Nebras Power Q.P.S.C.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

Building a better
working world

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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 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, 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 2017 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 2017 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.

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.

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 (continued)
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.

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

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

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Date: 14 March 2018
Doha

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	***2017 QR***	*2016 QR*
Fee income	4	**7,865,895**	6,471,527
Interest income	5	**110,639,281**	101,865,353
Share of profit of associates and joint venture	10	**358,381,221**	65,000,970
Operating income		**476,886,397**	173,337,850
Other income		**2,672,333**	-
General and administrative expenses	6	**(79,850,797)**	(42,467,577)
Other operating expenses	7	**(16,874,140)**	(9,482,263)
Operating profit		**382,833,793**	121,388,010
Finance costs		**(56,294,727)**	(5,729,581)
PROFIT FOR THE YEAR		**326,539,066**	115,658,429
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	**6,899,679**	9,544,783
Other comprehensive income for the year		**6,899,679**	9,544,783
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**333,438,745**	125,203,212
Earnings per share			
Basic and diluted earnings per share (expressed in QR)	8	**0.89**	0.32

Nebras Power Q.P.S.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	***2017*** ***QR***	*2016* *QR*
ASSETS			
Non-current assets			
Motor vehicles and equipment	9	**2,868,025**	1,577,447
Investment in associates and joint venture	10	**2,834,555,071**	4,186,359,525
Loans receivable	11	**16,694,904**	804,447,026
Other non-current assets	12	**1,803,800**	2,641,697
		2,855,921,800	4,995,025,695
Current assets			
Loans receivable	11	**43,618,415**	-
Prepayments and other receivables	13	**1,525,378**	414,290
Amounts due from related parties	21	**754,595**	13,998,689
Term deposits	14	**3,168,290,465**	680,555,042
Cash and bank balances	15	**28,120,655**	94,729,890
		3,242,309,508	789,697,911
TOTAL ASSETS		**6,098,231,308**	5,784,723,606
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**3,650,000,000**	3,650,000,000
Hedge reserve	17	**9,153,647**	2,253,968
Retained earnings		**512,149,637**	185,610,571
Total equity		**4,171,303,284**	3,837,864,539
Non-current liabilities			
Interest bearing loans and borrowings	18	**1,360,855,370**	1,397,560,028
Employees' end of service benefits	19	**1,354,308**	791,333
		1,362,209,678	1,398,351,361
Current liabilities			
Accruals and other payables	20	**63,887,793**	27,773,206
Interest bearing loans and borrowings	18	**495,244,000**	520,734,500
Amounts due to a related party	21	**5,586,553**	-
		564,718,346	548,507,706
Total liabilities		**1,926,928,024**	1,946,859,067
TOTAL EQUITY AND LIABILITIES		**6,098,231,308**	5,784,723,606

....
Fahad Hamad Al-Mohannadi
Chairman

....
Khalid Jolo
Chief Executive Officer

The attached notes 1 to 25 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Notes	*2017* *QR*	*2016* *QR*
OPERATING ACTIVITIES			
Profit for the year		**326,539,066**	115,658,429
Adjustments for:			
Depreciation	9	**1,018,016**	548,556
Provision for employees' end of service benefits	19	**594,875**	646,090
Gain on disposal of motor vehicles and equipment		**(5,233)**	-
Interest income	5	**(110,639,281)**	(101,865,353)
Interest received		**139,426,364**	77,751,423
Dividend received	10	**1,813,668,063**	43,163,505
Share of profit of associates and joint venture	10	**(358,381,221)**	(65,000,970)
Operating profit before working capital changes		**1,812,220,649**	70,901,680
Working capital changes:			
Prepayments and other receivables		**(1,111,088)**	829,289
Accruals and other payable		**36,114,587**	15,795,445
Amounts due to related party		**5,586,553**	(3,426,906)
Amounts due from related parties		**13,244,094**	(13,336,974)
Net cash from operations		**1,866,054,795**	70,762,534
Employees' end of service benefits paid	19	**(31,900)**	-
Net cash flows from operating activities		**1,866,022,895**	70,762,534
INVESTING ACTIVITIES			
Purchase of motor vehicles and equipment	9	**(2,470,361)**	(1,688,820)
Proceeds from disposal of motor vehicles and equipment		**167,000**	-
Net movement in other non-current assets		**837,897**	2,337,861
Net investment in term deposits		**(2,507,418,756)**	2,905,286,106
Net movement in loans receivable		**744,133,707**	(793,873,523)
Investment in associates and joint venture	10	**(96,582,709)**	(3,901,295,188)
Net cash flows used in investing activities		**(1,861,333,222)**	(1,789,233,564)
FINANCING ACTIVITIES			
Amounts due to shareholder for acquisition of associates		**-**	(241,133,415)
Net movement in interest bearing loans and borrowings		**(62,195,158)**	1,918,294,528
Net cash flows (used in) from financing activities		**(62,195,158)**	1,677,161,113
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(57,505,485)**	(41,309,917)
Cash and cash equivalents at 1 January	15	**94,729,890**	136,039,807
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**37,224,405**	94,729,890

