

**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated Financial Statements**

**31 December 2023**

**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated financial statements  
As at and for the year ended 31 December 2023**

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## Independent auditors' report

### To the Shareholders of

Qatar Electricity and Water Company Q.P.S.C.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Qatar Electricity and Water Company Q.P.S.C. (the 'Company') and its subsidiaries (together the 'Group'), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material 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 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' 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 International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the Company'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.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C.  
(continued)

**Key Audit Matters (continued)**

**1. Carrying value of property, plant and equipment**

See Note 5 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group's property, plant and equipment (PPE) includes power generation and water desalination plants (production facilities and solar photovoltaic assets) representing more than 97% of total PPE (2022: 97%) and 25% of Group's total assets as at 31 December 2023 (2022: 22%), which are measured at cost less accumulated depreciation and impairment. Management's assessment of indicators of impairment and determining recoverable amounts could have significant impact on the carrying value of property, plant and equipment.</p> <p>The impairment testing of property, plant and equipment in accordance with IAS 36, requires management to make significant estimates and judgments in determining the assumptions to be used to arrive at the recoverable amount.</p> <p>The recoverable amount of the CGUs, which is based on higher of the value in use or fair value less cost of disposal. The value in use has been derived from discounted cash flow model that includes several key assumptions such as the growth rates applied in revenues, weighted average cost of capital (discount rate), operating costs and capital expenditures. Accordingly, we have considered above as a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Testing the design and implementation of key controls around the impairment assessment process.</li> <li>• Making inquiries of management regarding the indicators they assessed as possible indicators of impairment for CGUs.</li> <li>• Inspecting management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit.</li> <li>• Where impairment indicators are identified, involving our valuation specialists to assist us in: <ul style="list-style-type: none"> <li>- evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with industry averages for the relevant markets in which the CGUs operate; and</li> <li>- evaluating the appropriateness of the assumptions applied to key inputs used in discounted cash flow model such as growth rate applied in forecasted revenues, operating costs and capital expenditures, by comparing these inputs with historical and externally derived data as well as our own assessments based on our knowledge of the client's business and the industry.</li> </ul> </li> <li>• Performing our own sensitivity analysis on assumptions applied in discounted forecast cash flows model which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows, and reasonably possible increase in discount rates to evaluate the impact on the value in use forecast of the CGUs.</li> <li>• Evaluating the adequacy of the financial statements' disclosures, including disclosures of key assumptions, judgement, and estimates.</li> </ul>



Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C.  
(continued)

Key Audit Matters (continued)	
2. Carrying value of equity-accounted investees (continued)	
The key audit matter	How the matter was addressed in our audit
<p>The Group has equity accounted investees amounting to QAR 8,305 million (2022: OR 8,905 million) which represents 36% of the total assets of the Group (2022: 32%).</p> <p>The impairment testing of equity-accounted investees in accordance with IAS 36, requires management to make significant estimates and judgments in determining the assumptions to be used to arrive at the recoverable amount. The recoverable amount of the Cash Generating Units (CGUs), which is based on the higher of the value in use or fair value less cost of disposal. The value in use has been derived from discounted forecast cash flows models.</p> <p>These discounted forecast cash flows models use several key assumptions, including estimates of growth in future revenues, operating costs, extension options, capital expenditures, and weighted average cost of capital (discount rate).</p> <p>Accordingly, we have considered above as a key audit matter.</p>	<p>Our audit procedures in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Testing the design and implementation of key controls around the impairment assessment process</li> <li>• Making inquiries of management regarding the indicators they assessed as possible indicators of impairment for CGUs.</li> <li>• Inspecting management's assessment and considered whether further indicators should have been assessed based on our knowledge of the business, its operating environment, industry knowledge, current market conditions and other information obtained during the audit.</li> <li>• Involving our valuation specialists to assist us in:               <ul style="list-style-type: none"> <li>- evaluating the appropriateness of the discount rates applied, which included comparing the weighted-average cost of capital with industry averages for the relevant markets in which the CGUs operate;</li> <li>- evaluating the appropriateness of the related assumptions applied in discounted forecast cash flows models to key inputs such as growth rate applied in revenues, operating costs, extension options, capital expenditures etc., by comparing these inputs with historical and externally derived data as well as our own assessments based on our knowledge of the client's business and the industry; and</li> <li>- performing our own sensitivity analysis on assumptions applied in discounted forecast cash flows model which included assessing the effect of reasonably possible reductions in growth rates and forecast cash flows, and reasonably possible increase in discount rates to evaluate the impact on the value in use forecast of the CGUs.</li> </ul> </li> <li>• Evaluating the adequacy of the financial statements' disclosures, including disclosures of key assumptions, judgement, estimates and sensitivities.</li> </ul>



## Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C. (continued)

### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditors' report thereon. Prior to the date of this auditors' 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 the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of 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 Accounting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



## Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C. (continued)

### Auditors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the 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.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal Requirements

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

- i) We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- ii) The Company has maintained proper accounting records and its consolidated financial statements are in agreement therewith.
- iii) 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 line with the books and records of the Company.
- iv) Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles.



Independent auditors' report to the Shareholders of Qatar Electricity and Water Company Q.P.S.C.  
(continued)

Report on Other Legal Requirements (continued)

- v) We are not aware of any violations of the applicable provisions of the amended QCCL 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 2023.

14 February 2024  
Doha  
State of Qatar



Gopal Balasubramaniam  
KPMG  
Qatar Auditors' Registry Number 251

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**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated statement of financial position  
As at 31 December 2023**

In thousands of Qatari Riyals

	Notes	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,857,797	6,084,247
Right-of-use assets	6(a)	49,129	57,710
Intangible assets and goodwill	7	66,635	72,605
Equity-accounted investees	8	8,304,635	8,904,680
Equity investments at fair value through other comprehensive income	9	2,017,318	2,322,763
Finance lease receivables	6(d)	594,806	764,888
Derivative assets	18(b)	24,530	77,536
Loans receivable from related parties	35(b)	1,156,479	60,702
Deferred tax assets	11	48,819	32,124
Other non-current assets	10	60,385	42,990
		<u>18,180,533</u>	<u>18,420,245</u>
<b>Current assets</b>			
Inventories	12	96,913	93,987
Trade and other receivables	13	856,257	778,536
Finance lease receivables	6(d)	170,082	33,531
Derivative assets	18(b)	12,265	1,418
Cash and bank balances	14	3,787,311	8,116,971
Asset held-for-sale	38	-	236,327
Assets held-for-distribution	39	186,385	128,478
		<u>5,109,213</u>	<u>9,389,248</u>
<b>TOTAL ASSETS</b>		<u><b>23,289,746</b></u>	<u><b>27,809,493</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	1,100,000	1,100,000
Legal reserve	16	550,000	550,000
General reserve	17	3,243,870	3,243,870
Hedge reserve	18(a)	176,478	888,196
Fair value reserve	19	525,521	614,751
Foreign currency translation reserve	20	36,306	(1,148)
Retained earnings		9,254,158	8,728,092
<b>Equity attributable to owners of the Company</b>		<u>14,886,333</u>	<u>15,123,761</u>
Non-controlling interests	21	322,293	333,573
<b>Total equity</b>		<u>15,208,626</u>	<u>15,457,334</u>
<b>Non-current liabilities</b>			
Loans and borrowings	22	5,000,645	6,920,761
Lease liabilities	6(b)	45,055	55,225
Employees' end of service benefits	23	92,266	87,628
Other non-current liabilities		18,683	62,567
		<u>5,156,649</u>	<u>7,126,181</u>



The consolidated statement of financial position continues on next page.

The notes on pages 14 to 86 form an integral part of these consolidated financial statements.

**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated statement of financial position (continued)  
As at 31 December 2023**

In thousands of Qatari Riyals

	Notes	2023	2022
<b>Current liabilities</b>			
Loans and borrowings	22	1,817,647	4,154,055
Lease liabilities	6(b)	10,762	6,609
Trade and other payables	24	916,392	932,097
Liabilities held-for-distribution	39	168,650	106,594
Other current liabilities		11,020	26,623
		<u>2,924,471</u>	<u>5,225,978</u>
<b>Total liabilities</b>		<u>8,081,120</u>	<u>12,352,159</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>23,289,746</b></u>	<u><b>27,809,493</b></u>

These consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following on 14 February 2024.



**Saad Bin Sherida Al-Kaabi**  
Chairman



**Mohammed Nasser Al-Hajri**  
Managing Director and General Manager

The notes on pages 14 to 86 form an integral part of these consolidated financial statements.

