

Nebras Power Q.P.S.C.
Consolidated financial statements
31 December 2019

Nebras Power Q.P.S.C.

**Consolidated financial statements
For the year ended 31 December 2019**

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Nebras Power Q.P.S.C.
Doha, State of Qatar

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 with the Company, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 Group's consolidated financial statements in the State of 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 Matter – Comparative Information

The consolidated financial statements as at and for the year ended 31 December 2018 were audited by another auditor, whose audit report dated 24 April 2019 expressed an unmodified audit opinion thereon.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (Continued)

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report for the year 2019 (the "Annual Report") but does not include the consolidated financial statements and our auditor's report thereon. Prior to the date of this auditor's report, we obtained the report of the Board of Directors which forms part of the Annual Report, and the remaining sections of the Annual Report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and 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 and, in doing so, consider whether this other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, when we read the remaining sections of the Annual Report, we conclude that there is a material misstatement therein, we are required to report that fact. We have nothing to report at this stage based on the work that we have performed.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Company'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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, 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 omission, 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 Company's internal control.



INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on the Audit of the Consolidated Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)


- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- conclude on the appropriateness of the Board of Directors' 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 Company'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 Company 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 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 Other Legal and Regulatory Requirements

We have obtained all the information and explanations we considered necessary for the purposes of our audit. The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith. Furthermore, the physical count of the inventories was carried out in accordance with established principles. We have read the report of the Board of Directors to be included in the Annual Report, and the financial information contained therein is in agreement with the books and records of the Company. We are not aware of any violations of the applicable provisions of the Qatar Commercial Companies Law No. 11 of 2015 or the terms of the Company's Articles of Association and any amendments thereto having occurred during the year which might have had a material effect on the Company's consolidated financial position or performance as at and for the year ended 31 December 2019.

10 March 2020
Doha
State of Qatar


Gopal Balasubramanian
Qatar Auditors' Registry Number No. 251
KPMG

Nebras Power Q.P.S.C.

Consolidated statement of financial position
As at 31 December 2019

In Qatari Riyals

	Notes	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	5	82,923,327	38,589,720
Right-of-use of assets	6	10,294,137	-
Equity-accounted investees	7	2,984,026,861	2,681,163,658
Goodwill	19	167,272,551	73,695,201
Equity investments at FVOCI		506,944	-
Loans receivable	18(b)	-	21,745,874
Derivative financial instruments	13(b)	5,105,049	-
Other non-current assets	8	109,773,809	45,794,469
		<u>3,359,902,678</u>	<u>2,860,988,922</u>
Current assets			
Inventories, at cost		9,465,306	196,011
Trade and other receivables	9	103,599,287	1,036,387
Receivables from related parties	18(c)	481,317	341,750,660
Term deposits	10	468,661,518	3,515,846,728
Cash and cash equivalents	11	3,259,298,889	105,728,673
		<u>3,841,506,317</u>	<u>3,964,558,459</u>
Total assets		<u>7,201,408,995</u>	<u>6,825,547,381</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	3,650,000,000	3,650,000,000
Hedging reserve	13(a)	(20,422,841)	31,390,634
Translation reserve		(1,613,424)	(52,883)
Retained earnings		1,217,932,521	855,464,036
Equity attributable to owners of the Company		<u>4,845,896,256</u>	<u>4,536,801,787</u>
Non-controlling interests		65,202,312	457,632
Total equity		<u>4,911,098,568</u>	<u>4,537,259,419</u>
Non-current liabilities			
Derivative financial instruments	13(b)	23,177,686	-
Loans and borrowings	14	1,948,164,943	2,037,363,350
Lease liabilities	15	5,090,435	-
Provision for employees' end of service benefits	16	3,113,712	1,767,293
		<u>1,979,546,776</u>	<u>2,039,130,643</u>
Current liabilities			
Loans and borrowings	14	28,297,799	182,075,000
Lease liabilities	15	5,606,602	-
Accruals and other payables	17	276,859,250	67,082,319
		<u>310,763,651</u>	<u>249,157,319</u>
Total liabilities		<u>2,290,310,427</u>	<u>2,288,287,962</u>
Total equity and liabilities		<u>7,201,408,995</u>	<u>6,825,547,381</u>

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 10 March 2020 and signed on its behalf by:



Fahad Hamad Al-Mohannadi
Chairman



Khalid Jolo
Chief Executive Officer

The notes on pages 8 to 56 are an integral part of these consolidated financial statements.

Nebras Power Q.P.S.C.

**Consolidated statement of profit and loss and other comprehensive income
For the year ended 31 December 2019**

In Qatari Riyals

	Notes	2019	2018
Revenue from sale of electricity	20	10,613,162	3,687,092
Revenue from service concession agreements	20	392,329,413	-
Share of results of associates and joint ventures	7	371,598,677	325,176,643
Interest income	22	135,078,898	117,726,808
Management and technical service fees		3,198,634	2,589,936
Other income		66,129,760	45,739,687
Total operating income		978,948,544	494,920,166
Cost of electricity generation	21	(397,114,477)	(1,973,484)
General and administrative expenses	21	(75,245,858)	(66,232,895)
Other operating costs	21	(50,610,121)	(12,101,427)
Depreciation	21	(13,174,227)	(2,480,648)
Total operating costs		(536,144,683)	(82,788,454)
Operating profit		442,803,861	412,131,712
Finance costs	23	(82,900,530)	(67,570,912)
Profit before tax		359,903,331	344,560,800
Income tax expense		(7,317,209)	-
Profit after tax		352,586,122	344,560,800
Profit for the year attributable to:			
Owners of the Company		363,853,427	345,001,695
Non-controlling interests		(11,267,305)	(440,895)
		352,586,122	344,560,800
Other comprehensive income:			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Equity-accounted investees - share of OCI		(28,697,392)	22,236,987
Cash flow hedges – effective portion of changes in fair value		(23,116,083)	-
Foreign operations - foreign currency translation differences		(1,560,541)	(52,883)
Other comprehensive income		(53,374,016)	22,184,104
Total comprehensive income		299,212,106	366,744,904
Total comprehensive income attributable to:			
Owners of the Company		310,479,411	367,185,799
Non-controlling interests		(11,267,305)	(440,895)
		299,212,106	366,744,904
Earnings per share:			
Basic and diluted earnings per share	24	0.99	0.94

The notes on pages 8 to 56 are an integral part of these consolidated financial statements.

Nebras Power Q.P.S.C.

**Consolidated statement of changes in equity
For the year ended 31 December 2019**

In Qatari Riyals

	Attributable to owners of the Company						Non- controlling interests	Total equity
	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total			
At 1 January 2018	3,650,000,000	9,153,647	-	510,462,341	4,169,615,988	-	4,169,615,988	
<i>Total comprehensive income</i>	-	-	-	345,001,695	345,001,695	(440,895)	344,560,800	
Profit	-	22,236,987	(52,883)	-	22,184,104	-	22,184,104	
Other comprehensive income	-	22,236,987	(52,883)	345,001,695	367,185,799	(440,895)	366,744,904	
<i>Changes in ownership interests Arising out of business combinations (Note 19)</i>	-	-	-	-	-	898,527	898,527	
At 31 December 2018/1 January 2019	3,650,000,000	31,390,634	(52,883)	855,464,036	4,536,801,787	457,632	4,537,259,419	
<i>Total comprehensive income</i>	-	-	-	363,853,427	363,853,427	(11,267,305)	352,586,122	
Profit	-	(51,813,475)	(1,560,541)	-	(53,374,016)	-	(53,374,016)	
Other comprehensive income	-	(51,813,475)	(1,560,541)	363,853,427	310,479,411	(11,267,305)	299,212,106	
<i>Changes in ownership interests Arising out of business combinations (Note 19)</i>	-	-	-	-	-	55,235,896	55,235,896	
Capital increase in a subsidiary with NCI	-	-	-	(1,384,942)	(1,384,942)	17,262,999	17,262,999	
Other adjustments	-	-	-	-	-	3,513,090	2,128,148	
At 31 December 2019	3,650,000,000	(20,422,841)	(1,613,424)	1,217,932,521	4,845,896,256	65,202,312	4,911,098,568	

The notes on pages 8 to 56 are an integral part of these consolidated financial statements.

Nebras Power Q.P.S.C.

**Consolidated statement of cash flows
For the year ended 31 December 2019**

In Qatari Riyals

	Notes	2019	2018
Cash flows from operating activities			
Profit before tax		352,586,122	344,560,800
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	21	8,027,157	2,480,649
Depreciation of right-of-use assets	21	5,147,070	-
Provision for employees' end of service benefits	16	1,392,187	993,636
Loss on disposal of property, plant and equipment	21	-	48,825
Furniture allowance amortisation		197,632	-
Bargain purchase gain on acquisition of a subsidiary	19	(51,900,000)	-
Provision for Engie tax claim		34,919,837	-
Interest income	22	(135,078,898)	(117,726,808)
Interest expense	23	82,900,530	67,570,912
Share of results of equity-accounted investees- net of withholding tax		(371,598,677)	(324,374,715)
		<u>(73,407,040)</u>	<u>(26,446,701)</u>
<i>Changes in:</i>			
- Inventories		1,851,664	(77,883)
- Trade and other receivables		29,311,330	(603,765)
- Receivable from related parties		11,769,446	(11,496,167)
- Accruals and other payables		65,181,541	2,299,287
- Payable to related party		-	(5,586,553)
Cash generated from / (used in) operations		<u>34,706,941</u>	<u>(41,911,782)</u>
Dividends received		394,901,498	178,315,968
Interest received		137,237,413	115,362,626
Interest paid		(75,770,987)	(68,875,267)
Furniture allowance paid		(112,725)	-
Employees' end of service benefits paid	16	(45,768)	(580,651)
Net cash flows from operating activities		<u>490,916,372</u>	<u>182,310,894</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	5	(19,872,484)	(5,245,911)
Acquisition of a subsidiary, net of cash acquired	19	(19,578,198)	(66,323,113)
Investments in equity-accounted investees		(25,870,460)	(4,693,165)
Net movement in other non-current assets		(41,422,383)	(4,055,367)
Bank deposits, net movement		3,045,249,949	(358,347,309)
Net cash flows from / (used in) investing activities		<u>2,938,506,424</u>	<u>(438,664,865)</u>
Cash flows from financing activities			
Proceeds from loans and borrowings	14	194,285,263	285,528,465
Repayments of loans and borrowings	14	(497,436,124)	-
Loans granted, net movement		13,342,775	39,329,774
Payments of lease liabilities	15	(5,435,640)	-
Acquisition of non-controlling interest		19,391,146	-
Net cash (used in) / from financing activities		<u>(275,852,580)</u>	<u>324,858,239</u>
Net increase in cash and cash equivalents		<u>3,153,570,216</u>	<u>68,504,268</u>
Cash and cash equivalents at 1 January		<u>105,728,673</u>	<u>37,224,405</u>
Cash and cash equivalents at 31 December	11	<u>3,259,298,889</u>	<u>105,728,673</u>

The notes on pages 8 to 56 are an integral part of these consolidated financial statements.