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital QR	*Hedge reserve QR*	*Retained earnings QR*	*Total QR*
At 1 January 2016	3,650,000,000	(7,290,815)	69,952,142	3,712,661,327
Profit for the year	-	-	115,658,429	115,658,429
Other comprehensive income for the year	-	9,544,783	-	9,544,783
Total comprehensive income for the year	-	9,544,783	115,658,429	125,203,212
At 31 December 2016	3,650,000,000	2,253,968	185,610,571	3,837,864,539
Profit for the year	-	-	326,539,066	326,539,066
Other comprehensive income for the year	-	6,899,679	-	6,899,679
Total comprehensive income for the year	-	6,899,679	326,539,066	333,438,745
At 31 December 2017	**3,650,000,000**	**9,153,647**	**512,149,637**	**4,171,303,284**

The attached notes 1 to 25 form part of these consolidated financial statements.

1 ACTIVITIES

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

The Company's shareholding structure was as follows:

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

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

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

The Company and its subsidiaries (together referred to as the "Group") core activity is to invest globally in power generation, transmission and distribution, water desalination, water treatment, sourcing and logistic of fuels linked to power generation and district cooling / heating projects. The principal activities of the principal subsidiaries consolidated are disclosed in Note 2.1 of these consolidated financial statements.

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

- The Group aims to be a strategic investor pursing long-term value creation through active management of the investment portfolio and direct involvement in the operation and maintenance, energy trading, fuel sourcing and logistics in respect of individual assets.

- The Group will primarily focus on long-term 'take-and-hold' investment opportunities where it can actively participate in management of operations and have acceptable governance rights, enabling it to both exert influence and maintain visibility with regards to the investee's management, operations and ultimately the returns.

- The Group targets to build and develop a well-balanced investment portfolio that preserves diversification in terms of fuel mix, geography, markets, green-field vs M&A development and contracted cash flow streams vs merchant exposure.

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

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

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

The consolidated financial statements of the Group as of and for the year ended 31 December 2017 have been authorised for issue by the Board of Directors on 14 March 2018.

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 2017 (together referred to as the "Group"). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

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

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

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

The consolidated financial statements of the Group include:

Name	*Principal activities*	*Country of incorporation*	*% equity interest 2017*	*2016*
Nebras Power Netherlands BV	Finance and Investment Management	Netherlands	100%	100%
IPM Indonesia BV	Investment Management	Netherlands	100%	100%

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 2017.

The nature and the impact of each new standard and amendment are described below:

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative
The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). These amendments do not have significant impact to the Group.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. These amendments do not have any impact to the Group as the Group does not have any deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle – 2014-2016
Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments do not have any impact to the Group as the Group does not have any interest in a subsidiary, a joint venture or an associate that are classified as held for sale.

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 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	1 January 2018
Transfers of Investment Property — Amendments to IAS 40	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
Annual Improvements 2014-2016 Cycle	
• 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	1 January 2018
• IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
• IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019

The Group did not early adopt any standards, interpretations or amendments that have been issued but are not yet effective. However, the Group has carried out detailed assessment of the impact of application of major standards, IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases on its financial statements and disclosed below:

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

2.2 Changes in accounting policies and procedures (continued)

IFRS 9 Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Group does not expect any classification changes due to the new IFRS adoption.