**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 31 December 2023**

In thousands of Qatari Riyals

	Notes	2023	2022
Revenue from water and electricity	25	2,836,266	2,645,683
Income from finance lease		74,954	75,730
		<u>2,911,220</u>	<u>2,721,413</u>
Cost of sales	26	<u>(1,902,292)</u>	<u>(1,669,118)</u>
<b>Gross profit</b>		<b>1,008,928</b>	1,052,295
General and administrative expenses	27	(285,200)	(297,804)
Interest income	28	311,906	176,697
Other income	29	<u>283,203</u>	<u>267,627</u>
<b>Operating profit</b>		<b>1,318,837</b>	1,198,815
Finance costs	30	(507,302)	(287,533)
Bargain purchase gain arising on business combination	41(b)	-	204,000
Step-up acquisition gain on deemed sale of a joint venture	41(c)	-	50,948
Gain/(loss) on disposal of asset held-for-sale	38	77,652	(86,084)
Share of results from equity-accounted investees – net of tax	8	<u>672,284</u>	<u>669,418</u>
<b>Profit before tax from continuing operations</b>		<b>1,561,471</b>	1,749,564
Less: Income tax credit / (expense)	11	6,037	(2,339)
<b>Profit after tax from continuing operations</b>		<b>1,567,508</b>	1,747,225
(Loss) / profit from discontinued operation, net of tax	39	(7,156)	3,223
<b>Profit for the period</b>		<b>1,560,352</b>	1,750,448
<b>Other comprehensive income:</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Equity-accounted investees - share of OCI – net of related tax	18(a)	(598,647)	2,564,294
Cash flow hedges – effective portion of changes in fair value – net of related tax	18(a)	(42,159)	151,972
Cash flow hedges reclassified to profit or loss on derecognition of an associate / joint venture – net of related tax	18(a)	(78,720)	(49,368)
Foreign operations – foreign currency translation differences	20	28,371	21,093
Reclassification of foreign currency differences on derecognition of a subsidiary / joint venture	20	9,083	12,103
		<u>(682,072)</u>	<u>2,700,094</u>
<i>Items that will not be reclassified to profit or loss:</i>			
Equity investments at FVOCI – net change in fair value	9	11,287	(182,842)
<b>Other comprehensive income for the period – net of tax</b>		<b>(670,785)</b>	2,517,252
<b>Total comprehensive income for the period</b>		<b>889,567</b>	4,267,700
<b>Profit attributable to:</b>			
Owners of the Company		1,551,436	1,710,809
Non-controlling interests	21	8,916	39,639
		<u>1,560,352</u>	<u>1,750,448</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		880,651	4,228,061
Non-controlling interests		8,916	39,639
		<u>889,567</u>	<u>4,267,700</u>
<b>Earnings per share:</b>			
Basic and diluted earnings per share (Qatari Riyals)	31	<u>1.41</u>	<u>1.56</u>

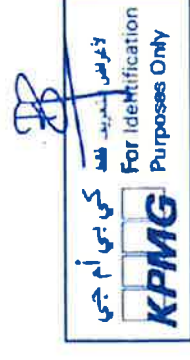
The notes on pages 14 to 86 form an integral part of these consolidated financial statements.

**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated statement of changes in equity  
For the year ended 31 December 2023**

In thousands of Qatari Riyals

	Share capital	Legal reserve	General reserve	Hedge reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>At 1 January 2023</b>	1,100,000	550,000	3,243,870	888,196	614,751	(1,148)	8,728,092	15,123,761	333,573	15,457,334
Profit for the period	-	-	-	-	-	-	1,551,436	1,551,436	8,916	1,560,352
Other comprehensive income for the period	-	-	-	(719,526)	11,287	37,454	-	(670,785)	-	(670,785)
Total comprehensive income for the period	-	-	-	(719,526)	11,287	37,454	1,551,436	880,651	8,916	889,567
Transfer upon disposal of equity investments FVOCI (Note 19)	-	-	-	-	(100,517)	-	100,517	-	-	-
Contribution to social and sports support fund (Note 33)	-	-	-	-	-	-	(35,937)	(35,937)	-	(35,937)
Deconsolidation of subsidiaries (Note 40)	-	-	-	-	-	-	(817)	(817)	139	139
Other movements	-	-	-	-	-	-	-	-	5,545	4,728
<b>Prior period item</b>	-	-	-	-	-	-	-	-	-	-
Claim for social and sports support fund (Note 33)	-	-	-	-	-	-	(36,325)	(36,325)	-	(36,325)
Other movements	-	-	-	7,808	-	-	(7,808)	-	-	-
<b>Transactions with owners of the Group</b>	-	-	-	-	-	-	(1,045,000)	(1,045,000)	(25,880)	(1,070,880)
Dividends (Note 32)	-	-	-	-	-	-	36,306	36,306	322,293	358,600
<b>At 31 December 2023</b>	<b>1,100,000</b>	<b>550,000</b>	<b>3,243,870</b>	<b>176,478</b>	<b>525,521</b>	<b>36,306</b>	<b>9,254,158</b>	<b>14,886,333</b>	<b>322,293</b>	<b>15,208,626</b>



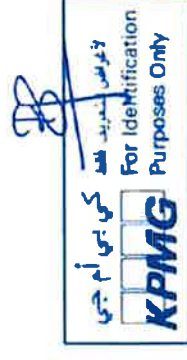
The notes on pages 14 to 86 form an integral part of these consolidated financial statements.

**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated statement of changes in equity (continued)  
For the year ended 31 December 2023**

In thousands of Qatari Riyals

	Share capital	Legal reserve	General reserve	Hedge reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
At 1 January 2022	1,100,000	550,000	3,241,834	(1,778,702)	1,048,081	(34,344)	7,683,966	11,810,835	177,124	11,987,959
Profit for the period	-	-	-	-	-	-	1,710,809	1,710,809	39,639	1,750,448
Other comprehensive income for the period	-	-	-	2,666,898	(182,842)	33,196	-	2,517,252	-	2,517,252
Total comprehensive income for the period	-	-	-	2,666,898	(182,842)	33,196	1,710,809	4,228,061	39,639	4,267,700
Transfer upon disposal of equity investments FVOCI (Note 19)	-	-	-	-	(250,488)	-	250,488	-	-	-
Acquisition of NCI due to business combination	-	-	-	-	-	-	-	-	145,970	145,970
Contribution to social and sports support fund (Note 33)	-	-	-	-	-	-	(37,639)	(37,639)	-	(37,639)
Transactions with owners of the Group	-	-	-	-	-	-	(880,000)	(880,000)	(29,160)	(909,160)
Dividends (Note 32)	-	-	-	-	-	-	468	2,504	-	2,504
Other movements	-	-	2,036	-	-	-	-	-	-	-
At 31 December 2022	1,100,000	550,000	3,243,870	888,196	614,751	(1,148)	8,728,092	15,123,761	333,573	15,457,334



The notes on pages 14 to 86 form an integral part of these consolidated financial statements.

**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated statement of cash flows  
For the year ended 31 December 2023**

In thousands of Qatari Riyals

	Notes	2023	2022
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,560,352	1,750,448
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment – net of reversals	5	337,280	287,167
Impairment of property, plant and equipment	5	-	83,094
Depreciation of right-of-use assets	6(a)	10,376	8,409
Interest expense on lease liabilities	6(b)	13,709	2,199
Amortization of intangible assets	7	5,970	5,970
Share of results of equity-accounted investees	8	(672,284)	(669,418)
Dividend income from equity investments at FVOCI	9	(113,948)	(160,909)
Amortization of other non-current assets	10	1,861	1,765
Provision / (reversal) for slow-moving inventories	12	477	(71,024)
Allowance for impairment of trade and other receivables	13	3,765	-
Loan amortization fee		771	3,389
Provision for employees' end of service benefits	23	13,293	12,637
Interest income	28	(311,906)	(176,697)
(Gain) / loss on sale of an asset held-for-sale	39	(77,652)	86,084
Bargain purchase gain arising on business combination	41(b)	-	(204,000)
Step-up acquisition gain on deemed sale of a joint venture	41(c)	-	(50,948)
Gain in termination of leases		-	(77)
Loss on sale of asset		1,289	-
Profit on deconsolidation of subsidiaries	40	(38,249)	-
Interest expense excluding interest on lease liabilities		493,593	285,334
Operating profit before working capital changes		1,228,697	1,193,423
<i>Working capital adjustments:</i>			
Inventories		(3,403)	40,947
Trade and other receivables		(96,436)	(212,496)
Finance lease receivables		33,531	24,887
Deferred tax assets		(16,695)	(32,124)
Trade and other payables		(41,702)	244,248
Cash flows from operating activities		1,103,992	1,258,885
Employees' end of service benefits paid	23	(8,655)	(7,286)
<b>Net cash generated from operating activities</b>		<b>1,095,337</b>	<b>1,251,599</b>
<b>INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment – net of adjustments	5	(50,951)	(36,319)
Proceeds from sale of asset held-for-sale – net of expenses		235,259	175,000
Net movement in other non-current assets		(63,140)	30,812
Proceeds from sale of property, plant and equipment		5,325	10,083
Cash acquired on acquisition of a subsidiary – net of consideration transferred		-	1,209,780
Investment in equity-accounted investees	8	(463,627)	(906,821)
Dividends received from equity-accounted investees	8	610,893	404,648
Proceeds from sale of equity investments at FVOCI	9	316,732	663,511
Dividends received from equity investments at FVOCI	9	113,948	160,909
Interest received		326,856	176,697
Net movement in term deposits with original maturity over 90 days		5,001,162	(3,636,815)
<b>Net cash generation from / (used in) investing activities</b>		<b>6,032,457</b>	<b>(1,748,515)</b>

The consolidated statement of cash flows continues on next page.



The notes on pages 14 to 86 form an integral part of these consolidated financial statements.

**Qatar Electricity and Water Company Q.P.S.C.**

**Consolidated statement of cash flows (continued)  
For the year ended 31 December 2023**

In thousands of Qatari Riyals

	Notes	2023	2022
<b>FINANCING ACTIVITIES</b>			
Repayment of lease liabilities (including interest)	6(b)	(20,273)	(8,745)
Dividends paid to non-controlling interests	21	(25,880)	(29,160)
Repayment of loans and borrowings	22	(4,399,450)	(296,034)
Dividends paid to owners of the Company		(1,041,834)	(880,000)
Loan to related parties	35(b)	(589,603)	(38,776)
Proceeds from loans and borrowings		124,666	2,920,373
Interest expense paid		(498,552)	(273,362)
<b>Net cash (used in) / from financing activities</b>		<b>(6,450,926)</b>	<b>1,394,296</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the period		676,868	897,380
Effects of movements in exchange rates on cash held in foreign currencies		1,482,511	629,468
		(5,366)	(44,337)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	14	<b>2,154,013</b>	<b>1,482,511</b>



The notes on pages 14 to 86 form an integral part of these consolidated financial statements.