Nebras Power Q.P.S.C.

Notes to the consolidated financial statements For the year ended 31 December 2019

1 Reporting entity

Nebras Power Q.P.S.C. (the "Company") is incorporated in accordance with the provisions of the Qatar Commercial Companies Law No. 11 of 2015 as a Qatari Private Shareholding Company and was registered at the Ministry of Economy and Commerce of the State of Qatar with the Commercial Registration No. 64383 dated 6 January 2014. The Company is domiciled in the State of Qatar. Its registered office is at Floor 29, Burj Doha, West Bay, Doha, State of Qatar.

The shares of the Company as at the current and the comparative reporting dates were held by the following Qatari incorporated companies:

<i>Name of shareholder</i>	<i>Shareholding</i>
Qatar Electricity and Water Company Q.P.S.C.	60%
Qatar Holding L.L.C.	40%
	<u>100%</u>

The Company is jointly controlled by the two above shareholders, which are two strategic Government Related Entities ("GREs") of the State of Qatar, based on an agreement dated 6 February 2017.

The Company had the following subsidiaries owned directly or indirectly, none of which is listed, as at the current and the comparative reporting dates:

Name of subsidiary	Country of incorporation	Effective shareholding	
		2019	2018
Nebras Power Netherlands B.V.	Netherlands	100%	100%
Nebras Power Investment Management B.V.	Netherlands	100%	100%
Zon Exploitatie Nederland Holding B.V.	Netherlands	75%	75%
Zon Exploitatie Nederland B.V.	Netherlands	75%	75%
Zon Exploitatie Nederland 2 B.V.	Netherlands	75%	-
Zonhandel B.V.	Netherlands	75%	75%
Zon Brabant B.V.	Netherlands	37.5%	37.5%
BTU Rades	Cayman	100%	-
BTU International (Bermuda) Ltd	Bermuda	100%	-
Carthage Power Company SARL	Tunisia	60%	-
Nebras Netherlands Brazil Investments 1 B.V.	Brazil	100%	-
Nebras Power Latin America Ltda.	Brazil	100%	-
Nebras do Brazil Investments 1 Ltda.	Brazil	100%	-
Salgueiro Solar Holding S.A.	Brazil	80%	-
Jaíba Solar Holding S.A.	Brazil	80%	-
Francisco Sá Solar Holding S.A.	Brazil	80%	-
Lavras Solar Holding S.A.	Brazil	80%	-
Salgueiro I Energias Renováveis S.A.	Brazil	80%	-
Salgueiro II Energias Renováveis S.A.	Brazil	80%	-
Salgueiro III Energias Renováveis S.A.	Brazil	80%	-
Jaíba 3 Energias Renováveis S.A.	Brazil	80%	-
Jaíba 4 Energias Renováveis S.A.	Brazil	80%	-
Jaíba 9 Energias Renováveis S.A.	Brazil	80%	-
Francisco Sá 1 Energias Renováveis S.A.	Brazil	80%	-
Francisco Sá 2 Energias Renováveis S.A.	Brazil	80%	-
Francisco Sá 3 Energias Renováveis S.A.	Brazil	80%	-
Lavras 1 Solar Energias Renováveis S.A.	Brazil	80%	-
Lavras 2 Solar Energias Renováveis S.A.	Brazil	80%	-
Lavras 3 Solar Energias Renováveis S.A.	Brazil	80%	-
Lavras 4 Solar Energias Renováveis S.A.	Brazil	80%	-
Lavras 5 Solar Energias Renováveis S.A.	Brazil	80%	-

Nebras Power Q.P.S.C.

Notes to the consolidated financial statements For the year ended 31 December 2019

1 Reporting entity (continued)

The Group also had the following equity-accounted investees as at the current and the comparative reporting dates:

Name of equity-accounted investee	Country of incorporation	Effective shareholding 2019	Effective shareholding 2018
Phoenix Power Company SAOG	Oman	9.84%	9.84%
Phoenix Operation and Maintenance Company L.L.C.	Oman	15.00%	15.00%
AES Oasis Ltd	Cayman Islands	38.89%	38.89%
AES Baltic Holding B.V.	Netherlands	40.00%	40.00%
PT Paiton Energy Pte Ltd	Indonesia	35.51%	35.51%
IPM Asia Pte Ltd	Singapore	35.00%	35.00%
Minejesa Capital B.V.	Netherlands	35.51%	35.51%
AES Jordan Solar B.V.	Netherlands	40.00%	40.00%
Shams Ma'an Solar UK Ltd	United Kingdom	35.00%	35.00%
Nebras-IPC Power Developments Limited	England	50.00%	-

These consolidated financial statements comprise the Company and its subsidiaries (collectively referred as the "Group" and individually as the "Group entities") and the Group's interests in equity-accounted investees.

The Group's principal activity, which remains unchanged since the previous year, is to develop, acquire, manage and operate power, water and renewable assets globally.

The Group is strategically aligned with the Qatar's 2030 vision to diversify the economy and achieve sustainable growth of the country.

2 Basis of preparation

a) Statement of compliance

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

b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention, except derivative financial instruments and equity investments measured at fair value.

Nebras Power Q.P.S.C.

Notes to the consolidated financial statements For the year ended 31 December 2019

2 Basis of preparation (continued)

c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company has the Qatari Riyal ("QR") as its functional currency. The following subsidiaries of the Company, which operate in foreign jurisdictions, have the following functional currencies:

Name of subsidiary	Functional currency
Nebras Power Netherlands B.V.	USD
Nebras Power Investment Management B.V.	USD
Zon Exploitatie Nederland Holding B.V.	Euro
Zon Exploitatie Nederland B.V.	Euro
Zon Exploitatie Nederland 2 B.V.	Euro
Zonhandel B.V.	Euro
Zon Brabant B.V.	Euro
BTU Rades	Euro
BTU International (Bermuda) Ltd	Euro
Carthage Power Company SARL	Tunisian Dinar
Nebras Netherlands Brazil Investments 1 B.V.	USD
Nebras Power Latin America Ltda.	Brazilian Real
Nebras do Brazil Investments 1 Ltda.	Brazilian Real
Salgueiro Solar Holding S.A.	Brazilian Real
Jaíba Solar Holding S.A.	Brazilian Real
Francisco Sá Solar Holding S.A.	Brazilian Real
Lavras Solar Holding S.A.	Brazilian Real
Salgueiro I Energias Renováveis S.A.	Brazilian Real
Salgueiro II Energias Renováveis S.A.	Brazilian Real
Salgueiro III Energias Renováveis S.A.	Brazilian Real
Jaíba 3 Energias Renováveis S.A.	Brazilian Real
Jaíba 4 Energias Renováveis S.A.	Brazilian Real
Jaíba 9 Energias Renováveis S.A.	Brazilian Real
Francisco Sá 1 Energias Renováveis S.A.	Brazilian Real
Francisco Sá 2 Energias Renováveis S.A.	Brazilian Real
Francisco Sá 3 Energias Renováveis S.A.	Brazilian Real
Lavras 1 Solar Energias Renováveis S.A.	Brazilian Real
Lavras 2 Solar Energias Renováveis S.A.	Brazilian Real
Lavras 3 Solar Energias Renováveis S.A.	Brazilian Real
Lavras 4 Solar Energias Renováveis S.A.	Brazilian Real
Lavras 5 Solar Energias Renováveis S.A.	Brazilian Real

The Group's presentation currency is the Qatari Riyal, which is also the Company's functional currency.

d) Use of judgments and estimates

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

2 Basis of preparation (continued)

d) Use of judgments and estimates (continued)

Information about areas that involve a higher degree of judgement or complexity, or areas where assumptions or estimates have a significant risk of resulting in a material adjustment to the consolidated financial statements are as follows:

Going concern

Management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The Group was profitable in the year ended 31 December 2019 and, as at that date, it had positive net asset (equity), working capital and cash flow positions. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on a going concern basis.

Interests in other entities

Judgement is required in assessing the level of control obtained in a transaction to acquire an interest in another entity; depending upon the facts and circumstances in each case, the Group may obtain control, joint control or significant influence over an entity or arrangement. This assessment involves consideration of a variety of factors, including shareholders' voting rights, Board representation and decision-making rights, the existence of any contractual arrangements, and indicators of de facto control.

Such classifications have a significant impact on the consolidated financial statements due to the significantly different accounting treatments of subsidiaries, associates and joint arrangements.

Depreciation of property, plant and equipment and right-of-use assets

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated individual useful lives. Management exercises significant judgement for the determination of the depreciation method and the useful lives and residual values of these assets, including their expected usage over their lives, the rate of their physical wear and tear, and their technological or commercial obsolescence. Such estimates could have a significant impact on the annual depreciation charge recognized in profit or loss.

Impairment of non-financial assets (other than inventories)

The carrying amounts of the Group's non-financial assets other than goodwill (Property, plant and equipment and right-of-use assets) are reviewed at each reporting date to determine whether there is any indication of impairment. That assessment requires judgement. As at the current and comparative reporting dates, management did not identify any evidence from internal reporting indicating impairment of an asset or a class of assets. If such indication exists, then management performs an impairment test. Goodwill is tested annually for impairment. The determination of recoverable amounts of non-financial assets (the higher of their fair values less costs of disposal and their "value in use") requires management to make significant judgments, estimations and assumptions. In particular the assessment of "value in use" requires management to estimate expected future cash flows from an asset or a cash generating unit and also to choose an appropriate discount rate to discount those cash flows to present value.

2 Basis of preparation (continued)

d) Use of judgments and estimates (continued)

Impairment of financial assets measured at amortised cost

The "expected credit loss" (ECL) impairment model requires forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. It also requires management to assign probability and magnitude of default to various categories of financial assets measured at amortised cost (loans receivable, trade receivables, receivables from related parties, dividend receivable, other receivables and cash at bank). Probability of default constitutes a key input in measuring an ECL and entails considerable judgement; it is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The magnitude of the loss in case there is a default is also an estimate of the loss arising on default; it is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Provision for slow moving and obsolete inventories

When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision is applied according to the inventory type and the degree of ageing or obsolescence, based on historical selling prices. The necessity and setting up of a provision for slow moving and obsolete inventories requires considerable degree of judgment.

Fair value of cash flow hedges

Certain associates and a joint venture of the Group use derivative financial instruments to manage their exposure to the variability of bank borrowings due to fluctuations in interest rates. All such derivatives are carried at fair value. Their fair values are estimated using models and valuation methods due to the absence of quoted prices or other market-observable data. These contracts are valued using models with inputs that include price curves for each of the different products that are built up from active market pricing data and extrapolated to the expiry of the contracts using the maximum available external pricing information.