(a) Classification and measurement
The Group does not expect a significant impact on its statement of financial position or statement of changes in equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Therefore, the application of IFRS 9 will not have a significant impact on classification of financial assets.

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.

(b) Impairment
IFRS 9 requires the Group to record expected credit losses on all of its terms deposits and loans receivables. The Group will apply the simplified approach and record lifetime expected losses on loans receivables and general approach to determine credit losses on terms deposits.

(c) Hedge accounting
The Group determined that all existing hedge relationships that are currently designated in effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. The Group has chosen not to retrospectively apply IFRS 9 on transition to the hedges where the Group excluded the forward points from the hedge designation under IAS 39. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on Group's financial statements.

(d) Expected impact
The Group estimates that its transition impact approximately in the range of 1.3% to 1.4% of opening retained earnings on the date of initial application resulting from expected credit losses on financial assets.

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 will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. During 2017, the Group has performed a preliminary assessment and determined that IFRS 15 will not have a significant impact on Group's financial statements. The actual impact of adopting the standards at 1 January 2018 may change.

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

2.2 Changes in accounting policies and procedures (continued)

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

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

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

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

2.3 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.

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

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

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

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

All other assets are classified as non-current. A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

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

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

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

2.3 Summary of significant accounting policies (continued)

c) Foreign currencies (continued)

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) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Revenue is recognised on the following basis:

Interest income

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

Fee income

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

e) Motor vehicles and equipment

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

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

The carrying values of motor vehicles and equipment 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.

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

2.3 Summary of significant accounting policies (continued)

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

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

f) Financial assets

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

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

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

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

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

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

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

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

2.3 Summary of significant accounting policies (continued)

f) Financial assets (continued)

Derecognition (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 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.

g) Financial liabilities

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

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

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

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

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

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

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.

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.

n) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

2.4 Use of judgments and estimates

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

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.

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

2.4 Use of judgments and estimates (continued)

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 2017, the Group has recorded incidental costs incurred for potential future acquisition of interest in investees amounting to QR 1,754,800 (2016: QR 1,416,356) as other non-current assets.

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

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

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

3 BUSINESS COMBINATIONS

3.1 Acquisitions by the Group

Investment in IPM Indonesia BV
On 22 December 2016, the Group acquired 100% of the share capital of IPM Indonesia BV through it's fully own subsidiary, Nebras Power Netherland BV.

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

3 BUSINESS COMBINATIONS (CONTINUED)

Assets acquired and liabilities
The carrying values of the identifiable assets and liabilities of IPM Indonesia BV as at the date of acquisition were:

	Fair value *QR*
Investment in Associates *(Note 10)*	3,635,379,365
Cash at bank	44,822,075
Total assets	3,680,201,440
Total liabilities	-
Total identifiable net assets acquired	3,680,201,440
Purchase consideration transferred	3,680,201,440
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	44,822,075
Cash paid	(3,680,201,440)
Net cash outflow	(3,635,379,365)

For the period ended 31 December 2016, IPM Indonesia BV contributed a net profit of QR 12,521,881 to the Group's results.

4 FEE INCOME

	2017 ***QR***	*2016* *QR*
Technical and financial service fees *(Note 21 (iii), (iv) and (vii))*	**7,865,895**	1,104,222
Construction management fee *(Note 21(ii))*	-	5,367,305
	7,865,895	6,471,527

5 INTEREST INCOME

	2017 ***QR***	*2016* *QR*
Interest income from term deposits	**32,851,679**	98,527,520
Interest income from other related parties *(Note 21(i) and (v))*	**75,086,200**	3,337,833
Interest income from other parties *(Note 11 (i))*	**2,701,402**	-
	110,639,281	101,865,353

6 GENERAL AND ADMINISTRATIVE EXPENSES

	2017 *QR*	*2016* *QR*
Salaries and staff related cost	**33,798,390**	23,375,152
Consultancy and professional fees	**33,651,518**	7,223,762
Rent	**4,241,980**	4,141,366
Office expenses	**3,324,151**	1,103,880
Travel expenses	**2,179,869**	3,175,646
Board remuneration	**1,920,000**	2,092,524
Bank charges	**116,374**	198,553
Entertainment	**872**	455,058
License and registration fees	**-**	226,170
Miscellaneous	**617,643**	475,466
	79,850,797	42,467,577

7 OTHER OPERATING EXPENSES

	2017 *QR*	*2016* *QR*
Withholding tax- Investment in an associate *(Note i)*	**14,604,370**	-
Project development expenses	**1,251,754**	8,933,707
Depreciation (*Note 9*)	**1,018,016**	548,556
	16,874,140	9,482,263

(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.