## Qatar Electricity and Water Company Q.P.S.C.

### Notes to the consolidated financial statements As at and for the year ended 31 December 2023

#### 1. Reporting entity

Qatar Electricity and Water Company Q.P.S.C. ("the Company" or "the Parent") is a Qatari Public Shareholding Company incorporated in the State of Qatar under commercial registration number 14275. The Company commenced its commercial operations in March 1992. The head office of the Company is located at Qatar Navigation Tower in Al-Dafna Area, West Bay, Doha, State of Qatar. The Company's shares are listed on the Qatar Stock Exchange since 3 May 1998.

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 principal activities of the Group are to invest, develop, own and operate plants to produce electricity and desalinated water, including the renewable assets, inside and outside Qatar, and to supply them to the state owned entities and private corporate customers i.e. off-takers, as per the power and water purchase agreements.

Details of the Company's subsidiaries as at 31 December are as follows:

Name of entities	Country of incorporation	Effective shareholding	
		2023	2022
<b>Direct subsidiaries</b>			
Ras Laffan Operating Company W.L.L.	Qatar	100%	100%
Ras Laffan Power Company Q.P.S.C.	Qatar	80%	80%
Nebras Power Q.P.S.C. ("Nebras")	Qatar	100%	100%
<b>Subsidiaries of Nebras Power Q.P.S.C.</b>			
<b>(Indirect subsidiaries)</b>			
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%	75%
Zonhandel B.V.	Netherlands	75%	75%
Zon Brabant B.V.	Netherlands	37.5%	37.5%
Carthage Power Company SARL	Tunisia	60%	60%
Nebras Netherlands Brazil Investments 1 B.V.	Brazil	100%	100%
Nebras Power Latin America Ltda.	Brazil	100%	100%
Nebras do Brazil Investments 1 Ltda.	Brazil	100%	100%
Salgueiro Solar Holding S.A.	Brazil	80%	80%
Jaíba Solar Holding S.A.	Brazil	80%	80%
Francisco Sá Solar Holding S.A.	Brazil	80%	80%
Lavras Solar Holding S.A.	Brazil	80%	80%
Salgueiro I Energias Renováveis S.A.	Brazil	80%	80%
Salgueiro II Energias Renováveis S.A.	Brazil	80%	80%
Salgueiro III Energias Renováveis S.A.	Brazil	80%	80%
Jaíba 3 Energias Renováveis S.A.	Brazil	80%	80%
Jaíba 4 Energias Renováveis S.A.	Brazil	80%	80%
Jaíba 9 Energias Renováveis S.A.	Brazil	80%	80%
Francisco Sá 1 Energias Renováveis S.A.	Brazil	80%	80%
Francisco Sá 2 Energias Renováveis S.A.	Brazil	80%	80%
Francisco Sá 3 Energias Renováveis S.A.	Brazil	80%	80%
Lavras 2 Solar Energias Renováveis S.A.	Brazil	80%	80%
Lavras 1 Solar Energias Renováveis S.A.	Brazil	80%	80%
Lavras 3 Solar Energias Renováveis S.A.	Brazil	80%	80%
Lavras 4 Solar Energias Renováveis S.A.	Brazil	80%	80%
Lavras 5 Solar Energias Renováveis S.A.	Brazil	80%	80%
Scythia-Solar-1 LLC	Ukraine	-	75%
Scythia-Solar-2 LLC	Ukraine	-	75%
Terslav LLC	Ukraine	75%	75%
Sun Power Pervomaisk LLC	Ukraine	75%	75%
Free-Energy Henichesk LLC	Ukraine	-	75%

**Qatar Electricity and Water Company Q.P.S.C.**

**Notes to the consolidated financial statements  
As at and for the year ended 31 December 2023**

**1. Reporting entity (continued)**

Name of entities	Country of incorporation	Effective shareholding	
		2023	2022
<b>Subsidiaries of Nebras Power Q.P.S.C. (Indirect subsidiaries) (continued)</b>			
Nebras Power Australia Pty Ltd	Australia	100%	100%
Carmel Solar 1	South Africa	100%	-
Carmel Solar 2	South Africa	100%	-
Carmel Solar 3	South Africa	100%	-
Turffontein Solar 1	South Africa	100%	-
Varkenslaagte Solar	South Africa	100%	-

The Company has the following equity-accounted investees as at 31 December:

Name of equity-accounted investees	Country of incorporation	Classification	Effective shareholding	
			2023	2022
Qatar Power Q.J.P.S.C.	Qatar	Joint venture	55%	55%
Mesaieed Power Company Q.P.S.C.	Qatar	Joint venture	40%	40%
Ras Girtas Power Company Q.P.S.C.	Qatar	Joint venture	45%	45%
Umm Al Houl Power Q.P.S.C.	Qatar	Joint venture	60%	60%
<b>Equity-accounted investees via Nebras</b>				
Unique Meghnaghat Power Limited	Bangladesh	Joint venture	18%	18%
NEKS Energy B.V.	Uzbekistan	Joint venture	33.30%	33.30%
Shams Ma'an Solar UK Ltd	United Kingdom	Joint venture	35%	35%
Nebras-IPC Power Developments Limited	United Kingdom	Joint venture	50%	50%
Zonnepark Masselbanken Terneuzen B.V.	Netherlands	Joint venture	40%	40%
Zonnepark Duisterweg B.V.	Netherlands	Joint venture	40%	40%
NEC Energia e Participacoes S.A.	Brazil	Joint venture	50%	50%
NEC Desinvolvimentod e Projectos em Energia e Participacoes S.A.	Brazil	Joint venture	50%	50%
Diamante Geração De Energia	Brazil	Joint venture	50%	-
Phoenix Power Company SAOG	Oman	Associate	9.84%	9.84%
Phoenix Operation and Maintenance Company L.L.C.	Oman	Associate	15%	15%
AES Oasis Ltd	Cayman Islands	Associate	38.89%	38.89%
AES Baltic Holding B.V.	Netherlands	Associate	40%	40%
AES Jordan Solar B.V.	Netherlands	Associate	40%	40%
PT Paiton Energy Pte Ltd.	Indonesia	Associate	26%	26%
IPM Asia Pte Ltd	Singapore	Associate	35%	35%
Minejesa Capital B.V.	Netherlands	Associate	26%	26%
Stockyard Hill Wind Farm (Holding) Pty ltd	Australia	Associate	49.9%	49.9%
Moorabool Wind Farm (North and South)	Australia	Associate	49.9%	49.9%
Equitix Aragorn Holdco Ltd.	United Kingdom	Associate	49.9%	-

**2. Major transactions and agreements of the Group**

Below are the major transactions and agreements of the Group in chronological order:

- a) On 10 February 1999, the Company entered into an agreement with the State of Qatar for the purchase of the power plant at Ras Abu Fontas B ("RAF B"). Based on the agreement, the Company was assigned the operation and management of the power plant.
- b) In April 2001, the Company entered into a Power Purchase Agreement with the Qatar General Electricity and Water Corporation (hereafter the "KAHRAMAA") for the supply of electricity from the Company's Ras Abu Fontas B1 ("RAF B1") station, which commenced commercial operations on 29 August 2002.

## Qatar Electricity and Water Company Q.P.S.C.

### Notes to the consolidated financial statements As at and for the year ended 31 December 2023

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#### 2. Major transactions and agreements of the Group (continued)

- c) In January 2003, the Company purchased the four stations set out below from KAHRAMAA for a total consideration of QAR 600 million. A Power and Water Purchase Agreement (hereafter "PWPA") was also signed with KAHRAMAA for its supply of electricity and desalinated water from these stations:

- Ras Abu Fontas A ("RAF A")
- Al Wajbah
- Al Saliyah
- Doha South Super

The Company discontinued the operations of the Al-Wajbah station during 2010 following instructions received from the State of Qatar. Also, Al Saliyah and Doha South Super facilities were discontinued as the relevant contracts with KAHRAMAA expired on 31 December 2014.

The Company discontinued the operations of the Ras Abu Fontas "A" station (RAF A) with effect from 31 December 2017.

- d) In January 2003, the Company acquired from QatarEnergy, the Dukhan Desalination Plant for QAR 71.66 million. Subsequent to the conclusion of this purchase agreement, the Company also concluded a Land Lease Agreement, a Water Purchase Agreement, and a Fuel Supply Agreement with Qatar Energy relating to the Dukhan Desalination Plant. During the previous year, the Dukhan Desalination Plant's agreement with Qatar Energy was terminated, effective 31 December 2022, which resulted into an impairment of property, plant and equipment and other assets amounting to QAR 19.6 million. During the year, the Company received QAR 14.3 million from QatarEnergy to compensate the dismantling costs incurred.

- e) Qatar Power Q.P.J.S.C.

On 27 January 2005 Qatar Power Q.P.J.S.C. was incorporated as a joint venture for the production of electricity and desalinated water from the Ras Laffan B Integrated Water and Power Plant. The percentage shareholdings in Qatar Power Q.P.J.S.C. as at the current and the comparative reporting dates were as follows:

- |  |       |
|--|-------|
| • Qatar Electricity and Water Company Q.P.S.C. | (55%) |
| • International Power PLC                      | (40%) |
| • Chubu Electric Power Company                 | (5%)  |

- f) In October 2005, the Company entered into a PWPA with KAHRAMAA for the supply of electricity and desalinated water from the Company's Ras Abu Fontas B2 ("RAF B2") station.