Lease liabilities

Management assesses whether contracts entered by the Group for renting various assets contain a lease. The lease identification, including whether or not the Group has contracted to substantially all the economic benefits of the underlying asset, may require significant judgement. Establishing the lease term may also present challenges where a contract has an indefinite term or is subject to auto renewal or there are renewal options that are unclear if they will be exercised at the option date. The extend of the lease term significantly influences the value of the lease liability and the related right-of-use asset and arriving at a conclusion sometimes requires significant judgement calls. Furthermore, once the lease term is established, management needs to estimate the future cash flows payable over the lease term and discount them using the incremental borrowing rate that a lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. That also requires significant judgment and affects both the finance lease liability and the fair value of the underlying asset.

Other provisions and liabilities

Other provisions and liabilities are recognized in the period only to the extent management considers it probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgment to existing facts and circumstances, which can be subject to change. Since the actual cash outflows can take place in subsequent years, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. A change in estimate of a recognized provision or liability would result in a charge or credit to profit or loss in the period in which the change occurs.

**Notes to the consolidated financial statements
For the year ended 31 December 2019**

2 Basis of preparation (continued)

e) New currently effective IFRS requirements

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 January 2019:

- *IFRS 16 "Leases"*
- *Interpretation made by the International Financial Reporting Interpretation Council (IFRIC) 23 "Uncertainty over Tax Treatments"*
- *Amendments to IFRS 9 "Financial Instruments" on prepayment features with negative compensation*
- *Amendments to IAS 28 "Investments in Associates and Joint Ventures" on long-term interests in associates and joint ventures*
- *Amendments to IAS 19 "Employee Benefits" on plan amendment, curtailment or settlement*
- *Amendments to various standards based on the Annual Improvements to IFRSs 2015-2017 Cycle*

The Group initially adopted IFRS 16 "Leases" (hereafter "IFRS 16") on 1 January 2019. The other new and amended standards and the interpretation to a standard listed in the table above do not have any or material effect on the Group's consolidated financial statements.

The effects of the adoption of IFRS 16 on the Group's consolidated financial statements are explained below:

IFRS 16

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes 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 introduced a single, on-balance sheet lease accounting model for lessees. It changed the accounting of leases previously classified as operating leases under IAS 17, which were off-balance sheet. Under IAS 17, operating leases were expensed on a straight-line basis over the term of the lease, and assets and liabilities were recognised only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under IFRS 16 a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17; i.e. lessors continue to classify leases as finance or operating leases.

Impact on Lessee Accounting

The Group has chosen to apply the simplified transition approach of IFRS 16 by which comparative amounts are not restated.

On initial application of IFRS 16, for all leases, except for those that the practical expedient was applied (see below), the Group will:

- Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
- Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

2 Basis of preparation (continued)**e) New currently effective IFRS requirements (continued)****IFRS 16 (continued)***Impact on Lessee Accounting (continued)*

Based on an analysis of the Group's finance leases as at 31 December 2018 on the basis of the facts and circumstances that existed at that date, management's preliminary assessment is that there will be the following potential impact on the Group's consolidated financial statements as at 1 January 2019:

	As reported at 31 December 2018	Adjustments due to adoption of IFRS 16	Adjusted opening balances as at 1 January 2019
Statement of financial position:			
Right-of-use assets (1)	-	15,441,207	15,441,207
Lease liabilities (2)	-	15,441,207	15,441,207

(1) The Group's right-of-use assets, which comprises office building, were measured at an amount equal to the lease liabilities. Hence, there was no adjustment to the opening retained earnings.

(2) The lease liabilities were measured at the present value of the future lease payments on adoption of IFRS 16 (adjusted for any prepaid or accrued lease expenses). When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The incremental borrowing rate used is 5%.

During the year, the profit or loss was impacted as follows due to the application of IFRS 16:

	As reported for the year ended 31 December 2018	Adjustments due to adoption of IFRS 16	As reported for the year ended 31 December 2019
Statement of profit or loss:			
Rental expense (1)	3,735,762*	(3,735,762)	-
Depreciation (2)	-	5,147,070	5,147,070
Interest expense (2)	-	691,470	691,470

*This amount pertains to the rental expense of 2018 for 8 months. Had the rental expense been continued in this year, the total operating lease expense would be QR 5,435,640.

- (1) In the previous year, leases were accounted as operating leases for which the Group only recognised expense on a straight-line basis over the term of the lease, and only recognises assets and liabilities to the extent that there is a timing difference between actual lease payments and the expense recognised.
- (2) Under IFRS 16 the Group recognised a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The impact of the above changes introduced by IFRS 16 on the current year results was reduction of the profit for the year by QR 402,900 and decrease in retained earnings at the reporting date by the same amount.

**Notes to the consolidated financial statements
For the year ended 31 December 2019**

2 Basis of preparation (continued)

e) New currently effective IFRS requirements (continued)

IFRS 16 (continued)

Impact on Lessee Accounting (continued)

The impact of IFRS 16 on the cash flow statements was to separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities). Under IAS 17, all lease payments on operating leases were presented in the previous year as part of cash flows from operating activities.

Under IFRS 16, the Group applied the practical expedient to grandfather the definition of a lease on transition. This means that:

- all contracts entered into before 1 January 2019 that were not identified as leases in accordance with IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019;
- any leases with unexpired lease term on initial application date of less than 12 months or any leases relating to low value items (USD 10,000 or less), then the Group elected to use the short-term lease exemption; and
- the initial direct costs arising from the measurement of right-of-use asset at the date of initial application were excluded.

Impact on Lessor Accounting

The Group acts as a lessor whereby it has leased out its power plants to counterparties. Based on information currently available, management does not expect any significant impact on the relevant amounts recognised in the Group's consolidated financial statements.

f) IFRS requirements not yet effective, but available for early adoption

The table below lists the recent changes to International Financial Reporting Standards ("IFRS" or "standards") that are required to be applied by an entity with an annual reporting period beginning on or after 1 January 2020.

Effective for year beginning 1 January 2020	<ul style="list-style-type: none"> • Amendments to references to conceptual framework in IFRS standards • Amendments to IFRS 3 "Business Combinations" of definition of business • Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" of definition of material.
Effective for year beginning 1 January 2021	<ul style="list-style-type: none"> • IFRS 17 "Insurance Contracts"
Effective date deferred indefinitely / available for optional adoption	<ul style="list-style-type: none"> • Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" on sale or contribution of assets between an investor and its associate or joint venture

Management does not expect that the adoption of the above new and amended standards and the interpretation to a standard will have a significant impact on the Group's consolidated financial statements.

3 Summary of significant accounting policies

The principal accounting policies of the Group applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to both years presented in these consolidated financial statements, except for the changes resulting from the adoption of IFRS 16 "Leases".

a) Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (See section on "Subsidiaries" below). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises (See accounting policy "Goodwill") is tested annually for impairment (See accounting policy "Impairment"). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

In case the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent the Group has an obligation to the equity accounted investee or has made payments to third parties on behalf of the equity accounted investee.

3 Summary of significant accounting policies (continued)

a) Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) Foreign currency

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Qatari Riyals at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Qatari Riyals at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**Notes to the consolidated financial statements
For the year ended 31 December 2019**

3 Summary of significant accounting policies (continued)

c) Property, plant and equipment (continued)

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

Property, plant 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 or the duration of contractual agreements "build, own, operate and transfer" with off-takers as follows:

	<i>Useful life</i>	<i>Off-take agreement</i>
Gas fired power assets	30 years	30 years
Solar PV utility scale assets	20 years	NA
Solar PV roof top assets	20 years	16 years
Furniture and fixtures	5 years	NA
Computer equipment	3 years	NA
Office equipment	3 years	NA
Motor vehicles	5 years	NA
Computer software	3 years	NA

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Profits or losses from sales or disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts, and are recognised net within profit or loss.

d) Right-of-use assets

Recognition and measurement

Right-of-use assets are recognized at the lease commencement date at cost, which comprises the initial amount of the lease liability (see accounting policy "Lease liabilities") adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent measurement

Items of right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of a right-of-use asset using the straight-line method over the earlier of the lease term and its useful life. It is depreciated over its useful life, if the lease agreement either transfers ownership of the right-of-use asset to the Group by the end of the lease term or reflects that the Group will exercise a purchase option at the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment.

In addition, the carrying value of a right of use asset may be periodically adjusted for certain remeasurements of the related lease liability (see accounting policy "Lease liabilities").

3 Summary of significant accounting policies (continued)

d) Right-of-use assets (continued)

Derecognition

An item of a right-of-use asset is derecognised at the earlier of end of the lease term, cancellation of lease contract or transfer of control of the underlying asset. In case control of the underlying asset passes to the Group, the carrying value of the right-of-use asset is reclassified to property and equipment.

e) Goodwill

Initial measurement

Goodwill arising on the acquisition of a business is measured as the excess of the consideration transferred over the fair value of the identifiable net assets acquired. In case the consideration transferred is less than the fair value of the net identifiable assets acquired, then the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of consideration transferred is deferred, the consideration to be transferred in future periods is discounted to present value as at the date of the transaction. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. The Group transferred all the consideration for the acquisition of the business on the date of the transaction.

Subsequent measurement

Goodwill is not amortised, but is tested for impairment on an annual basis or more frequently if there are events and circumstances indicating that it has been impaired (See accounting policy "Impairment").

f) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset, unless it is a trade receivable without a significant financing component, or a financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. An accounts receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement of financial assets

Classification on initial recognition

On initial recognition, a financial asset is classified at:

- amortised cost – if it meets both of the following conditions and is not designated as at FVTPL:
 - it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

3 Summary of significant accounting policies (continued)

f) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

Classification on initial recognition (continued)

- Fair Value Through Other Comprehensive Income (FVOCI) - if it meets both of the following conditions and is not designated as at FVTPL:
 - it is held within a business model whose objective achieved by both collecting contractual cash flows and selling financial assets; and
 - its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- Fair Value Through Profit or Loss (FVTPL) – All financial assets not classified as measured at amortised cost or FVOCI as described above.

On initial recognition, the Group may irreversibly designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group has classified on initial recognition its loans receivable, its trade receivables, its receivables from related parties, its dividend receivable, its other receivables and its cash at bank at amortised cost. The Group does not hold any other financial assets.

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual cash flows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

3 Summary of significant accounting policies (continued)

f) Financial instruments (continued)

Classification and subsequent measurement of financial assets (continued)

Assessment whether contractual cash flows are Solely Payments of Principle and Interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the SPPI criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

- Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Financial assets at Fair Value Through Profit or Loss (FVTPL) - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not hold such assets.
- Debt instruments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. The Group does not hold such assets.
- Equity investments at Fair Value Through Other Comprehensive Income (FVOCI) - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never derecognised to profit or loss. The Group does not hold such assets.

3 Summary of significant accounting policies (continued)

f) Financial instruments (continued)

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The Group does not have financial liabilities at FVTPL.