	2017 *QR*	*2016* *QR*
Profit for the year attributable to the owners of the parent Company	**326,539,066**	115,658,429
Weighted average number of ordinary shares for basic EPS*	**365,000,000**	365,000,000
Basic and diluted EPS (expressed in QR per share)	**0.89**	0.32

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

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

9 MOTOR VEHICLES AND EQUIPMENT

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

	Furniture and fixtures QR	*Computer equipment QR*	*Office equipment QR*	*Motor vehicles QR*	*Total QR*
Cost:					
At 1 January 2016	-	234,606	20,580	261,460	516,646
Additions	67,206	455,246	79,868	1,086,500	1,688,820
At 31 December 2016	67,206	689,852	100,448	1,347,960	2,205,466
Depreciation:					
At 1 January 2016	-	26,964	2,384	50,115	79,463
Charge for the year	3,459	282,624	42,902	219,571	548,556
At 31 December 2016	3,459	309,588	45,286	269,686	628,019
Net carrying amounts:					
At 31 December 2016	63,747	380,264	55,162	1,078,274	1,577,447

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

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

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

Movement for 2016	*Notes*	*% of ownership*	*Domicile*	*At 1 January 2016 QR*	*Additions QR*	*Share of profit QR*	*Dividends received QR*	*Share in cash flow hedge reserve QR*	*At 31 December 2016 QR*
Associates									
Phoenix Power Company SAOG*	10.1	9.84%	Oman	135,217,269	218,976	17,199,620	(14,589,235)	8,787,378	146,834,008
Phoenix Operation and Maintenance Company LLC	10.1	15.00%	Oman	910,375	-	2,701,083	(2,731,125)	-	880,333
AES Oasis Ltd	10.2	38.89%	Cayman Islands	109,390,103	-	11,319,302	(8,023,244)	1,229,330	113,915,491
AES Baltic Holding BV	10.3	40.00%	Netherlands	-	77,408,348	18,723,346	(17,819,901)	-	78,311,793
PT Paiton Energy Pte Ltd	10.4	35.51%	Indonesia	-	3,635,379,365	12,521,881	-	(2,540,218)	3,645,361,028
IPM Asia Pte Ltd	10.5	35.00%	Singapore	-	175,141,584	371,035	-	-	175,512,619
Joint Venture									
Shams Maan Solar UK Limited	10.8	35.00%	United Kingdom	8,164,342	13,146,915	2,164,703	-	2,068,293	25,544,253
				253,682,089	3,901,295,188	65,000,970	(43,163,505)	9,544,783	4,186,359,525

* *Note*
The Quoted fair value of Phoenix Power Company SAOG is QR 186,122,832 (2016: QR 200,017,439). The associate and joint ventures had no other contingent liabilities or capital commitments as at 31 December 2017, except as disclosed in Note 22.

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

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

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

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

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

Year ended 31 December 2016	*Phoenix Power Company SAOG QR*	*Phoenix Operation and Maintenance Company LLC QR*	*Total Phoenix QR*	*AES Oasis Ltd QR*	*AES Balatic Holding BV QR*	*PT Paiton Energy Pte Ltd QR*	*IPM Asia Pte Ltd QR*
Current assets	372,052,055	36,010,794		180,326,549	176,008,319	1,864,233,152	107,542,861
Non-current assets	5,536,948,090	-		783,194,870	1,002,101,586	14,025,018,760	-
Current liabilities	(596,310,191)	(14,718,943)		(66,118,782)	(55,935,073)	(715,420,015)	(49,030,006)
Non-current liabilities	(3,859,863,056)	(979,564)		(663,409,893)	(805,777,738)	(5,990,879,272)	(6,179,626)
Equity	1,452,826,898	20,312,287		233,992,744	316,397,094	9,182,952,625	52,333,229
Net assets of the investment in associates	142,934,922	3,046,843	145,981,765	54,599,867	75,935,303	3,260,866,477	18,316,630
Goodwill on acquisition			5,406,258	59,315,624	2,376,490	384,494,551	157,195,989
Carrying amount of investment			151,388,023	113,915,491	78,311,793	3,645,361,028	175,512,619