- g) Mesaieed Power Company Limited Q.P.S.C.

On 15 January 2007, Mesaieed Power Company Limited Q.P.S.C. (MPCL) was incorporated as a joint venture between MPCL, Marubeni Corporation and QatarEnergy for the production of electricity from the Mesaieed power plant. In May 2009, Chubu Electric Power Company joined the joint venture. The shareholdings in Mesaieed Power Company Limited Q.P.S.C. as at the current and the comparative reporting dates were as follows:

- |  |       |
|--|-------|
| • Qatar Electricity and Water Company Q.P.S.C. | (40%) |
| • Marubeni Corporation                         | (30%) |
| • QatarEnergy                                  | (20%) |
| • Chubu Electric Power Company                 | (10%) |

- h) In May 2007, the Company entered into a Water Purchase Agreement with KAHRAMAA for the supply of desalinated water from the Company's Ras Abu Fontas A1 ("RAF A1") station (an extension of ("RAF A").

## **Qatar Electricity and Water Company Q.P.S.C.**

### **Notes to the consolidated financial statements As at and for the year ended 31 December 2023**

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#### **2. Major transactions and agreements of the Group (continued)**

i) Ras Girtas Power Company Q.P.S.C.

On 25 March 2008, Ras Girtas Power Company Q.P.S.C. was incorporated as a joint venture for the production of electricity and desalinated water from the Ras Laffan C plant. The percentage shareholdings in Ras Girtas Power Company Q.P.S.C. as at the current and the comparative reporting dates were as follows:

- Qatar Electricity and Water Company Q.P.S.C. (45%)
- RLC Power Holding Company (40%)
- QatarEnergy (15%)

j) On 7 January 2013, the Company entered into a Water Purchase Agreement (WPA) for the Ras Abu Fontas A2 Water project with KHARAMAA.

k) Nebras Power Q.P.S.C.

On 20 May 2013, Nebras Power Q.P.S.C. ("Nebras") was incorporated as a joint venture for the purpose of acquiring electricity and water production projects outside the State of Qatar. In July 2022, the Group acquired additional 40% of the shares and voting interests in Nebras. As a result, the Group's equity interest in Nebras increased from 60% to 100%, granting it absolute control of Nebras.

l) Umm Al Houl Power Q.P.S.C.

On 13 May 2015, Umm Al Houl Power Q.P.S.C. was incorporated as a joint venture for the purpose of the production of electricity and desalinated water from the Facility D plant. The percentage shareholdings in Umm Al Houl Power Q.P.S.C. as at the current and the comparative reporting date were as follows:

- Qatar Electricity and Water Company Q.P.S.C. (60%)
- QatarEnergy (5%)
- Qatar Foundation for Education, Science and Community Development (5%)
- K1 Energy Limited, incorporated in the U.K. (30%)

During 2021, the Group invested an additional amount of QAR 143.7 million in Umm Al Houl Power Q.P.S.C. The additional investment did not change the Company's shareholding percentage in the joint venture. The cash advances provided to Umm Al Houl Power Q.P.S.C. has been considered as an additional investment in the joint venture, effective from 2021, in accordance with the joint venture agreement.

m) On 13 October 2015, the Company entered into a Water Purchase Agreement (WPA) for the Ras Abu Fontas A3 Water project with KAHRAMAA.

n) Phoenix Power Company SAOG and Phoenix Operation and Maintenance Company L.L.C.

On 18 June 2015, Nebras Power Q.P.S.C. ('Nebras'), one of the subsidiaries of 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, Nebras entered into an agreement with Qatar Electricity and Water Company Q.P.S.C ("QEWC") (At this time, QEWC did not have controlling interest in Nebras), 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.

## **Qatar Electricity and Water Company Q.P.S.C.**

### **Notes to the consolidated financial statements As at and for the year ended 31 December 2023**

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#### **2. Major transactions and agreements of the Group (continued)**

**o) AES Oasis Ltd**

On 1 December 2015, Nebras, purchased from QEWC (at this time, QEWC did not have controlling interest in Nebras), 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 Jordan.

**p) AES Baltic Holding BV**

On 18 February 2016, Nebras purchased from QEWC (At this time, QEWC did not have controlling interest in Nebras), purchased 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.

**q) PT Paiton Energy Pte Ltd**

On 22 December 2016, Nebras 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. During 2020, pursuant to the Board of Directors' approval, the Company entered into a Share Purchase Agreement ("SPA") to sell 9.513% stake in PT Paiton Energy Pte Ltd. The sale has been fully executed in March 2022.

**r) IPM Asia Pte Ltd**

On 22 December 2016, Nebras 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.

**s) Siraj Energy Q.P.S.C.**

On 25 September 2017, Siraj Energy Q.P.S.C. was incorporated as a Joint Venture Company for the purpose of identifying, evaluating and development of solar power opportunities in the State of Qatar. During 2021, the Group invested an additional amount of QAR 64.1 million (2020: QAR 78.9 million) in Siraj Energy Q.P.S.C. The additional investment did not change the Group's shareholding percentage.

During the previous year, the Group entered into a share purchase agreement (SPA) with QatarEnergy to sell its 49% stake in Siraj Energy to the latter, at a total consideration of QAR 235 million (US\$ 64 million) and the investment was classified as held-for-sale. During the year, the sale transaction was approved in the annual general meeting held on 14 March 2023 and the commercial registration was updated. Hence, the asset held for sale was derecognised and a profit of QAR 77,652 thousands was recognised which was mainly on account of reclassification of cash flow hedge reserve to the consolidated statement of profit or loss (refer note 38).

**t) Minejesa Capital BV**

On 2 August 2017, Nebras Power Investment Management B.V., one of the subsidiaries of the Group 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.

During 2020, pursuant to the Board of Directors' approval, the Company entered into a Share Purchase Agreement ("SPA") to sell 9.513% of its stake in the entity the sale was fully executed in March 2022.

## **Qatar Electricity and Water Company Q.P.S.C.**

### **Notes to the consolidated financial statements As at and for the year ended 31 December 2023**

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#### **2. Major transactions and agreements of the Group (continued)**

u) AES Jordan Solar BV

On 31 October 2017, Nebras Power Netherlands B.V., one of the subsidiaries of the Group 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.

v) Shams Maan Solar UK Limited

On 26 June 2015, Nebras 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.

w) Brabant Zon B.V.

On 8 August 2018, Nebras 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 was considered a subsidiary from 31 December 2019.

x) Stockyard Hill Wind Farm (Holding) Pty Ltd

On 22 November 2019, Nebras entered into a shareholders' agreement with Goldwind International Holding Limited and acquired 49% of shares in Stockyard Hill Wind Farm (Holding) Pty Ltd to develop and operate renewable energy projects in Australia. The Group holds significant influence in the associate company based on its voting rights and representation in the board committees.

y) Zonnepark Mosselbanken Temeuzen B.V.

On the 25 September 2020 Nebras acquired 40% shareholding in Zonnepark Mosselbanken Temeuzen B.V, a joint venture company registered in Netherlands engaged in the development of renewable energy projects.

z) Nebras IPC Power Developments Ltd

On the 7 October 2019, Nebras formed a joint venture, in which it owns 50%, with The Independent Power Corporation Plc. The joint venture was formed to develop, finance and construct one or more power projects in Azerbaijan, Kazakhstan, or any other country.

ab) Zonnepark Duisterweg B.V.

On 27 January 2021, Nebras entered into a joint venture agreement with Gutami Solar development and acquired 40% of shares in Zon Duisterweg BV to construct and commission solar photovoltaic plant of target capacity of 14.5 MW in Netherlands.

ac) NEC Energia e Participacoes S.A.

On 6 September 2021 Nebras entered into a shareholders' agreement with Companhia Energética Integrada (CEI) and acquired 50% of shares in NEC Energia e Participações S.A., a joint venture company registered in Brazil. The partnership will promote management, and operation of hydroelectric and solar energy projects in Brazil.

ad) NEC Desenvolvimento e Projectos em Energia e Participacoes S.A.

On the 6 September 2021 Nebras acquired 50% shareholding in NEC Desenvolvimento de Projetos em Energia e Participações S.A., a joint venture company registered in Brazil engaged in the development of renewable energy projects.

## **Qatar Electricity and Water Company Q.P.S.C.**

### **Notes to the consolidated financial statements As at and for the year ended 31 December 2023**

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#### **2. Major transactions and agreements of the Group (continued)**

ae) Unique Meghnaghat Power Limited

On 24 January 2022, Nebras acquired 18% shareholding in Unique Meghnaghat Power Limited, a joint venture company registered in Bangladesh for developing, constructing, building, owning and operating a 584 MW gas based power plant at Meghnaghat, Bangladesh on BOO (Build, Own and Operate) basis to cater to the growing power requirements of Bangladesh.

af) Moorabool Wind farm (North and South)

On 12 December 2022, Nebras acquired 49.9% shareholding in Moorabool Wind farms (North and South), an associate based in Victoria, Australia. The project achieved commercial operation in July 2022 and has 104,100 wind turbines with an estimated generation capacity of 312MW.

ag) Equitix Aragorn Holdco Limited

On 14 December 2023, Nebras acquired 49.9% shareholding in Equitix Aragorn Holdco Limited, a company based in United Kingdom which is engaged in the business of owning, shares and other equity and debt securities in green infrastructure projects and investments in Australia.

ah) Diamante Geração De Energia Ltda

On 24 January 2023, the Group through one of its subsidiaries, Nebras Power Q.P.S.C. acquired 50% shareholding in Diamante Geração De Energia Ltda., a joint venture company registered in the State of Santa Catarina, Brazil for developing, and operating gas fired projects (natural gas thermoelectric projects) with an estimated capacity of 1,040MW.