Other financial liabilities (loans and borrowings, and other payables) are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

In the case the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Derivative financial instruments and hedge accounting

Nebras Power Q.P.S.C., some associates and a joint venture of the Group hold derivative financial instruments to hedge their interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Certain derivatives are designated as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

3 Summary of significant accounting policies (continued)

f) Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Only the change in fair value of the spot element of forward exchange contracts is designated as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

g) Impairment

Non-derivative financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost (loans receivable, trade and other receivables, receivables from related parties, and cash at bank). The Group does not hold financial assets measured at FVOCI or debt investments and equity investments that are measured subsequently at FVTPL.

The Group measures loss allowance either at an amount equal to:

- lifetime ECLs, which are those ECLs that result from all possible default events over the expected life of a financial instruments; or
- 12-month ECLs, which includes the portion of ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Group considers that it is not exposed to any credit risk with respect to its receivables from governments or their controlled entities.

3 Summary of significant accounting policies (continued)

g) Impairment (continued)

Non-derivative financial assets (continued)

For the financial assets, except for the cash at bank, the Group applied the simplified approach to measuring ECLs which recognises the lifetime ECLs of these assets that reflect an increased credit risk. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

Loss allowances on bank balances are always measured at an amount equal to 12 month ECLs. The Group considers bank balances to have a low risk level when their credit risk rating is equivalent to the globally understood definition of "investment grade".

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower / customer will enter into bankruptcy or other financial reorganisation.

Presentation of loss allowance on financial assets in the statement of financial position

Any loss allowance on financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

3 Summary of significant accounting policies (continued)

g) Impairment (continued)

Non-financial assets

At each reporting date, management reviews the carrying amounts of its non-financial assets (Property, plant and equipment, right-of-use assets, and goodwill, but not inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash Generating Units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment in respect of goodwill is not reversed. For other assets, 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.

h) Inventories

Inventories comprise of consumables which are measured at the lower of cost and net realisable value. The cost of inventories / raw materials is based on the First-in First-out method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are allocated to another asset the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. A provision is made for any write-down of inventories to net realisable value and such a provision is reflected as an expense in profit or loss in the period of the write-down. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised in profit or loss in the period in which the reversal occurs.

i) 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.

3 Summary of significant accounting policies (continued)

j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

k) Translation reserve

The translation reserve records exchange differences arising from the translation of the financial statements of foreign operations. Upon disposal of foreign operations, the related accumulated exchange differences are recycled to the profit or loss.

l) Leases

Leases – Group as a lessee: Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The above policy is applied to contracts effective as on or entered into after 1 January 2019.

Where it is established that the Group is a lessee, a right-of-use asset (See accounting policy "Property and equipment") and a lease liability are recognized at the lease commencement date.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3 Summary of significant accounting policies (continued)

l) Leases (continued)

Leases – Group as a lessee: Policy applicable from 1 January 2019 (continued)

Lease liabilities are subsequently measured at amortised cost using the effective interest method.

A lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases – Group as a lessee: Policy applicable before 1 January 2019

Leases of property and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are shown on the statement of financial position as finance lease liabilities. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated on a straight-line basis over the shorter of the lease term and their useful economic life, unless there is reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the assets are depreciated over their estimated useful lives.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases – Group as a lessor

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Under an operating lease, the asset is included in the statement of financial position as property and equipment. Lease income is recognized over the term of the lease on a straight-line basis. This implies the recognition of deferred income when the contractual day rates are not constant during the initial term of the lease contract.

3 Summary of significant accounting policies (continued)

l) Leases (continued)

Leases – Group as a lessor (continued)

Leases in which a significant portion of the risk and rewards of ownership are transferred to the lessee are classified as finance leases. They are initially recognised as "Finance lease receivables" on the statement of financial position at the present value of the minimum lease payments (the net investment in the lease) receivable from the lessee over the period of the lease. Over the lease term, each lease payment made by the lessee is allocated between the "Finance lease receivables" and "Finance lease income" in profit or loss so as to achieve a constant rate on the finance lease receivable balance outstanding. The Group does not have finance lease receivables.

m) Provision for employees' end of service benefits

The Group provides employees' end of service benefits to its expatriate employees in accordance with employment contracts and the relevant labour laws in the jurisdictions in which it operates. The expected costs of these benefits are accrued over the period of employment.

n) Provisions

A provision is recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount of a provision is the present value, of the best estimate, of the amount required to settle the obligation. Provisions are reviewed annually to reflect current best estimates of the expenditure required to settle the obligations.

o) Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers for sales of goods or services in the ordinary course of the Group's activities is recognised in accordance with the following 5-step model:

1. Identify contracts with customers: A contract is an agreement which creates enforceable rights and obligations and sets out criteria that must be met.
2. Identify performance obligations within the contract: A performance obligation is a promise to deliver a good or a service to a customer.
3. Determine the transaction price: The transaction price is the amount to which the Group expects to be entitled in exchange for delivering the promised goods or services to a customer.
4. Allocate the transaction price to the performance obligations, if more than one.
5. Recognise revenue as and when the performance obligation(s) is/are satisfied.

The Group sells power, produced in power generation plants operating with gas, coal and solar energy, to governments. Customers take control of the power at the time it is delivered to them at their premises. At that point, the customer has full discretion over the manner of distribution and price to sell the power, has the primary responsibility when on selling the power and bears the risks of loss in relation of power in the network. Therefore, revenue is recognised when the power leaves the Group's plants.

3 Summary of significant accounting policies (continued)

o) Revenue recognition (continued)

Revenue from other sources

Dividend income

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

Interest income

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

Fee income

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

p) Expense recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen and can be measured reliably.

An expense is recognized immediately in profit or loss when an expenditure produces no future economic benefits, or when, and to the extent that, future economic benefits do not qualify or cease to qualify for recognition in the consolidated statement of financial position as an asset, such as in the case of asset impairments.

q) Income tax

Income tax expense comprises current and deferred tax attributed to in each of the Group entities. It is recognised in profit or loss.

Current tax

Current tax comprises the total of the expected tax payable or receivable on the taxable profit or loss for the year, adjusted for any corrections to the tax payable or receivable of previous years. It is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. The Company was previously exempt from income tax based on the provisions of the Qatar Income Tax Law No. 24 of 2018. Subsequent to the issuance of new Executive Regulations (the "New ERs") to the Income Tax Law No. 24 of 2018 (the "New Tax Law") on 11 December 2019, the Company is subject to income tax on non-Qatari investors' share in profits of one of its joint venture partner, who is a listed entity on Qatar Stock Exchange. However, as per the memorandum of understanding (MOU), signed on 2 February 2020 between the Ministry of Finance (MOF), the General Tax Authority (GAT), the Qatar Electricity and Water Company (QEWC) and the Qatar Petroleum (QP), MOF shall bear the income tax liability arising due to these New ERs.

3 Summary of significant accounting policies (continued)

q) Income tax (continued)

Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the carrying amounts of assets and liabilities reported in the financial statements of each Group entity and their respective amounts used for tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled using tax rates based on tax laws that have been enacted or substantially enacted by the reporting date.

r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees, if any.

4 Financial instruments

(a) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk;

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risks, and the Group's management of capital.

Management has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the consolidated financial statements
For the year ended 31 December 2019

4 Financial instruments (continued)

(a) Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. The Group's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are the following:

	Note	2019	2018
Trade receivables	9	77,567,942	458,017
Receivables from related parties	18(c)	481,317	341,750,660
Loans receivable from related parties	18(b)	-	21,745,874
Loans receivable	8	8,318,493	-
Other receivables	9	48,630,309	476,686
Cash at bank	11	3,259,287,240	105,722,510
Term deposits	10	468,661,518	3,515,846,728
Less: Allowance for impairment of receivables	9	<u>(30,305,358)</u>	<u>(1,001,939)</u>
At 31 December		<u>3,832,641,461</u>	<u>3,984,998,536</u>

Trade receivables and receivables from related parties

The Group uses an allowance matrix to measure the ECLs of its trade receivables and receivables from related parties as at the current and comparative reporting dates:

As at 31 December 2019

Past due (1)	Gross carrying amount	Lifetime ECLs	Loss rate (2)	Credit impaired
Not yet	3,833,655,049	1,001,939	0.02%	No
1-30 days	-	-	-	No
31-60 days	-	-	-	No
61-90 days	-	-	-	No
More than 90 days	<u>29,303,419</u>	<u>29,303,419</u>	100%	Yes
	<u>3,862,958,468</u>	<u>30,305,358</u>		

As at 31 December 2018

Past due (1)	Gross carrying amount	Lifetime ECLs	Loss rate (2)	Credit impaired
Not yet	3,986,006,638	1,001,939	0.02%	No
1-30 days	-	-	-	No
31-60 days	-	-	-	No
61-90 days	-	-	-	No
More than 90 days	-	-	-	No
	<u>3,986,006,638</u>	<u>1,001,939</u>		

4 Financial instruments (continued)

(a) Financial risk management (continued)

Credit risk (continued)

- (1) Past due are those amounts for which either the contractual or the "normal" payment date has passed.
- (2) Loss rates are based on actual credit loss experience over the past 5 years. These rates are multiplied by forward looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Forward looking factors are based on actual and forecast macro-economic factors (primarily GDP) and is considered to be positive.
- (3) The movement in the loss allowance on trade receivables is disclosed in Note 9.

No trade receivables were written-off directly in profit or loss during the current or the comparative year.

Cash at bank

Management considers that its cash at bank has low credit risk based on external credit ratings of the counterparties, which are all at "investment grade" (above Baa3). Impairment on cash at bank has been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures.

The carrying amounts of the cash at bank of the Group did not require any adjustment because the result of applying the ECL model was immaterial.

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 Company'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 table below summarizes the contractual discounted maturities of the Group's financial liabilities at the reporting date.

	31 December 2019	Carrying amount	Contractual cash flows		
			Total	1-12 months	1-5 years
Non-derivative financial liabilities					
Loans and borrowings (1)	1,976,463,742	1,976,463,742	28,297,799	1,948,164,943	-
Finance lease liabilities	10,697,037	10,697,037	5,606,602	5,090,435	-
Trade and other payables	143,092,867	143,092,867	143,092,867	-	-
	2,130,253,646	2,130,253,646	176,997,268	1,953,255,378	-

Notes to the consolidated financial statements
For the year ended 31 December 2019

4 Financial instruments (continued)

(a) Financial risk management (continued)

Liquidity risk (continued)

31 December 2018	Carrying amount	Contractual cash flows			
		Total	1-12 months	1-5 years	More than 5 years
Non-derivative financial liabilities					
Loans and borrowings (1)	2,219,438,350	2,219,438,350	182,075,000	2,037,363,350	-
Trade and other payables	62,479,590	62,479,590	62,479,590	-	-
	<u>2,281,917,940</u>	<u>2,281,917,940</u>	<u>244,554,590</u>	<u>2,037,363,350</u>	<u>-</u>

- (1) The Group has a secured bank loan that contains loan covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the above table. The Group has developed a strong debt compliance framework to actively control and manage this risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group is exposed to currency risk to the extent that there is mismatch between the currencies in which revenue, related costs and borrowings are denominated and the respective functional currencies of the Group entities. The functional currencies of the Group entities are primarily those that are mentioned in Note 2(c).