*Summarised statement of comprehensive income**

	Phoenix Power Company SAOG	Phoenix Operation and Maintenance Company LLC	Total Phoenix	AES Oasis Ltd	AES Balatic Holding BV	PT Paiton Energy Pte Ltd	IPM Asia Pte Ltd
Revenue	1,110,926,971	74,246,544		63,427,370	49,785,658	3,148,531,938	111,939,710
Profit (loss)	174,832,057	18,007,218		48,660,687	100,793,715	1,460,223,293	44,729,982
Other comprehensive income	86,831,568	-		7,922,722	-	29,106,510	-
Total comprehensive income	261,663,625	18,007,218		56,583,409	100,793,715	1,489,329,803	44,729,982

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

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

	2017 *QR*	*2016* *QR*
Current assets	**66,959,323**	92,030,665
Non-current assets	**538,834,416**	580,587,204
Current liabilities	**(72,557,740)**	(66,461,194)
Non-current liabilities	**(460,158,477)**	(533,266,064)
Equity	**73,077,522**	72,890,611
Net assets of the investment in joint venture	**29,063,233**	25,544,253
Summarised statement of comprehensive income		
Revenues	**87,404,608**	381,433,075
Cost of sales	**(8,748,418)**	(362,445,607)
Other income	**1,510,540**	-
Other expenses	**(67,994,132)**	(8,603,790)
Profit before tax	**12,172,598**	10,383,678
Income tax expense	**(677,404)**	(133,110)
Profit for the year	**11,495,194**	10,250,568

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

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

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

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

10.2 AES Oasis Ltd

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

10.3 AES Baltic Holding BV

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

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

10.4 PT Paiton Energy Pte Ltd

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

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

10.5 IPM Asia Pte Ltd

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

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

10.6 Minejesa Capital BV

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

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

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

10.7 AES Jordan Solar BV

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

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

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

10.8 Shams Maan Solar UK Limited

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

11 LOANS RECEIVABLE

	2017 QR	2016 QR
Loans receivable from other parties *(Note i)*	**43,618,415**	63,856,926
Loans receivable from related parties *(Note 21)*	**16,694,904**	740,590,100
	60,313,319	804,447,026

Presented in the consolidated statement of financial position as follows:

	2017 QR	2016 QR
Non-current	**16,694,904**	804,447,026
Current	**43,618,415**	-
	60,313,319	804,447,026

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

12 OTHER NON-CURRENT ASSETS

	2017 QR	2016 QR
Project development cost *(Note i)*	**1,754,800**	1,416,356
Work in progress *(Note ii)*	**49,000**	1,225,341
	1,803,800	2,641,697

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

(ii) This represents cost of ERP implementation in 2016 and document management system implementation in 2017.

13 PREPAYMENTS AND OTHER RECEIVABLES

	2017 QR	2016 QR
Prepayments	**371,890**	414,290
Supplier advances	**32,066**	-
Other receivables	**1,121,422**	-
	1,525,378	414,290

14 TERM DEPOSITS

	2017 *QR*	*2016* *QR*
Term deposits	**3,144,633,067**	628,110,561
Interest receivable - term deposits	**23,657,398**	52,444,481
	3,168,290,465	680,555,042

The term deposits are placed with local banks with strong long term credit rating (Moody's rating: Baa1 to Aa3, S&P rating: BBB+ to A and Fitch rating: A- to AA-). The interest rates are ranging from 2.70% to 4.05% (2016: 1.7% to 3.4%).