#### **3. Basis of preparation**

**a) Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) 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 for equity investments at fair value through other comprehensive income and derivative financial instruments which are measured at fair value.

**c) Functional and presentation currency**

Items included in the consolidated 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 ("QAR") as its functional currency. The following subsidiaries of the Company, which operate in foreign jurisdictions, have the following functional currencies:

<b>Name of the subsidiaries</b>	<b>Functional currency</b>
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
Carthage Power Company SARL	Euro
Nebras Netherlands Brazil Investments 1 B.V.	USD
Nebras Power Latin America Ltda.	Brazilian Real
Nebras do Brazil Investments 1 Ltda.	Brazilian Real

**3. Basis of preparation (continued)**

**c) Functional and presentation currency (continued)**

<b>Name of the subsidiaries</b>	<b>Functional currency</b>
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
Scythia-Solar-1 LLC	Ukrainian Hryvnia
Scythia-Solar-2 LLC	Ukrainian Hryvnia
Terslav LLC	Ukrainian Hryvnia
Sun Power Pervomaisk LLC	Ukrainian Hryvnia
Free-Energy Henichesk LLC	Ukrainian Hryvnia
Nebras Power Australia Pty Ltd	Australian Dollars
Carmel Solar 1	South African Rand
Carmel Solar 2	South African Rand
Carmel Solar 3	South African Rand
Turffontein Solar 1	South African Rand
Varkenslaagte Solar	South African Rand

The Company's presentation currency is Qatari Riyal ("QAR"), which is also the Company's functional currency.

**d) Use of estimates and judgments**

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.

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:

**Judgments**

*Classification of Power and Water Purchase Agreements*

The Group has entered into several long-term Power and Water Purchase Agreements ("PWPA"), Power Purchase Agreements ("PPA") and Water Purchase Agreements ("WPA") with government and non-government off-takers. The Group assesses these PWPAs, PPAs and WPAs on a case-to-case basis to determine whether the arrangement would fall under IFRIC 12, IFRS 16, IFRS 15 or IFRS 9. The Group applies significant judgement to assess the different arrangements entered into with the off-takers.

**3. Basis of preparation (continued)**

**d) Use of estimates and judgments (continued)**

**Judgments (continued)**

*Classification of Power and Water Purchase Agreements (continued)*

Under the PWPAs, PPAs and WPAs entered by the Group in Qatar, the Group receives payment for the provision of power and water capacity, whether or not the off-taker (KAHRAMAA) requests power or water output ("capacity payments"), and for the variable costs of production ("energy and water payments"). Based on management's estimate of the useful life and residual value of the assets, KAHRAMAA is not determined to control any significant residual interest in the property at the end of the concession term through ownership, beneficial entitlement or otherwise. Hence, the Group has assessed that these arrangements in the State of Qatar does not fall within the scope of IFRIC 12 and classified these agreements to contain lease under IFRIC 4 which were grandfathered on transition to IFRS 16.

Further, the Group assess the lease under IFRS 16 to be operating lease or finance lease. The classification of the PWPA, PPA or WPA as an operating lease is based on the judgement applied by management which considers that the Group retains the principal risks and rewards of ownership of the plants, based on management's estimate of the useful life and residual value of the assets. An estimate of the useful life of the asset and residual value is made and reviewed annually. The effects of changes in useful life and residual values are recognized prospectively, over the remaining life of the asset.

*Determining the lease term of contracts with renewal and termination options – Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (also refer Note 6 (a)).

*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 (also refer Note 6 (b)).

*Recognition of deferred tax assets*

Deferred tax assets are recognized only to the extent management considers it probable that future taxable profits will be available against which the Group can use the benefits therefrom.

**3. Basis of preparation (continued)**

**d) Use of estimates and judgments (continued)**

**Judgments (continued)**

*Assets held for sale, disposal group held-for-distribution and discontinued operations*

Management has applied judgement that some of its non-current assets and a disposal group are classified as held for sale / distribution owing to the fact that their carrying values will be recovered primarily through sale and it is highly probable that the sale / distribution will occur in the next twelve months. Consequently, these assets and liabilities are classified as held for sale / distribution. Further, as part of this classification, management has applied judgement over the costs associated with the sale / distribution and have recognised certain provisions which management believes are necessary and adequate for the closure of the sale / distribution (also refer Note 39 and 40).

*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.

*Going concern*

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

**Estimates**

*Useful life and residual value 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 estimate and 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 (also refer Note 5 (C)).

*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, right-of-use assets and equity accounted investees) are reviewed at each reporting date to determine whether there is any indication of impairment. That assessment requires judgement. 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 (also refer Note 5 (F)).

**3. Basis of preparation (continued)**

**d) Use of estimates and judgments (continued)**

**Estimates (continued)**

*Impairment of 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 (also refer Note 12).

*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 (also refer note 36).

*Fair value of cash flow hedges*

The Group uses 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 (also refer Note 18).

*Finance lease receivable*

The Group's management determines estimated future cash flows in respect of capacity charge for calculating effective interest rate of finance lease. This estimate is determined after considering the expected Scheduled and Forced outage of power supply in the future years. Management reviews the estimates annually while any difference between the estimated finance lease income and actual finance lease income is charged directly to the consolidated statement of profit or loss of the respective period (also refer Note 6 (c)).

*Leases - estimating the incremental borrowing rate*

Whenever the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group 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. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is make certain entity-specific estimates (such as the Group's stand-alone credit rating).

**3. Basis of preparation (continued)**

**d) Use of estimates and judgments (continued)**

**Estimates (continued)**

*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

**e) New currently effective IFRS requirements**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated financial statements.

Description	Effective for annual periods beginning after
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)*	1 January 2023
- Definition of Accounting Estimates (Amendments to IAS 8)	
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts	
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	
- International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)**	23 May 2023

\* The Group also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the consolidated financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 4 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

Other than the above, these amendments had no impact on the consolidated financial statements of the Group.

\*\*The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

**3. Basis of preparation (continued)**

**e) New currently effective IFRS requirements (continued)**

The Group has adopted International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure in the year-end financial statements.

The Pillar Two model rules aim to ensure that large multinational groups pay taxes at least at a minimum rate of 15 percent on income arising in each jurisdiction in which they operate by applying a system of top-up taxes. There are three active mechanisms under Pillar Two model rules that countries can adopt:

- the income inclusion rule,
- the undertaxed payment rule and
- a qualified domestic minimum top-up tax.

They are often referred to as 'global minimum top-up tax' or 'top-up tax'.

As of the reporting date, the Group is not in the scope of the Pillar Two model rules as its revenue is less than EUR 750 million per year. Also, none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax as at the reporting date. Therefore, there is no impact on the Group's consolidated financial statements as at and for the year ended 31 December 2023.

Management is currently focusing its assessment on the potential current tax impacts of the top-up tax for the upcoming financial year and onwards. Once the group revenue exceeds the threshold and changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax.

Through the issuance of its amended tax law No. 11 of 2022, the State of Qatar has committed to introducing global minimum tax with minimum effective tax rate of 15%. Further information in relation to the implementation, compliance or administrative provisions related to the global minimum tax are expected to be issued by the General Tax Authority as amendments to the Executive Regulations of the amended tax law in the near future.

Other than the above, these amendments had no impact on the consolidated financial statements of the Group.

**Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements is disclosed below.

<b>Description</b>	<b>Effective for annual periods beginning after</b>
<ul style="list-style-type: none"> <li>- Non-current liabilities with Covenants – Amendments to IAS 1</li> <li>- Classification of Liabilities as Current or Non-current – Amendments to IAS 1</li> <li>- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16</li> <li>- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7</li> </ul>	1 January 2024
<ul style="list-style-type: none"> <li>- Lack of Exchangeability – Amendments to IAS 21</li> </ul>	1 January 2025
<ul style="list-style-type: none"> <li>- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28</li> </ul>	Available to optional adoption / effective date deferred indefinitely (a)

The group intends to adopt these standards, if applicable, when they become effective, however, these are not expected to have a significant impact on the Group's consolidated financial statements.

#### **4. Summary of material accounting policies**

The principal accounting policies 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 (refer note 3(e) for further information).

##### **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 which are not measured at fair value through profit or loss.

###### **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 joint ventures. 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.

###### **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.

#### **4. Summary of material accounting policies (continued)**

##### **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.

However, foreign currency differences arising from the translation of the following items are recognized in OCI:

- an investment in equity securities designated as at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

###### **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.

Cost includes expenditure that is directly attributable to the acquisition or construction of an asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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***

The cost of renovations or replacement of a component of an item of property, plant and equipment is included in the carrying amount of the asset or recognised as a separate asset, as appropriate only when it is possible that the future economic benefits associated with the asset will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

**4. Summary of material 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 recognised in the consolidated statement of 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 with off-takers.

	<b>Useful life</b>
Production facilities	30 years
Capital spares	30 years
Solar photovoltaic assets	20 years
Furniture, fixtures, and office equipment	3-7 years
Motor vehicles	4-5 years
"C" inspection costs	3-5 years

Capital work-in-progress are not depreciated. Once completed work-in-progress are re-classified to the appropriate category of property, plant and equipment and depreciated accordingly.