The Group does not use forward exchange contracts to hedge its currency risk. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group – primarily the USD. This provides an economic hedge without derivatives being entered into and therefore hedge accounting is not applied.

Interest rate risk

Interest rate risk arises when the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises mainly from interest bearing bank loans and borrowings issued at variable rates, which expose it cash flow interest rate risk.

The Group has entered into a floating to fixed interest rate swap ("IRS") for the 50% of the notional amount of its syndicated long-term revolving credit facility ("RCF") to mitigate its exposure to interest rate risk. Under the IRS terms, the Group pays fixed rate to the hedge counterparties and receive floating rate Libor from the hedge counterparties for settlement of its floating rate interest liability under the RCF. IRS has been executed with three highly rated financial institutions as hedge counterparties in order to segregate the counterparty risk. The Group's approach is to opportunistically hedge its interest rate risks to (i) manage the impact of these risks on the cash flows and profit and loss of the Company and (ii) ensure compliance with the Company's financial covenants whilst optimizing finance costs.

4 Financial instruments (continued)

(a) Financial risk management (continued)

Market risk (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 increase in interest rates is expected to be as shown below:

	<i>Changes in basis points</i>	<i>Effect on OCI</i>	<i>Effect on profit</i>
2019			
Floating rate instruments	+25 bps	7,796,952	(5,273,848)
2018			
Floating rate instruments	+25 bps	-	(4,702,961)

(b) Fair value measurement

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. The Group's non-financial assets (property, plant and equipment, investments in equity-investees and goodwill, but not inventories) are carried at cost less any accumulated depreciation and any accumulated impairment losses. The Group's financial assets (loans receivable from related parties, receivables from related parties, trade and other receivables and cash at bank) and financial liabilities (bank loans and borrowings, payables to related parties, financial liabilities and other payables) are measured at amortised cost and not at fair value. Management believes that the carrying values of its financial assets and financial liabilities as at the reporting date are a reasonable approximation of their fair values.

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Notes to the consolidated financial statements
For the year ended 31 December 2019

4 Financial instruments (continued)**(b) Fair value measurement (continued)**

Financial assets/financial liabilities	Fair value as at 31 December 2019			Fair value Hierarchy
	Classification	Carrying Value	Fair Value	
Trade receivable	Amortised cost	77,567,942		
Loans receivable	Amortised cost	8,318,493		
Receivables from related party	Amortised cost	481,317		
Other receivables	Amortised cost	48,630,309		
Financial assets at fair value through other comprehensive income	FVOCI	506,944	506,944	Level 3
Cash and cash equivalents	Amortised cost	3,259,298,889		
Term deposits	Amortised cost	468,661,518		
Loans and borrowings	Other financial liabilities	(1,976,463,742)	(1,989,540,183)	
Trade and other payable	Other financial liabilities	(143,092,867)		
Lease liabilities	Other financial liabilities	(5,606,602)		

Financial assets/financial liabilities	Fair value as at 31 December 2018			Fair value Hierarchy
	Classification	Carrying Value	Fair Value	
Trade receivable	Amortised cost	458,017		
Loans receivable	Amortised cost	21,745,874		
Receivables from related party	Amortised cost	341,750,660		
Other receivables	Amortised cost	476,686		
Cash and cash equivalents	Amortised cost	3,515,846,728		
Term deposits	Amortised cost	105,728,673		
Loans and borrowings	Amortised cost	(2,219,438,350)	(2,224,673,402)	
Trade and other payable	Amortised cost	(62,479,590)		

All other financial assets and liabilities are carried at amortized cost. The fair values of the financial assets and liabilities are not materially different from their carrying values in the consolidated statement of financial position, as these assets and liabilities are either of short-term maturities or are re-priced frequently based on market movement in interest rates.

(c) Offsetting financial assets and liabilities

The Group does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

Nebras Power Q.P.S.C.

**Notes to the consolidated financial statements
For the year ended 31 December 2019**

In Qatari Riyals

5 Property, plant and equipment	Furniture and fixtures	Computer equipment	Office equipment	Motor vehicles	Computer software	Solar photovoltaic assets	Total
Costs:							
At 1 January 2018	88,676	744,436	372,580	1,136,960	2,122,175	-	4,464,827
Additions	113,300	80,575	21,647	-	245,038	-	460,560
Acquisitions through business combinations (Note 19)	-	-	-	-	16,966	43,096,581	43,113,547
Disposals	(54,250)	-	-	-	-	-	(54,250)
At 31 December 2018 / 1 January 2019	147,726	825,011	394,227	1,136,960	2,384,179	43,096,581	47,984,684
Additions	50,322	1,339,495	53,930	-	1,129,669	17,299,068	19,872,484
Acquisitions through business combinations (Note 19)	1,032,449	1,873,209	-	361,787	-	-	3,267,445
Transfer (to) / from other non-current assets	-	-	-	-	(16,966)	34,489,693	34,472,727
At 31 December 2019	1,230,497	4,037,715	448,157	1,498,747	3,496,882	94,885,342	105,597,340
Accumulated depreciation:							
At 1 January 2018	25,007	607,916	54,065	483,012	426,802	-	1,596,802
Acquisitions through business combinations (Note 19)	-	-	-	-	-	5,322,938	5,322,938
Depreciation (Note 21)	29,120	44,947	217,338	227,392	856,632	1,105,220	2,480,649
Disposals	(5,425)	-	-	-	-	-	(5,425)
At 31 December 2018 / 1 January 2019	48,702	652,863	271,403	710,404	1,283,434	6,428,158	9,394,964
Depreciation (Note 21)	34,475	356,352	113,516	220,492	1,055,528	6,246,794	8,027,157
Adjustments	-	-	-	-	-	2,025,922	2,025,922
Acquisitions through business combinations (Note 19)	1,032,449	1,873,209	-	320,312	-	-	3,225,970
At 31 December 2019	1,115,626	2,882,424	384,919	1,251,208	2,338,962	14,700,874	22,674,013
Carrying amounts							
At 31 December 2019	114,871	1,155,291	63,238	247,539	1,157,920	80,184,468	82,923,327
At 31 December 2018	99,024	172,148	122,824	426,556	1,100,745	36,668,423	38,589,720

6 Right-of-use assets

The right-of-use assets relate to office building, which are expiring within 2 to 3 years from the reporting date. Their cost represents the corresponding amounts of the relevant lease liabilities (Note 15).

	2019
Cost	
Adjustment on initial adoption of IFRS 16 (Note 2(e))	15,441,207
Adjusted balance at 1 January	<u>15,441,207</u>
At 31 December	<u>15,441,207</u>
Accumulated depreciation	
Amortisation (Note 21)	5,147,070
At 31 December	<u>5,147,070</u>
Carrying amounts	
At 31 December	<u>10,294,137</u>

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	At 1 January 2019	Additions	Transfer to a subsidiary	Share of results	Dividends received/ declared	Share in cash flow hedge reserve	At 31 December 2019
7 Equity-accounted investees							
Associates:							
Phoenix Power Company SAOG* (1)	176,364,180	-	-	13,521,101	(5,110,503)	(13,623,822)	171,150,956
Phoenix Operation and Maintenance Company L.L.C. (1)	953,418	-	-	2,478,769	(2,387,513)	-	1,044,674
AES Oasis Ltd (2)	132,230,234	-	-	11,049,514	(8,532,045)	282,817	135,030,520
AES Baltic Holding B.V. (3)	99,092,264	-	-	22,109,700	(21,428,815)	-	99,773,149
PT Paiton Energy Pte Ltd (4)	2,015,034,201	-	-	293,772,074	(23,481,886)	(109,372)	2,285,215,017
IPM Asia Pte Ltd (5)	165,338,405	-	-	13,584,517	(4,460,838)	-	174,462,084
Minejesa Capital B.V. (6)	48,095,073	-	-	12,345,430	-	(5,346,796)	55,093,707
AES Jordan Solar B.V. (7)	5,036,696	26,770,800	-	(1,364,998)	-	(1,886,700)	28,555,798
Brabant Zon B.V. (9)	2,317,658	-	(2,317,658)	-	-	-	-
Joint ventures:							
Shams Maan Solar UK Ltd (8)	36,701,529	-	-	4,102,570	-	(8,013,518)	32,790,581
Nebras IPC Power Developments Ltd	-	910,375	-	-	-	-	910,375
	2,681,163,658	27,681,175	(2,317,658)	371,598,677	(65,401,600)	(28,697,391)	2,984,026,861
Associates:							
Phoenix Power Company SAOG* (1)	155,548,088	-	-	12,039,375	(6,864,825)	15,641,542	176,364,180
Phoenix Operation and Maintenance Company L.L.C. (1)	735,438	-	-	2,566,711	(2,348,731)	-	953,418
AES Oasis Ltd (2)	123,892,939	-	-	11,891,313	(6,521,475)	2,967,457	132,230,234
AES Baltic Holding B.V. (3)	103,586,831	-	-	23,285,369	(27,779,936)	-	99,092,264
PT Paiton Energy Pte Ltd (4)	2,205,852,185	-	-	258,188,615	(449,006,599)	-	2,015,034,201
IPM Asia Pte Ltd (5)	176,462,605	-	-	4,170,100	(15,294,300)	-	165,338,405
Minejesa Capital B.V. (6)	36,479,455	-	-	10,967,172	-	648,446	48,095,073
AES Jordan Solar B.V. (7)	2,934,297	4,693,165	-	(1,140,392)	-	(1,450,374)	5,036,696
Brabant Zon B.V. (9)	-	2,317,658	-	-	-	-	2,317,658
Joint ventures:							
Shams Maan Solar UK Ltd (8)	29,063,233	-	-	3,208,380	-	4,429,916	36,701,529
	2,834,555,071	7,010,823	7,010,823	325,176,643	(507,815,866)	22,236,987	2,681,163,658

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7 Equity-accounted investees (continued)

(1) Phoenix Power Company SAOG and Phoenix Operation and Maintenance Company L.L.C.

On 18 June 2015, the Group purchased a 0.088% shareholding in Phoenix Power Company SAOG ("PPC") at its Initial Public Offer. PPC is incorporated in the Sultanate of Oman and owns and operates a gas fired power generation facility with a capacity of 2,000 MW.

On 30 December 2015, the Group entered into an agreement with Qatar Electricity and Water Company Q.P.S.C ("QEWC") to purchase an additional 9.75% shareholding in PPC and to purchase 15% of the share capital of Phoenix Operation and Maintenance Company L.L.C. ("POM"). POM is incorporated in the Sultanate of Oman and its primary activity is to provide repair and maintenance services to PPC's power plant.

The Group exercises significant influence over the financial and operating policy decisions of PPC and POM through its representation in the Board of Directors. In particular, the Group appoints the Chairman on the Board of Directors of PPC.

(2) AES Oasis Ltd

On 1 December 2015, the Group purchased from QEWC a 38.89% shareholding in AES Oasis Ltd, incorporated in the Cayman Islands. AES Oasis Ltd holds effectively a 60% shareholding in AES Jordan PSC, which owns and operates a 370 MW combined cycle gas fired power plant in the Kingdom of Jordan.

