (Note (iv))	-	-	644,690
	7,043,512	2,400,505	2,556,478

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

31 December 2018

	Expenses QR	Interest income QR	Fee income QR
Shareholders	-	-	-
Qatar Electricity and Water Company Q.S.C.	-	8,346,442	-
Others	15,944,797	3,639,754	-
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	5,586,553

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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.			
Others			5,586,553
PT Paiton Energy Pte Ltd (Note (v))			
Shams Ma'an Power Generation PSC (Note (i))	43,618,415	-	-
AES Oasis Ltd (Note (v))	16,694,904	507,166	-
AES Oasis Ltd (Note (iv))	-	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.

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) B.V. the Group has taken over the loan receivables from PT Paiton Energy Pte Ltd. The loan carries an interest rate of 4% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

21 RELATED PARTY DISCLOSURES (Continued)

Notes: (Continued)

(vii) Nebras Power Netherlands B.V. 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 QR	2017 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 (USD 1,569,812) (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 3,329,298) in respect of tender bonds and performance bonds arising in the ordinary course of business from which no material liability is expected to arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

23 FINANCIAL RISK MANAGEMENT (Continued)

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 counter-party, 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: A3 to Aa3, S&P rating: BBB+ to A and Fitch rating: A to A+).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

23 FINANCIAL RISK MANAGEMENT (Continued)

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	-	-
	2,281,917,9	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	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

23 FINANCIAL RISK MANAGEMENT (Continued)

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.

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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2018

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.

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