Capital spares are depreciated over its remaining useful life when it is being put to use.

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

***Derecognition***

An item of property, plant and equipment is derecognised upon disposal (i.e. at the date the recipient obtain control) or when no future economic benefits are expected from its use or disposal. Profits and losses on disposals of items of property, plant and equipment are determined by comparing the proceeds from their disposals with their respective carrying amounts and is included in the consolidated statement of 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").

**4. Summary of material 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.

**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) Intangible assets**

**Recognition and measurement**

Intangible assets comprise the Power and Water Purchase Agreements (PWPA) that are acquired by the Group and have finite useful lives and are measured at cost less accumulated amortization and any accumulated impairment losses, if any.

**Subsequent expenditure**

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

**Amortization**

Amortization is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognized in the consolidated statement of profit or loss.

The estimated useful life of the contract rights over the Power and Water Purchase Agreement is 25 years.

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

**Derecognition**

An intangible asset is derecognized upon disposal (i.e. at the date the recipient obtains control) or losses when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss.

#### **4. Summary of material accounting policies (continued)**

##### **g) Inventories**

Inventories comprise spare parts, chemicals, and consumables, which are measured at the lower of cost or net realisable value. The cost of inventories is based on the weighted average method or FIFO as appropriate, 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 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.

##### **h) Leases**

###### **Leases – Group as a lessee:**

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

**4. Summary of material accounting policies (continued)**

**h) Leases (continued)**

**Leases – Group as a lessee (continued):**

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 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.

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.

**i) 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.

**4. Summary of material accounting policies (continued)**

**i) Financial instruments (continued)**

***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.
- 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 irrecoverably 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.

*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.

#### **4. Summary of material accounting policies (continued)**

##### **i) Financial instruments (continued)**

###### ***Classification and subsequent measurement of financial assets (continued)***

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.

###### ***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.

**4. Summary of material accounting policies (continued)**

**i) Financial instruments (continued)**

***Classification and subsequent measurement of financial assets (continued)***

**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***

The Group and certain equity-accounted investees 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.

*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.

**4. Summary of material accounting policies (continued)**

**i) Financial instruments (continued)**

***Derivative financial instruments and hedge accounting (continued)***

*Cash flow hedges (continued)*

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 cost 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.

***Hedges directly affected by interest rate benchmark reform***

When the basis for determining the contractual cash flows of the hedged item or hedging instrument changes as a result of IBOR reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the changes required by IBOR reform. For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk (SOFR);
- updating the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged, or
- updating the description of the hedging instrument.

The Group also amends the description of the hedging instrument if the following conditions are met:

- it makes a change required by IBOR reform by using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognized.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by IBOR reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

**4. Summary of material accounting policies (continued)**

**i) Financial instruments (continued)**

***Derivative financial instruments and hedge accounting (continued)***

If changes are made in addition to those changes required by IBOR reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in the discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by IBOR reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by IBOR reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in OCI for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

**j) 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.

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.

#### **4. Summary of material accounting policies (continued)**

##### **j) Impairment (continued)**

###### ***Non-derivative financial assets (continued)***

###### ***Credit-impaired financial assets (continued)***

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 a dispute with the customer;
- 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.

###### **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, investment in equity accounted investees 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.

#### **4. Summary of material accounting policies (continued)**

##### **k) Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, bank balances and short-term deposits, with an original maturity of three months or less, as they are considered an integral part of the Group's cash management.

##### **l) Assets held for sale / distribution**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale / distribution if it is highly probable that they will be recovered primarily through sale rather than through continuing use or when the entity is committed to distributing the asset or disposal group to its owners .

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial recognition of assets held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale / distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

##### **m) Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale / distribution. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

##### **n) 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.

##### **o) Foreign currency 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.

##### **p) Employee benefits**

###### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**4. Summary of material accounting policies (continued)**

**p) Employee benefits (continued)**

*Defined contribution plans*

Obligations for contributions to defined contribution plans which are provided to its employees, are expensed as the related service is provided. For Qatari nationals, the Group makes contributions to Qatar Retirement and Pension Authority as a percentage of the employees' salaries in accordance with the requirements of respective local laws pertaining to retirement and pensions. The Company's share of contributions to these schemes are charged to profit or loss to the year they relate.

*Defined benefit plans*

The Group provides end of service benefits to its employees in accordance with employment contracts and the Qatar Labour Law. The entitlement to these benefits is based upon the employees' final basic salary and length of service, subject to the completion of a minimum service period, and are payable to the employees on termination of their employment. The expected costs of these benefits are accrued over the period of employment.

**q) 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.

**r) 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 recognized 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. Recognize revenue as and when the performance obligation(s) is/are satisfied.

***Revenue from sale of water and electricity***

Revenue from sale of water and electricity is recognised at a point in time when control of the goods and service is transferred to the customer, generally on delivery of the goods and services. The Group recognises output charges revenue based on the sent-out electricity and water on a monthly basis.

**4. Summary of material accounting policies (continued)**

**r) Revenue recognition (continued)**

***Revenue from sale of water and electricity (continued)***

The Group sells power and water, produced in power generation and water desalination plants operating with gas, coal, wind and solar energy. Customer takes control of the power and water at the time these are dispatched from the plant. At this point, the customer has full discretion over the manner of distribution and price to sell the power and water, has the primary responsibility when on selling the power and water, and bears the risks of loss in relation of power and water in the network. Therefore, revenue is recognised when the power and water leave the Group's plants.

***Revenue from available capacity relating to fixed capital recovery and fixed operations and maintenance***

Revenue from available capacity relating to fixed capital recovery and fixed operations and maintenance is recognised on a systematic basis in accordance with IFRS 16 when the Group makes the capacity available to off-taker as per the terms of the Power and Water Purchase Agreement (PWPA).

***Revenue from other sources***

***Income from finance lease***

Income from finance lease in which the Group is lessor is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

***Dividend income***

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

***Interest income***

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

***Fee income***

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

**s) Income tax**

Income tax expense comprises current and deferred tax attributed to each of the Group entities. It is recognized 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 local and foreign tax laws enacted or substantively enacted at the reporting date.

**4. Summary of material accounting policies (continued)**

**s) Income tax (continued)**

***Deferred tax***

Deferred tax is recognized 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 realized or the liability is settled using tax rates based on tax laws that have been enacted or substantially enacted by the reporting date.

**t) 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.

**u) Foreign currency transactions and balances**

Transactions in foreign currencies during the year are translated into the functional currency of the Group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into the functional currency at the exchange rate at the reporting date. Foreign currency differences are recognized in the consolidated statement of profit or loss. On consolidation, the assets and liabilities of foreign operations are translated into QAR at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

**v) Dividend distribution to the Company's shareholders**

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the year in which the dividends are approved by the Company's shareholders.

**w) Government grants**

A government grant in the form of a transfer of a non-monetary asset, such as land or other resources, which is intended for use by the entity are recognized, at a nominal amount.

**x) Fair values**

The Group measures financial instruments such as derivatives, and non-financial assets such as investment securities, at fair value at each reporting date.

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

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

**4. Summary of material accounting policies (continued)**

**y) Pass-through items**

All pass-through items defined under the provision of PWPA shall be reimbursed by the off takers in accordance with the relevant clauses of PWPA. All pass-through items are recorded as receivable from the off takers and payable to respective third party.

**z) Current versus non-current classification**

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

**Qatar Electricity and Water Company Q.P.S.C.**

**Notes to the consolidated financial statements  
As at and for the year ended 31 December 2023**

In thousands of Qatari Riyals

**5. Property, plant and equipment**

	Land	Production facilities (A)	Solar photovoltaic assets	Furniture, fixtures and office equipment	Motor vehicles	"C" inspection costs (B)	Capital spares	Capital work in progress	Total
<b>Cost:</b>									
At 1 January 2023	401	10,693,029	1,556,852	15,295	7,033	230,677	172,348	46,560	12,722,195
Additions	-	-	1,082	5,292	-	-	-	44,577	50,951
Disposals / transfers	-	-	(3,940)	(176)	(2,249)	(6,465)	(15,159)	(28,765)	(56,754)
Derecognition on deconsolidation of subsidiaries (Note 40)	-	-	(76,403)	-	-	-	-	-	(76,403)
Effects of movements in exchange rates	-	-	118,165	90	-	-	-	4,040	122,295
<b>At 31 December 2023</b>	<b>401</b>	<b>10,693,029</b>	<b>1,595,756</b>	<b>20,501</b>	<b>4,784</b>	<b>224,212</b>	<b>157,189</b>	<b>66,412</b>	<b>12,762,284</b>
<b>Accumulated depreciation and impairment</b>									
At 1 January 2023	-	6,320,145	30,663	11,706	6,037	141,683	127,714	-	6,637,948
Depreciation (C)	-	228,788	61,652	1,840	342	41,630	3,028	-	337,280
Depreciation on disposals	-	-	(247)	(176)	(2,015)	(32,542)	-	-	(34,980)
Derecognition on deconsolidation of subsidiaries (Note 40)	-	-	(38,835)	-	-	-	-	-	(38,835)
Effects of movements in exchange rates	-	-	(7,279)	23	-	-	-	-	(7,256)
Other movements	-	-	10,330	-	-	-	-	-	10,330
<b>At 31 December 2023</b>	<b>-</b>	<b>6,548,933</b>	<b>56,284</b>	<b>13,393</b>	<b>4,364</b>	<b>150,771</b>	<b>130,742</b>	<b>-</b>	<b>6,904,487</b>
<b>Carrying amounts</b>									
<b>At 31 December 2023</b>	<b>401</b>	<b>4,144,096</b>	<b>1,539,472</b>	<b>7,108</b>	<b>420</b>	<b>73,441</b>	<b>26,447</b>	<b>66,412</b>	<b>5,857,797</b>