(3) AES Baltic Holding BV

On 18 February 2016, the Group purchased from QEWC a 40% shareholding in AES Baltic Holding BV, incorporated in the Netherlands. AES Baltic Holding BV effectively holds a 60% shareholding in AES Levant Holdings B.V. Jordan PSC, which owns and operates a 241 MW gas power plant in the Kingdom of Jordan. The associate company's bank loans contain certain covenants which are temporarily in breach. The management of the associate company is currently in the process of discussing the matter with its bankers on a waiver for the breach of these covenants or revisit the covenants requirements with its bankers in a way that it becomes compliant.

(4) PT Paiton Energy Pte Ltd

On 22 December 2016, the Group acquired a 35.514% shareholding in PT Paiton Energy Pte Ltd, incorporated in Indonesia, which owns and operates a 2,045 MW coal-fired power plant.

(5) IPM Asia Pte Ltd

On 22 December 2016, the Group acquired a 35% shareholding in IPM Asia Pte Ltd, incorporated in Singapore. IPM Asia Pte Ltd owns 84.1% of PT IPM Operation and Maintenance Indonesia, incorporated in Indonesia, which provides operation and maintenance services to PT Paiton Energy Pte Ltd. In addition, IPM Asia Pte Ltd owns 100% of the share capital of IPM O&M Services Pte Ltd, incorporated in Singapore, which provides technical services to PT IPM Operation and Maintenance.

(6) Minejesa Capital BV

On 2 August 2017, Nebras Power Investment Management B.V. entered into a shareholders' agreement with PT Batu Hitam Perkasa, Paiton Power Financing BV and Tokyo Electric Power Company International Paiton II BV for provision of governance and management services to Minejesa Capital BV, incorporated in the Netherlands on 29 June 2017 with the objective to provide financial services. As per the shareholders' agreement, the Group has a 35.51% shareholding in Minejesa Capital BV.

7 Equity-accounted investees (continued)

(7) AES Jordan Solar BV

On 31 October 2017, Nebras Power Netherlands B.V. entered into a shareholders' agreement with AES Horizons Holdings BV for provision of governance and management services to AES Jordan Solar BV, incorporated in Jordan with the objective to provide engineering, procurement, construction, ownership, operation, maintenance, management, leasing and financing to AM Solar BV, a company registered in Jordan. As per the shareholders' agreement, the Group has a 40% shareholding in AES Jordan Solar BV. During the year the Group made an additional investment of QAR 26.8 million.

(8) Shams Maan Solar UK Limited

On 26 June 2015, the Group acquired a 35% shareholding in Shams Maan Solar UK Ltd, 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.

(9) Brabant Zon B.V.

On 8 August 2018 the Group acquired Zen Exploitatie Nederland Holding B.V, which owns 50% of Brabant Zon B.V., a joint venture company registered in the Netherlands engaged in the development of renewable energy projects. During 2019, the control structure of Brabant Zon B.V. was reassessed and the company has been considered a subsidiary as of 31 December 2019.

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7 Equity-accounted investees (continued)

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

Summarized statement of financial position:

At 31 December 2019	Phoenix Power Company SAOG	Phoenix Operation and Maintenance Company LLC	Total Phoenix	AES Oasis Ltd	AES Baltic Holding BV	PT Paiton Energy Pte Ltd	IPM Asia Pte Ltd	Minejesa Capital BV	AES Jordan Solar BV
Current assets	437,751,998	23,804,486	461,556,484	805,228,917	1,184,426,770	2,445,982,904	97,553,166	716,221,145	790,866
Non-current assets	5,221,520,752	-	5,221,520,752	-	-	13,566,537,914	6,216,656	8,829,050,628	114,313,030
Current liabilities	(623,424,800)	(8,135,111)	(631,559,911)	(610,539,033)	(940,935,123)	(423,341,692)	(48,143,162)	(579,409,990)	(35,178,586)
Non-current liabilities	(3,361,315,707)	(2,010,108)	(3,363,325,815)	-	-	(10,717,834,678)	(6,294,956)	(8,810,729,420)	(8,535,820)
Equity	1,674,532,243	13,659,267	1,688,191,510	194,689,884	243,491,647	4,871,344,448	49,331,704	155,132,363	71,389,490
Net assets of the investment in associates			166,789,372	75,714,896	97,396,659	1,730,009,267	17,266,096	55,093,707	28,555,796
Goodwill on acquisition			5,406,258	59,315,624	2,376,490	555,205,750	157,195,989	-	-
Carrying amounts			172,195,630	135,030,520	99,773,149	2,285,215,017	174,462,085	55,093,707	28,555,796

Summarised statement of comprehensive income:

For year ended 31 December 2019

Revenue	1,259,212,493	47,048,180	1,306,260,673	130,932,165	134,787,558	3,317,071,209	39,946,080	505,378,295	-
Profit / (loss)	137,437,493	16,525,127	153,962,620	28,412,225	55,274,250	827,200,749	38,812,907	34,762,148	(3,412,498)
Other comprehensive income	(290,334,103)	-	(290,334,103)	(22,797,645)	-	(307,969)	-	(13,878,016)	(12,454,103)
Total comprehensive income	(152,896,610)	16,525,127	(136,371,483)	5,614,580	55,274,250	826,892,780	38,812,907	20,884,132	(15,866,601)

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7 Equity-accounted investees (continued)

Summarized statement of financial position:

At 31 December 2018	Phoenix Power	Maintenance	Phoenix	AES Oasis Ltd	AES Baltic	PT Palton Energy	IPM Asia Pte	Minejesa	AES Jordan
	Company SAOG	Company LLC	Operation and Company LLC	Total Phoenix	Holding BV	Pte Ltd	Ltd	Capital BV	Solar BV
Current assets	305,543,700	33,454,461	338,998,160	607,410,317	165,864,103	2,125,157,551	1,331,033	644,865,952	25,532,840
Non-current assets	5,235,530,210	-	5,235,530,210	2,585,803,906	951,434,238	14,151,932,318	4,642,918	9,607,089,055	27,633,548
Current liabilities	(471,814,589)	(10,531,218)	(482,345,807)	(341,366,422)	(59,946,193)	(1,714,684,030)	(81,541)	(607,606,124)	5,852,469
Non-current liabilities	(3,370,357,552)	(1,726,071)	(3,372,083,623)	(2,018,684,836)	(854,708,796)	(10,451,050,490)	-	(9,546,104,854)	26,515,961
Equity	1,698,901,769	21,197,172	1,720,098,940	833,162,965	202,643,352	4,111,355,349	5,892,410	98,244,029	85,534,818
Net assets of the investment in associates			170,351,510	72,914,609	96,715,775	1,459,942,284	2,062,344	34,886,455	5,036,696
Goodwill on acquisition			5,406,258	59,315,624	2,376,490	555,205,750	157,195,989	-	-
Carrying amounts			175,757,768	132,230,233	99,092,265	2,015,148,034	159,258,333	34,886,455	5,036,696

Summarised statement of comprehensive income:

For the year ended 31 December 2018

Revenue	1,274,696,151	74,279,317	1,348,975,468	547,594,081	195,439,992	2,596,767,153	-	515,112,936	-
Profit	122,365,324	16,878,353	139,243,677	47,121,911	99,941,729	713,929,388	43,639,933	32,037,528	(4,705,991)
Other comprehensive income	60,554,504	-	60,554,504	12,717,309	-	-	-	5,146,938	(6,043,226)
Total comprehensive income	182,919,828	16,878,353	199,798,181	59,839,220	99,941,729	713,929,388	43,639,933	37,184,466	(10,749,217)

7 Equity-accounted investees (continued)

The table below represents the summarised financial information of the investment in joint venture held by the Group.

	2019	2018
Summarised statement of financial position:		
Current assets	55,061,573	52,982,980
Non-current assets	500,394,981	509,736,635
Current liabilities	(51,004,825)	(83,849,164)
Non-current liabilities	(435,885,773)	(406,065,187)
Equity	<u>68,565,956</u>	<u>72,805,264</u>
Net assets of the investment in joint venture	<u>23,998,085</u>	<u>25,481,842</u>
Summarised statement of comprehensive income:		
Revenue	86,732,309	4,758,255
Cost of sales	(9,564,113)	(763,188)
Other income	542,803	-
Other expenses	(63,352,523)	(5,372,438)
Profit/(loss) before tax	14,358,476	(1,377,371)
Income tax (expense)/ credit	(1,367,262)	65,330
Profit/(loss) for the year	<u>12,991,214</u>	<u>(1,312,041)</u>

8 Other non-current assets

	2019	2018
Project development costs - Solar PV assets	31,097,395	-
Project development costs – others (1)	7,064,499	3,882,462
Work in progress (2)	2,103,162	40,206,386
Other non-current assets	2,874,284	1,705,621
Loans receivable (3)	8,318,493	-
Deferred tax asset	17,765,985	-
Other non-current financial assets (4)	40,549,991	-
	<u>109,773,809</u>	<u>45,794,469</u>

- (1) This consists of incidental costs incurred for a potential future acquisition of an interest in an equity-investee and includes financial and technical new diligences, feasibility and market studies and financial and legal advisory expenses.
- (2) This represents solar energy projects under construction amounting as at 31 December 2019 to QR 2,103,162 (2018: QR 38,930,445).
- (3) This amount pertains to the loan granted to Amin Renewable Energy Company SAOC based on the agreement dated 19 March 2019. The loan carries an interest at 2.955% per annum.
- (4) This represents other financial assets identified during the preliminary purchase price allocation of Carthage Power Company SARL.

9 Trade and other receivables

	2019	2018
Trade receivables	77,567,942	458,017
Prepayments	6,164,483	970,650
Advances made to suppliers	1,541,911	132,973
Other receivables	48,630,309	476,686
Less: Allowance for impairment of receivables	<u>(30,305,358)</u>	<u>(1,001,939)</u>
	<u>103,599,287</u>	<u>1,036,387</u>

Movement of allowance for impairment of receivables

	2019	2018
As at 1 January	1,001,939	-
Provision created during the year	-	1,001,939
Arising out of business combinations	<u>29,303,419</u>	<u>-</u>
As at 31 December	<u>30,305,358</u>	<u>1,001,939</u>

10 Term deposits

	2019	2018
Term deposits	3,382,970,705	3,520,921,356
Interest income	<u>25,217,384</u>	<u>27,152,647</u>
Total	<u>3,408,188,089</u>	<u>3,548,074,003</u>
Less: Term deposits with maturity of less than 3 months (Note11)	<u>(2,939,526,571)</u>	<u>(32,227,275)</u>
	<u>468,661,518</u>	<u>3,515,846,728</u>

Cash held in term bank deposit accounts earn an average interest of 4% per annum (2018: average interest of 3.75% per annum).