15 CASH AND CASH EQUIVALENTS

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

	2017 *QR*	*2016* *QR*
Cash on hand	**4,560**	142
Cash at bank	**28,116,095**	94,729,748
Cash and bank balances	**28,120,655**	94,729,890
Term deposits with original maturity less than 3 months	**9,103,750**	-
Cash and cash equivalents	**37,224,405**	94,729,890

16 SHARE CAPITAL

	2017 *QR*	*2016* *QR*
Authorised, issued and fully paid:		
365,000,000 shares of QR 10 each	**3,650,000,000**	3,650,000,000

17 RESERVES

17.1 Hedge reserve

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

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

	2017 *QR*	*2016* *QR*
At 1 January	**2,253,968**	(7,290,815)
Share of other comprehensive income from associates and joint venture	**9,439,897**	9,544,783
Reclassification to statement of profit or loss upon cancellation of hedge arrangement	**(2,540,218)**	-
	6,899,679	9,544,783
At 31 December	**9,153,647**	2,253,968

17 RESERVES (CONTINUED)

17.1 Hedge reserve (continued)

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

	2017 *QR*	*2016* *QR*
Phoenix Power Company SAOG	**3,775,447**	8,787,378
AES Oasis Ltd	**1,135,106**	1,229,330
PT Paiton Energy Pte Ltd	**2,540,218**	(2,540,218)
Shams Maan Solar UK Limited	**(551,092)**	2,068,293
Total	**6,899,679**	9,544,783

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.

18 INTEREST BEARING LOANS AND BORROWINGS

	Interest rate *%*	*Maturity*	*2017* *QR*	*2016* *QR*
Current interest-bearing loans and borrowings				
QR 182,075,000 Bank Loan *(Note i)*	LIBOR+0.9%	2018	**182,075,000**	182,075,000
QR 182,075,000 Bank Loan *(Note ii)*	LIBOR+0.35%	2017	**-**	182,075,000
QR 1,565,845,000 Bank Loan *(Note iii)*	LIBOR+1%	2018	**313,169,000**	156,584,500
Total interest-bearing loans and borrowings- current			**495,244,000**	520,734,500
Non-current interest-bearing loans and borrowings				
QR 1,565,845,000 Bank Loan *(Note iii)*	LIBOR+1%	2020	**1,088,223,548**	1,397,560,028
QR 273,112,500 Bank Loan *(Note iv)*	LIBOR+1.8%	2020	**272,631,822**	-
Total interest-bearing loans and borrowings- non-current			**1,360,855,370**	1,397,560,028
Total interest-bearing loans and borrowings			**1,856,099,370**	1,918,294,528

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 2017 is QR 182 million (USD 50 million) (2016: QR 182 million (USD 50 million)). Interest is charged at a rate of LIBOR + 0.9% per annum as specified in the agreement. The loan is repayable at maturity, 12 months from the facility drawdown date.

(ii) The Group has entered into an unsecured revolving loan agreement with Mizuho Bank Ltd for a credit facility amounting to QR 182 million (USD 50 million) to finance the working capital requirements. Interest was charged at a rate of USD LIBOR + 0.35% per annum as specified in the agreement. The loan was fully settled during the year.

18 INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Notes:

(iii) The Group entered into a syndicated revolving unsecured credit facility amounting to QR 1,565 million (USD 430 million) with a consortium of banks for a specific fund asset acquisitions. The facility carries interest at LIBOR + 1% per annum as specified in the agreement. The total outstanding amount as at 31 December 2017 is QR 1,409 million (USD 387 million) (2016: QR 1,565 million (USD 430 million)). The loan is repayable over period of 4 years in semi-annual instalments starting from 11 December 2017.

(iv) 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. The total outstanding amount as at 31 December 2017 is QR 273 million (USD 75 million) (2016: Nil). Interest is charged at a rate of LIBOR + 1.8% per annum as specified in the agreement. The loan is repayable at maturity, 3 years from the facility drawdown date.

19 EMPLOYEES' END OF SERVICE BENEFITS

	2017 ***QR***	*2016* *QR*
At 1 January	**791,333**	145,243
Provision made during the year	**594,875**	646,090
Payments during the year	**(31,900)**	-
As 31 December	**1,354,308**	791,333

20 ACCRUALS AND OTHER PAYABLES

	2017 ***QR***	*2016* *QR*
Accrued expenses	**43,427,772**	25,468,516
Tax provision- Investment in an associate	**14,604,370**	-
Accrued interest on interest bearing loans and borrowings	**3,818,066**	2,238,382
Other payables	**2,037,585**	66,308
	63,887,793	27,773,206

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.