**Qatar Electricity and Water Company Q.P.S.C.**

**Notes to the consolidated financial statements  
As at and for the year ended 31 December 2023**

In thousands of Qatari Riyals

**5. Property, plant and equipment (continued)**

	Land	Production facilities (A)	Solar photovoltaic assets	Furniture, fixtures and office equipment	Motor vehicles	"C" inspection costs (B)	Capital spares	Capital work in progress	Total
<b>Cost:</b>									
At 1 January 2022	-	10,693,029	-	30,934	6,158	197,281	50,487	-	10,977,889
Additions	-	-	-	1,751	535	34,089	-	9,924	46,299
Acquired through business combination (Note 41)	528	-	882,161	750	550	-	-	771,133	1,655,122
Capitalisation	-	-	776,687	-	-	-	-	(776,687)	-
Disposals/transfers	-	-	(8,013)	(18,140)	(210)	(693)	(2,288)	-	(29,344)
Transfer from inventories (Note 12)	-	-	-	-	-	-	124,149	-	124,149
Effects of movements in exchange rates	(127)	-	(93,983)	-	-	-	-	42,190	(51,920)
At 31 December 2022	401	10,693,029	1,556,852	15,295	7,033	230,677	172,348	46,560	12,722,195
<b>Accumulated depreciation and impairment</b>									
At 1 January 2022	-	6,001,854	-	28,761	5,737	96,137	40,290	-	6,172,779
Depreciation (C)	-	235,197	40,029	1,917	510	46,239	2,949	-	326,841
Depreciation reversal	-	-	-	-	-	-	(39,674)	-	(39,674)
Depreciation on disposals	-	-	(2)	(18,356)	(210)	(693)	-	-	(19,261)
Transfer from inventories (Note 12)	-	-	(9,364)	-	-	-	124,149	-	124,149
Adjustments	-	-	-	(616)	-	-	-	-	(9,980)
Impairment (D)	-	83,094	-	-	-	-	-	-	83,094
At 31 December 2022	-	6,320,145	30,663	11,706	6,037	141,683	127,714	-	6,637,948
<b>Carrying amounts</b>									
At 31 December 2022	401	4,372,884	1,526,189	3,589	996	88,994	44,634	46,560	6,084,247

**(A) Production facilities**

The land on which the RAF A1, RAF A2, RAF A3, RAF B, RAF B1 and RAF B2 plants were constructed has been leased to the Company by the State of Qatar free of rent for a period of 50 years commencing from 5 July 1990 under the Emiri Decree No. 24 of 2001.

**5. Property, plant and equipment (continued)****(B) "C" Inspection costs**

Costs incurred for the production facilities under an Inspection and Maintenance program have been capitalized under "C" inspection costs. These costs are accounted for as separate assets as they have an estimated useful life of 3-5 years. Costs incurred on "C" inspections in progress are included under capital work in progress. On completion of these inspections, their cost will be capitalized under the "C" inspection costs category.

**(C) Depreciation**

The annual depreciation charge has been allocated to profit or loss as follows:

	2023	2022
Cost of sales (Note 26)	335,205	281,677
General and administrative expenses (Note 27)	2,075	5,490
	<u>337,280</u>	<u>287,167</u>

**(D) Impairment**

During the previous year, owing to the revision in the existing power purchase agreement (PPA) with KAHRAMAA for RAF B1 station and the early termination of water purchase agreement with QatarEnergy for Dukhan Plant, management identified impairment indicators related to these two plants. Following this an impairment assessment was performed by management, which resulted in an impairment loss amounting to QAR 63.4 million and QAR 19.7 million, respectively on these plants, which is recognised under the general and administrative expenses (Refer Note 27). The recoverable value of Dukhan Plant was considered to be zero as no future cashflows were forecasted due to termination of the contract, whereas for RAF B1 station the recoverable value was determined to be QAR 51.3 million as against the carrying value of QAR 114.7 million as of the reporting date. The recoverable value was determined based on the discounted cash flows forecasted until 31 December 2029 using a discount rate of 5.28%.

During the year, management reassessed the recoverable value of all the plants including RAF B1 and no further impairment is recognized.

**6. Leases**

The Group has sub-leased the office premises for a period of 60 months, with an option to renew the lease after that date by mutual agreement. Management has not considered any extension option for any of its leases. The Group is restricted from entering into any further sub-lease arrangements without the written consent of the lessor.

The Group also leases properties for staff accommodation. Majority of these leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases. Further, the Group leases vehicles and equipment on short-term basis where it does not recognise right of use assets and lease liabilities.

**(a) Right-of-use assets**

	2023	2022
<b>Cost:</b>		
At 1 January	72,030	31,825
Additions	1,322	21,724
Acquired through business combination	-	27,104
Effects of movements in exchange rates	1,439	788
Termination of lease	(864)	(9,411)
<b>At 31 December</b>	<u>73,927</u>	<u>72,030</u>

**6. Leases (continued)****(a) Right-of-use assets (continued)**

<b>Accumulated depreciation</b>		
At 1 January	14,320	8,890
Depreciation (Note 27)	10,376	8,409
Effects of movements in exchange rates	191	-
Termination of lease	(89)	(2,979)
<b>At 31 December</b>	<b>24,798</b>	<b>14,320</b>
<b>Carrying amounts</b>		
<b>At 31 December</b>	<b>49,129</b>	<b>57,710</b>

**(b) Lease liabilities**

	<b>2023</b>	<b>2022</b>
At 1 January	61,834	26,103
Additions	1,322	21,724
Acquired through business combination	-	27,062
Interest expense (Note 30)	13,709	2,199
Payments	(20,273)	(8,745)
Termination of lease	(775)	(6,509)
<b>At 31 December</b>	<b>55,817</b>	<b>61,834</b>

The lease liabilities are presented in the consolidated statement of financial position as at 31 December as follows:

	<b>2023</b>	<b>2022</b>
Non-current	45,055	55,225
Current	10,762	6,609
<b>At 31 December</b>	<b>55,817</b>	<b>61,834</b>

The following are the amounts recognised in the statement of profit or loss:

	<b>2023</b>	<b>2022</b>
Depreciation of right-of-use assets (Note 27)	10,376	8,409
Interest on lease liabilities (Note 30)	13,709	2,199
Loss on termination of lease	-	79

**(c) Extension options**

The sub-lease arrangements contain extension option exercisable by the Group and to be agreed by mutual consent. The extension options held are exercisable only by the Group and not by the lessor. The Group assesses at the lease commencement date whether it is reasonably certain to exercise the extension option.

**(d) Finance lease receivables**

The Group has determined that one of the subsidiaries (Ras Laffan Power Company Limited Q.P.S.C.) Power and Water Purchase Agreement (PWPA) with KAHRAMAA contained a lease in accordance with IFRIC 4, which was grandfathered, when the group transitioned to IFRS 16 and, accordingly, the Group has accounted for the cost of the plant as a finance lease receivable.

**6. Leases (continued)**

**(d) Finance lease receivables (continued)**

Present value of minimum lease receivable is the gross lease receivable in the lease discounted at the interest rate implicit in the lease. The interest rate of 9.32% per annum (2022: 9.32% per annum) is estimated by the management as the interest rate implicit in the lease. Income from finance leases is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The finance lease receivables at the end of the reporting period were neither past due nor impaired.

	<b>2023</b>	2022
Gross lease receivable	942,979	1,048,521
Unearned finance income	<u>(178,091)</u>	<u>(250,102)</u>
Present value of minimum lease receivable	<u><b>764,888</b></u>	<u>798,419</u>

The finance lease receivable is presented in the consolidated statement of financial position as follows:

	<b>2023</b>	2022
Non-current portion	594,806	764,888
Current portion	<u>170,082</u>	<u>33,531</u>
	<u><b>764,888</b></u>	<u>798,419</u>

The non-current portion is further analysed as follows:

	<b>2023</b>	2022
Later than one year and not later than five years	558,674	633,868
Later than five years	<u>36,132</u>	<u>131,020</u>
	<u><b>594,806</b></u>	<u>764,888</u>

	<b>2023</b>	2022
At 1 January	798,419	823,306
Lease interest recognized during the year	74,954	75,730
Capital and lease interest recovered during the year	<u>(108,485)</u>	<u>(100,617)</u>
<b>At 31 December</b>	<u><b>764,888</b></u>	<u>798,419</u>

**7. Intangible assets and goodwill**

During the previous years, the Group has identified and recorded the following intangible assets with definite useful lives and goodwill.

	<b>2023</b>	2022
Intangible assets (i)	35,822	41,792
Goodwill (ii)	<u>30,813</u>	<u>30,813</u>
	<u><b>66,635</b></u>	<u>72,605</u>

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**7. Intangible assets and goodwill (continued)**

**(i) Intangible assets**

	<b>2023</b>	2022
<b>Cost:</b>		
As at 1 January (1)	113,430	113,430
<b>At 31 December</b>	<u>113,430</u>	<u>113,430</u>
<b>Amortisation:</b>		
At 1 January (1)	71,638	65,668
Amortisation (Note 27)	5,970	5,970
<b>At 31 December</b>	<u>77,608</u>	<u>71,638</u>
<b>Net carrying amount:</b>		
<b>At 31 December</b>	<u>35,822</u>	<u>41,792</u>

- (1) This represents the contract rights from the Power and Water Purchase Agreement entered into between Ras Laffan Power Company Q.P.S.C., a subsidiary of the Company, and KAHRAMAA for the supply of electricity and desalinated water to KAHRAMAA for a period of 19 years from the date of step-up acquisition on 20 October 2010.