11 Cash and cash equivalents

	2019	2018
Cash in hand	11,649	6,163
Cash at bank - current accounts (1)	<u>319,760,669</u>	<u>73,495,235</u>
Cash and cash equivalents in the consolidated statements of financial position	319,772,318	73,501,398
Cash at bank - Term deposits with maturity of less than 3 months (Note 10) (2)	<u>2,939,526,571</u>	<u>32,227,275</u>
Cash and cash equivalents in the consolidated statements of financial position	<u>3,259,298,889</u>	<u>105,728,673</u>

(1) Cash held in bank current accounts earns no interest.

(2) The original maturity of the term deposits are 12 months; however, management assesses that the amount can be withdrawn at the option of the management, hence classified as cash and cash equivalents.

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11 Cash and cash equivalents (continued)

Cash and cash equivalents are denominated in the following currencies:

	2019	2018
Qatari Riyal	1,918,133,737	10,703,330
Euro	8,136,812	6,951,948
Brazilian Real	95,246,380	-
Tunisian Dinar	33,375,299	-
US Dollar	1,204,406,661	88,073,395
	<u>3,259,298,889</u>	<u>105,728,673</u>

12 Share capital

	2019	2018
<i>Authorised, issued and fully paid:</i> 365,000,000 shares of QR 10 each	<u>3,650,000,000</u>	<u>3,650,000,000</u>

All shares bear equal rights.

13 Hedges

(a) Hedging reserves

The hedging 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 equity-investees.

The movements in the hedging reserve were as follows:

	2019	2018
At 1 January	31,390,634	9,153,647
Share of other comprehensive income from equity-investees (1)	(28,697,392)	22,236,987
Fair value of Interest rate hedges	(22,554,480)	-
Transferred to Interest expense	(561,603)	-
At 31 December	<u>(20,422,841)</u>	<u>31,390,634</u>

(1) The share of other comprehensive income from equity investees is as follows:

	2019	2018
Phoenix Power Company SAOG	(13,623,822)	15,641,542
AES Oasis Ltd	-	2,967,457
PT Paiton Energy Pte Ltd	(109,372)	-
Shams Maan Solar UK Limited	(8,013,519)	4,429,916
Minejesa Capital B.V.	(5,346,796)	648,446
AES Jordan Solar B.V.	282,817	(1,450,374)
AM Solar Jordan B.V.	(1,886,700)	-
Total	<u>(28,697,392)</u>	<u>22,236,987</u>

(b) Derivative financial instruments

	2019	2018
Asset		
Fair value of cash flow hedges	<u>5,105,049</u>	-

13 Hedges (continued)**(b) Derivative financial instruments (continued)**

	2019	2018
Liabilities		
Fair value of cash flow hedges	<u>23,177,686</u>	<u>-</u>

14 Loans and borrowings

The movements in loans and borrowings were as follows:

	2019	2018
At 1 January	2,219,438,350	1,856,099,370
Additions	194,285,263	284,062,076
Acquisitions through business combinations (Note 19)	60,175,253	79,276,904
Repayments	(497,436,124)	-
At 31 December	<u>1,976,462,742</u>	<u>2,219,438,350</u>

The loans and borrowings are presented in the consolidated statement of financial position as follows:

	2019	2018
Non-current portion	1,948,164,943	2,037,363,350
Current portion	<u>28,297,799</u>	<u>182,075,000</u>
	<u>1,976,462,742</u>	<u>2,219,438,350</u>

The Group had the following loans and borrowings:

	2019	2018
Bank loan (i)	-	182,075,000
Bank loan (ii)	1,694,537,139	1,690,133,341
Bank loan (iii)	-	272,872,161
Bank loan (iv)	181,664,780	-
Bank Loan (v)	17,686,290	-
Project finance loan (vi)	<u>82,574,533</u>	<u>74,357,848</u>
	<u>1,976,462,742</u>	<u>2,219,438,350</u>

- (i) On 8 November 2017, the Group entered into an unsecured revolving loan agreement with HSBC Bank Middle East Ltd for an amount of USD 50 million, translated to QR 182,075,000, to fund its working capital requirements. Interest is charged at a rate of LIBOR + 1.1% per annum (2018: LIBOR + 1.1% per annum). The loan was repayable at maturity which was during the year.
- (ii) On 8 December 2016 the Group entered into a syndicated revolving unsecured credit facility amounting to USD 430 million, translated to QR 1,565 million, with a consortium of banks to partially fund asset acquisitions. During 2018, the Group entered into an amendment to the original agreement according to which the credit facility has been increased to USD 470 million, translated to QR 1,712 million. Interest is charged at a rate of LIBOR + 1.1% per annum. The loan is repayable at maturity in year 2023.
- (iii) On 13 December 2016 the Group entered into a revolving loan agreement with First Gulf Bank for a credit facility amounting to USD 75 million, translated to QR 273 million, to fund its working capital requirements. During 2018, the loan was transferred from First Gulf Bank to Doha Bank by way of a novation agreement. All the terms and conditions of the loan remained unchanged. Interest is charged at a rate of LIBOR + 1.8% per annum. The loan was repaid during the year.

14 Loans and borrowings (continued)

- (iv) On 15 January 2019 the Group entered into an unsecured revolving loan agreement with DBS Bank Ltd (DIFC Branch) for an amount of USD 50 million, translated to QR 182,075,000, to fund its working capital requirements. Interest is charged at a rate of LIBOR + 0.60% per annum (2018: NA). The loan is repayable at maturity in year 2020, with the option to extend for another two years, hence, classified as long term loan.
- (v) This amount corresponds to cash overdraft facility of CPC in Tunisian Dinar used for working capital financing.
- (vi) This represents two non-recourse project finance loans granted by Triodos Bank N.V. as follows:
- The first loan was extended under a Credit Agreement, dated 28 October 2015; the committed amount is EUR 14,970,907, equating to QAR 59,560,855 and consists of a EUR 967,544, equating to QAR 3,849,316 fixed loan Facility A with a scheduled maturity on 1 January 2026 and a EUR 14,003,363, equating to QAR 55,711,539 fixed loan Facility B with a scheduled maturity on 30 July 2030. Interest is charged on a fixed 'all-in' basis of 2.14% per annum.
 - The second loan was extended under a Credit Agreement, dated 30 November 2016; the total committed amount is EUR 15,100,000, equating to QAR 60,074,444 and consists of two tranches (fixed loan Facility A and fixed loan Facility B) each of EUR 7,550,000, equating to QAR 30,037,222 with a scheduled maturity date of 1 April 2032. Interest is charged on a fixed 'all-in' basis of 1.50% per annum.

15 Lease liabilities

	2019	2018
At 1 January	-	-
Initial application of IFRS 16	15,441,207	-
Interest expense	691,470	-
Repayment of lease payments	(5,435,640)	-
As 31 December	<u>10,697,037</u>	<u>-</u>

The lease liabilities are presented in the consolidated statement of financial position as follows:

	2019	2018
Non-current	5,090,435	-
Current	5,606,602	-
	<u>10,697,037</u>	<u>-</u>

16 Provision for employees' end of service benefits

	2019	2018
At 1 January	1,767,293	1,354,308
Provision made (1)	1,392,187	993,636
Payment during the year	(45,768)	(580,651)
As 31 December	<u>3,113,712</u>	<u>1,767,293</u>

(1) The provision made for the year is included within staff cost in profit or loss (Note 21).

Management has classified the obligation within non-current liabilities in the consolidated statement of financial position as it does not expect that there will be significant payments towards its employees' end of service benefits obligation within 12 months from the reporting date. The provision is not discounted to present value as the effect of the time value of money is not expected to be significant.

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17 Accruals and other payables

	2019	2018
Trade payable	2,554,186	-
Accrued expenses	75,867,025	32,542,633
Accrued interest on borrowings	13,076,441	5,235,052
Tax provision-investment in an associate	14,688,604	4,602,729
Other provision	59,572,770	-
Contingent consideration Salgueiro, Francisco, Lavras and Jaiba (Note 19)	59,505,009	-
Other payables	51,595,215	24,701,905
	<u>276,859,250</u>	<u>67,082,319</u>

18 Related party disclosures

a) Transactions with related parties

	Nature of transactions	2019	2018
<i>Shareholder:</i>			
Qatar Electricity and Water Company Q.S.C.	Expenses	6,864,928	7,043,512
<i>Equity-accounted investees:</i>			
PT Paiton Energy Pte Ltd	Interest income	40,265	1,959,809
Shams Maan Power Generation PSC	Interest income	66,244	440,696
Shams Maan Power Generation PSC	Fee Income	127,453	-
AES Oasis Ltd (i)	Fee income	628,052	644,690
IPM O&M Services Pte Ltd (ii)	Fee income	1,911,788	1,911,788

(i) 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.

(ii) On 22 December 2016, Nebras Power Netherlands B.V. and Mitsui Co. Ltd entered into an agreement 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.

b) Loans receivable from related parties

The movements of loans receivable from related parties were as follows:

	2019	2018
At 1 January	21,745,874	60,313,319
Additions	-	800,512
Proceeds	<u>(21,745,874)</u>	<u>(39,367,957)</u>
At 31 December	<u>-</u>	<u>21,745,874</u>

The loans receivable from related parties are presented in the consolidated statement of financial position as follows:

	2019	2018
Non-current	-	21,745,874
Current	-	-
Total	<u>-</u>	<u>21,745,874</u>

18 Related party disclosures (continued)**b) Loans receivable from related parties (continued)**

- (i) According to the "Shareholder Loan Agreement" dated 21 July 2014 between the Group and Shams Ma'an Power Generation Company ("Shams Ma'an"), the Group 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. The loan was fully received during the year.
- (ii) According to the "Share Purchase agreement" between the group and International Power (Impala) BV, dated 26 February 2016, the Group took over the loan receivables from PT Paiton Energy Pte Ltd. The loan carries an interest rate of 4% per annum. This loan was fully received during the year.

c) Receivables from related parties

	2019	2018
<i>Shareholders:</i>		
Qatar Electricity and Water Company Q.P.S.C.	457,219	8,346,442
<i>Equity-accounted investees:</i>		
PT Paiton Energy Pte Ltd (1)	-	333,139,652
Shams Ma'an Power Generation PSC	-	136,938
AES Oasis Ltd	24,098	127,628
	<u>481,317</u>	<u>341,750,660</u>

The above balances are of trading and financing nature, bear no interest or securities and are receivable on demand.