21 RELATED PARTY DISCLOSURES (CONTINUED)

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

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

	31 December 2016		
	Expenses *QR*	*Interest Income* *QR*	*Fee Income* *QR*
Shareholders			
Qatar Electricity and Water Company Q.S.C.	6,662,812	-	-
Others			
PT Paiton Energy Pte Ltd*(Note (v))*	-	2,438,970	47,139
Shams Maan Power Generation PSC *(Note (i), (ii) and (iii))*	-	898,863	5,434,219
AES Oasis Ltd *(Note (iv))*	-	-	990,169
	6,662,812	3,337,833	6,471,527

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

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

21 RELATED PARTY DISCLOSURES (CONTINUED)

	31 December 2016		
	Loan receivable QR	*Other receivables QR*	*Payables QR*
Shareholders			
Qatar Electricity and Water Company Q.S.C.	-	5,738,736	-
Others			
PT Paiton Energy Pte Ltd *(Note (v))*	717,059,974	-	-
Shams Ma'an Power Generation PSC *(Note (i) and (iii))*	23,530,126	1,560,577	-
Phoenix Power Company SAOG *(Note (vi))*	-	6,404,807	-
AES Oasis Ltd *(Note (iv))*	-	294,569	-
	740,590,100	13,998,689	-

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.

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

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

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

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

(vi) Dividend proposed but not paid as at 31 December 2016.

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

Compensation of key management personnel

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

	2017 QR	*2016 QR*
Management		
Salaries and staff-related costs	**7,610,493**	5,901,637
Board remuneration	**1,920,000**	2,092,524
	9,530,493	7,994,161

22 COMMITMENTS AND CONTINGENCIES

At 31 December 2017, 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 2017, QR 23,530,126 (USD 6,461,659) (2016: 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 2017, the Group's share of committed contributions for the development of the joint venture amounted to USD 280,000 (2016: 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) (2016: QR 28,180,309 (USD 7,732,672)).

(iv) At 31 December 2017, the Group had contingent liabilities amounting to QR 44,509,136 (2016: QR 43,329,298) in respect of tender bonds and performance bonds arising in the ordinary course of business from which no material liability is expected to arise.

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

(vi) On 31 October 2017, Nebras Power Netherlands BV, a fully owned subsidiary of the Company entered in to a shareholder's agreement with AES Horizons Holdings BV for governance and management of AES Jordan Solar BV. As per the shareholders' agreement, the Group owns 40% of the share capital of AES Jordan Solar BV. As at 31 December 2017, the Group has contributed an amount of QR 2,934,297 to the capital of AES Jordan Solar BV.

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 2 years and 8 months commencing on 1 August 2015.

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

	2017 ***QR***	*2016* *QR*
Within one year	**1,034,151**	4,136,604
After one year but not more than three years	-	1,034,151
	1,034,151	5,170,755

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.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

	2017 ***QR***	*2016* *QR*
Bank balances *(Note 15)*	**28,116,095**	94,729,748
Term deposits *(Note 14)*	**3,168,290,465**	680,555,042
Amounts due from related parties *(Note 21)*	**754,595**	13,998,689
Loans receivable *(Note 11)*	**60,313,319**	804,447,026
Other receivables	**1,121,422**	-
	3,258,595,896	1,593,730,505

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: Baa1 to Aa3, S&P rating: BBB+ to A and Fitch rating: A- to AA-).

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

The following are the contractual maturities of financial liabilities:

31 December 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**	-

31 December 2016	*Carrying amounts QR*	*Less than 1 year QR*	*1 – 5 years QR*	*More than 5 years QR*
Interest bearing loans and borrowings	1,918,294,528	520,734,500	1,397,560,028	-
Accruals and other payables	27,773,206	27,773,206	-	-
	1,946,067,734	548,507,706	1,397,560,028	-

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.

23 FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)
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*
2017		
Floating rate instruments	**+25 bps**	**4,640,248**
2016		
Floating rate instruments	+25 bps	4,795,736

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 4,162,149,637 (2016: QR 3,835,610,571).

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

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.

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

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

25 COMPARATIVE FIGURES

Certain comparative figures in the financial statements for the year ended 31 December 2016 were reclassified to match with the current year's classification. However, such reclassifications did not have any effect on the net profit or comprehensive income for the comparative year.