- (1) This includes interim dividend declared by PT Paiton Energy Pte Ltd on 24 December 2018 amounting to QAR 329 million. It was received in January, March, April, September and December 2019.

d) Compensation of key management personnel

The remuneration the members of the Board of Directors and other members of key management were as follows:

	2019	2018
Short term employee benefits	11,184,848	10,454,065
Long term employee benefits	-	-
	<u>11,184,848</u>	<u>10,454,065</u>

19 Goodwill

	2019	2018
Cost		
As at 1 January	73,695,201	-
Arising from business combination – net (2b)	84,075,172	73,695,201
Adjustments (1)	9,502,178	-
As at 31 December	<u>167,272,551</u>	<u>73,695,201</u>
Impairment		
As at 1 January	-	-
Arising from business combination – net	-	-
As at 31 December	<u>-</u>	<u>-</u>
Net carrying amounts	<u>167,272,551</u>	<u>73,695,201</u>

19 Goodwill (continued)

- (1) In accordance with IFRS requirements, the acquirer should measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values which was pending as at 31 December 2018, hence, accounting for the transaction was performed on a provisional basis in the last year. During the year, management has completed the fair valuation exercise and accordingly, the fair value of solar PV assets was revised by QR 9.5 million, which resulted in increase in goodwill with the corresponding amount.
- (2) During the year, the Group has made new acquisitions in Nebras Brazil and CPC Tunisia cash generating units through its fully owned subsidiary, Nebras Power Investment Management B.V. (earlier known as "IPM Indonesia B.V."). Upon these acquisitions, a provisional goodwill of QR 84.1 million was recognized at the Group level. This is subject to finalization of fair values in accordance with IFRS 3.

(2a) Acquisition of Carthage Power Company SARL by the Group

On 21 February 2019, the Group acquired a 60% shareholding in Carthage Power Company SARL through its fully owned subsidiary, Nebras Power Investment Management B.V. (earlier known as "IPM Indonesia B.V."). The deed of novation was executed in April 2019 and accordingly consolidation is for the period from 1 May to 31 December 2019.

Assets acquired and liabilities

The provisional fair values of the identifiable assets and liabilities of Carthage Power Company SARL as at the date of acquisition were:

	Fair value 2019
Property, plant and equipment	41,475
Other non-current assets	57,346,378
Inventories	11,120,958
Trade and other receivables	143,259,711
Cash at bank	44,436,387
Total assets	256,204,909
Loans and borrowings	60,175,253
Accruals and other payables	68,289,704
Non-controlling interest	50,800,885
Total liabilities	179,265,842
Total identifiable net assets acquired	76,939,067
Purchase consideration transferred	25,039,067
Bargain purchase	51,900,000
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	44,436,387
Cash paid	(25,039,067)
Net cash inflow	19,397,320

19 Goodwill (continued)**(2b) Acquisition of Lavras, Salgueiro, Francisco and Jaiba solar PV projects by the Group**

On 13 April 2019, the Group acquired an 80% shareholding in Lavras, Salgueiro, Francisco and Jaiba solar PV assets through its fully owned subsidiary, Nebras Power Investment Management B.V. (earlier known as "IPM Indonesia B.V."). The consideration was transferred, and the deed was finalized in the beginning of August and consolidation is for the period from August 2019 to December 2019.

Assets acquired and liabilities

The provisional fair values of the identifiable assets and liabilities of Nebras Brazil as at the date of acquisition were:

	Fair value 2019
Other non-current assets	19,387,322
Other receivables	3,903
Cash at bank	4,051,185
Total assets	23,442,410
Accruals and other payables	550,859
Non - controlling interest	4,435,011
Total liabilities	4,985,870
Total identifiable net assets acquired	18,456,540
Purchase consideration transferred	43,026,703
Purchase consideration to be transferred (Note 17)	59,505,009
Provisional goodwill	84,075,172
Analysis of cash flows on acquisition	
Net cash acquired with the subsidiary	4,051,185
Cash paid	(43,026,703)
Net cash outflow	(38,975,518)

19 Goodwill (continued)**(2c) Acquisition of Zon Exploitatie Nederland Holding B.V. by the Group**

On 8 August 2018, the Group acquired 75% of the share capital of Zon Exploitatie Nederland Holding B.V. through its fully owned subsidiary, Nebras Power Investment Management B.V. (earlier known as "IPM Indonesia B.V.").

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

Assets acquired and liabilities

The provisional fair values of the identifiable assets and liabilities of Zon Exploitatie Nederland Holdings B.V. and its subsidiaries as at the date of acquisition were:

	Fair value 2018	
Property, plant and equipment	71,071,448	
Intangible assets	507,198	
Investments in joint ventures	2,337,928	
Inventories	118,128	
Trade receivable	692,828	
Loans receivable	677,724	
Other receivables	931,163	
Cash at bank	10,552,368	
Total assets	86,888,785	
Loans and borrowings	79,276,904	
Other payables	3,533,074	
Non-controlling interest	898,527	
Total liabilities	83,708,505	
Total identifiable net assets acquired	3,180,280	
Purchase consideration transferred	76,875,481	
Goodwill	73,695,201	
Analysis of cash flows on acquisition		
Net cash acquired with the subsidiary	10,552,368	
Cash paid	(76,875,481)	
Net cash outflow	(66,323,113)	
Impairment testing of goodwill		
	2019	2018
Cash generating units		
Nebras Brazil	84,075,172	-
Zon Exploitatie Nederland Holding B.V.	83,197,379	73,695,201
	167,272,551	73,695,201

19 Goodwill (continued)**Key Assumptions used in value in use calculations**

The principal assumptions used in the projections relate to Weighted Average Cost of Capital (WACC). The assumptions are constructed based upon historic experience and management's best estimate of future trends and performance and take into account anticipated efficiency improvements over the forecasted period.

Discount rates

Discount rates reflect management's estimate of the risks specific to each unit. Discount rates are based on a weighted average cost of capital (WACC) for each CGU. Management has used pre-tax WACC of 1.9% for carrying out the calculations to determine the value in use.

Growth rate estimates

Future expected cash flows used in the calculation of the value in use were mainly derived from the existing power purchase agreements. These include fixed and variable capacity charges, specific yields, peak % and the proposed tariffs, which are all governed by the respective power purchase agreements.

Sensitivity testing and goodwill impairment losses

At year-end, the Group's assessment of the reasonably possible change in key assumptions corresponded to a change of 1.1% in the pre-tax WACC. At 31 December 2019, the results of the sensitivity tests show that no reasonably possible change in key assumptions brought the recoverable value of these CGUs below their net carrying amounts.

20 Revenue from contract with customers*Revenue streams*

	2019	2018
Revenue from sale of electricity	10,613,162	3,687,092
Revenue from service concession agreements	392,329,413	-
Total revenue	402,942,575	3,687,092

Timing of revenue recognition

	2019	2018
Revenue recognized at point in time	402,942,575	3,687,092

21 Expenses by nature

	2019	2018
Cost of generation of electricity	397,114,477	1,973,484
Staff cost (1)	44,034,814	35,464,924
Consultancy and professional fees	8,365,212	8,539,343
Travel expenses	5,564,969	6,200,009
Board remuneration	2,868,999	3,954,117
Rent expense	-	3,735,762
Office expenses	3,797,433	2,647,190
Audit fees	425,028	285,000
Engie tax claim	34,919,838	-
Loss allowance on financial assets	-	1,001,939
Bank charges	348,698	516,670
Depreciation of property, plant and equipment (Note 5)	8,027,157	2,480,648
Depreciation of right of use assets (Note 6)	5,147,070	-
Loss on disposal of property, plant and equipment	-	48,825
Entertainment expenses	3,509	5,195
Withholding tax on investment in an associate (2)	14,693,062	12,101,426
Miscellaneous expenses	10,834,417	3,833,922
	<u>536,144,683</u>	<u>82,788,454</u>

- (1) Staff cost includes a provision of QR 1,392,187 (2018: QR 993,636) in respect of employees' end of service benefits (Note 16)
- (2) 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.

The above expenses are presented in the statement of profit and loss as follows:

	2019	2018
Cost of electricity generation	397,114,477	1,973,484
General and administrative expenses	75,245,858	66,232,895
Other operating costs	50,610,121	12,101,427
Depreciation	13,174,227	2,480,648
Total expenses	<u>536,144,683</u>	<u>82,788,454</u>

22 Interest income

	2019	2018
Term deposits	134,972,389	115,326,303
Related parties	106,509	2,400,505
	<u>135,078,898</u>	<u>117,726,808</u>

23 Interest expense

	2019	2018
Loans and borrowings	82,209,060	67,570,912
Lease liabilities (Note 15)	691,470	-
	<u>82,900,530</u>	<u>67,570,912</u>

24 Earnings per share*Basic earnings per share*

The basic earnings per share (hereafter "EPS") is calculated by dividing the profit for the year attributable to the ordinary shareholders of the Company by the weighted-average number of shares outstanding during the year.

	2019	2018
Profit for the year attributable to the ordinary shareholders of the Company	<u>363,853,427</u>	<u>345,001,695</u>
Weighted-average number of ordinary shares (1)	<u>365,000,000</u>	<u>365,000,000</u>
Basic earnings per share (QR)	<u>0.99</u>	<u>0.94</u>

Diluted earnings per share

The diluted earnings per share (hereafter "EPS") is calculated by dividing the profit for the year attributable to the ordinary shareholders of the Company by the weighted-average number of shares outstanding during the year after adjustment for the effects of all / any dilutive potential ordinary shares. As the Company had no dilutive potential ordinary shares during the current year and the comparative year, the Diluted EPS is the same as the Basic EPS for both these years.

25 Commitments and contingencies

At 31 December 2019, the Group had contingent liabilities amounting to QR 187,437,521 (2018: QR 86,510,176) in respect of tender bonds and performance bonds arising in the ordinary course of business from which no material liability is expected to arise.

26 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base in order to support its business and to sustain future development of the business. Management monitors its capital structure and makes adjustments to it in light of economic conditions.

Management monitors capital using a gearing ratio, which is calculated as net debt divided by total equity. The debt is calculated as total borrowings (non-current and current loans and borrowings and finance liabilities, as shown on the consolidated statement of financial position) less cash and cash equivalents. The total equity is derived from consolidated statement of financial position plus net debt.

	2019	2018
Total borrowings	1,976,462,742	2,219,438,350
Less: Cash and cash equivalents	<u>(3,259,298,889)</u>	<u>(105,728,673)</u>
Net (cash)/debt	<u>(1,282,836,417)</u>	2,113,709,677
Total equity	<u>4,911,098,568</u>	<u>4,537,259,419</u>
Gearing ratio	<u>-</u>	<u>46.59%</u>

27 Comparative figures

The comparative figures have been reclassified, where necessary, in order to conform to the current year's presentation. Such reclassifications did not affect the previously reported net profit, net assets or net equity of the Group.

28 Subsequent events

Subsequent to the reporting date, Nebras Power Australia Pty Ltd. ("NPA"), a wholly owned Australian affiliate of Nebras Power Q.P.S.C. has completed a transaction with Goldwind Stockyard Hill Wind Farm Limited, a wholly owned Hong Kong affiliate of Xinjiang Goldwind Science & Technology Co., Ltd ("Goldwind"), by acquiring a 49% equity stake in Stockyard Hill Wind Farm in Australia. Stockyard Hill is located 35 km west of Ballarat near the Yarrowee River in Victoria, Stockyard Hill Wind Farm and will have 149 turbines with a combined capacity of 530MW. The wind farm will be the biggest in the southern hemisphere, upon completion in early Q4, 2020.