**(ii) Goodwill**

**Acquisition of subsidiaries**

Goodwill is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets and liabilities on the date of acquisition. Goodwill has been allocated to the cash-generating unit that benefits from the business combination as follows.

	<b>2023</b>	2022
<b>Cash generating unit</b>		
Ras Laffan Power Company Limited Q.P.S.C.	<u>30,813</u>	<u>30,813</u>

**Impairment testing of goodwill**

*Key assumptions used in value in use calculations*

The recoverable amount of cash generating unit has been determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering remaining power and water purchase agreement period.

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 for the cash generating unit (CGU). Please also refer accounting policies disclosed in note 4(e) and 4(j).

	<b>Discount rates used in 2023</b>	Discount rates used in 2022
<b>Cash generating units</b>		
Ras Laffan Power Company Limited Q.P.S.C.	<b>5.12%</b>	5.28%

**7. Intangible assets and goodwill (continued)****(ii) Goodwill (continued)***Growth rate estimates*

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

Management has performed impairment testing exercise for the cash generating unit and determined the recoverable value to be higher than the carrying value. Therefore, no impairment was required to be recorded as at 31 December 2023 (2022: No impairment).

**Sensitivity testing**

At 31 December 2023, 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.

**8. Investment in equity-accounted investees**

The movements in the Group's investments in the equity-accounted investees were as follows:

	2023	2022
At 1 January	8,904,680	5,072,541
Acquired through business combination (Note 41)	-	3,501,579
Deemed disposal of existing interest in a joint venture	-	(3,190,091)
Additional investment made during the year	463,627	906,821
Reclassification to loans receivable from related parties (Refer Note 35 (b))	(506,174)	-
Reclassification to asset held-for-sale (Note 38)	-	(236,327)
Share of results for the year	672,284	669,418
Share of other comprehensive income – cash flow hedges	(598,647)	2,564,294
Share of other comprehensive income – foreign currency translation	(20,242)	21,093
Dividends received	(610,893)	(404,648)
<b>At 31 December</b>	<b><u>8,304,635</u></b>	<b><u>8,904,680</u></b>

The summarized financial information of the Group's equity-accounted investees as included in their own financial statements and reconciles the summarised information to the carrying amount of the Group's interest in the equity-accounted investees are shown below:

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**8. Investment in equity-accounted investees (continued)**

	At 1 January 2023	Additions / (capital reduction)	Share of results	Dividends received	Share of other comprehensive income - cash flow hedges	Share of other comprehensive income - foreign currency translation	De-recognition / re-classification	At 31 December 2023
<b>Joint ventures:</b>								
Umm Al Houli Power Q.P.S.C.	2,159,960	-	116,613	(91,854)	(62,649)	-	-	2,122,070
Qatar Power Q.J.P.S.C. (Note i)	423,867	-	105,535	(100,514)	799	-	-	429,687
Ras Girtas Power Company Q.P.S.C. (Note iv)	1,520,669	-	128,003	(188,629)	(541,666)	-	-	918,377
Mesaieed Power Company Q.P.S.C.	499,644	-	49,015	(14,580)	10,548	-	-	544,627
Shams Maan Solar UK Ltd	43,454	-	3,026	(4,588)	2,151	-	-	44,043
Nebras IPC Power Developments Ltd	711	-	(64)	-	-	-	-	647
Zonnepark Mosselbanken Tern	28,042	-	1,575	-	-	-	-	29,617
Zonnepark Duisterweg B.V.	8,218	1,342	(108)	-	-	-	-	9,452
NEC Energia e Participacoes S.A.	123,421	4,176	8,767	(5,469)	141	12,483	-	143,519
NEC Desinvestimentos e Projectos em Energia e Participacoes S.A.	25,953	-	1,248	(1,094)	(19)	2,814	-	28,902
<b>Associates:</b>								
Phoenix Power Company SAOG	213,311	-	20,203	(7,155)	-	-	-	226,359
Phoenix Operation and Maintenance Company L.L.C.	3,207	-	2,755	(3,150)	-	-	-	2,812
AES Oasis Ltd	179,684	-	14,899	(875)	21	-	-	193,729
AES Baltic Holding B.V.	249,620	-	16,755	-	-	-	-	266,375
PT Paiton Energy Pte Ltd	1,493,224	-	174,319	(165,699)	17	-	-	1,501,861
IPM Asia Pte Ltd	94,709	-	9,641	(15,167)	(57)	-	-	89,126
Minejesa Capital B.V.	146,719	-	11,549	(12,119)	(754)	-	-	145,395
AES Jordan Solar B.V.	31,314	-	800	-	116	-	-	32,230
Stockyard Hill Wind Farm (Holding) Pty ltd	558,430	5,473	(18,196)	-	(7,295)	817	-	539,229
Unique Meghnaghat Power Limited	160,395	122,046	(824)	-	-	-	-	281,617
NEKS Energy B.V. (Netherlands)	7,073	(2,039)	7,004	-	-	-	-	12,038
Moorabool Wind Farm (North and South)	933,055	2,261	16,863	-	-	(36,209)	(506,174)	409,796
Diamante Geração De Energia	-	21,882	(229)	-	-	(147)	-	21,506
Equitix Aragorn Holdco Ltd.	-	308,486	3,135	-	-	-	-	311,621
	<b>8,904,680</b>	<b>463,627</b>	<b>672,284</b>	<b>(610,893)</b>	<b>(598,647)</b>	<b>(20,242)</b>	<b>(506,174)</b>	<b>8,304,635</b>

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**8. Investment in equity-accounted investees (continued)**

	At 1 January 2022	Acquired through business combination	Additions / (capital reduction)	Share of results	Dividends received	Share of other comprehensive income - cash flow hedges	Share of other comprehensive income - foreign currency translation	De- recognition / re- classification	At 31 December 2022
<i>Joint ventures:</i>									
Umm Al Houj Power Q.P.S.C.	994,485	-	-	264,455	(96,228)	997,248	-	-	2,159,960
Qatar Power Q.J.P.S.C. (Note i)	412,960	-	-	96,991	(109,615)	23,531	-	-	423,867
Ras Girtas Power Company Q.P.S.C. (Note iv)	150,202	-	-	168,710	(65,610)	1,267,367	-	-	1,520,669
Mesaieed Power Company Q.P.S.C.	138,398	-	-	45,930	(12,393)	327,709	-	-	499,644
Nebras Power Q.P.S.C.	3,205,145	-	-	(76,435)	-	39,141	22,240	(3,190,091)	-
<i>Acquired through business combination</i>									
Shams Maan Solar UK Ltd	-	45,625	-	2,085	(8,412)	4,156	-	-	43,454
Nebras IPC Power Developments Ltd	-	910	-	(199)	-	-	-	-	711
Zonnepark Mosselbanken Tem	-	27,389	250	8,557	(8,154)	-	-	-	28,042
Zonnepark Duisterweg B.V.	-	7,027	1,287	(96)	-	123	(1,084)	-	8,218
NEC Energia e Participacoes S.A.	-	117,527	-	6,855	-	-	-	-	123,421
NEC Desinvestimentod e Projectos em Energia e Participacoes S.A.	-	25,799	-	2,098	(1,764)	(117)	(63)	-	25,953
<i>Associates:</i>									
Siraj Energy Q.P.S.C. (Refer Note 39)	171,351	-	-	8,679	-	56,297	-	(236,327)	-
<i>Acquired through business combination</i>									
Phoenix Power Company SAOG	-	196,934	-	10,568	(3,409)	9,218	-	-	213,311
Phoenix Operation and Maintenance Company L.L.C.	-	-	-	958	2,249	-	-	-	3,207
AES Oasis Ltd	-	174,174	-	5,510	-	-	-	-	179,684
AES Baltic Holding B.V.	-	239,765	-	9,855	-	-	-	-	249,620
PT Patiton Energy Pte Ltd	-	1,498,467	-	84,708	(89,951)	-	-	-	1,493,224
IPM Asia Pte Ltd	-	86,580	-	8,129	-	-	-	-	94,709
Minejesa Capital B.V.	-	143,788	-	10,436	(11,361)	3,856	-	-	146,719
AES Jordan Solar B.V.	-	28,218	-	2,422	-	674	-	-	31,314
Stockyard Hill Wind Farm (Holding) Pty Ltd	-	764,354	(50,681)	9,666	-	(164,909)	-	-	558,430
Unique Meghnaught Power Limited	-	145,022	15,837	(464)	-	-	-	-	160,395
NEKS Energy B.V. (Netherlands)	-	-	7,073	-	-	-	-	-	7,073
Moorabool Wind Farm (North and South)	-	-	933,055	-	-	-	-	-	933,055
	5,072,541	3,501,579	906,821	669,418	(404,648)	2,564,294	21,093	(3,426,418)	8,904,680

**8. Investment in equity-accounted investees (continued)**

*(i) Qatar Power Q.J.P.S.C.*

During 2020, the General Tax Authority (GTA) issued an income tax assessment for the years 2016 and 2017 related to taxability of foreign shareholders' share of profits, requiring Qatar Power Q.J.P.S.C. (Qpower) to pay additional taxes of USD 17.2 million (QAR 62.7 million) and penalties amounting to USD 10.4 million (QAR 37.9 million). Basis the assessment, Qpower created a provision for the additional taxes claimed and also recognized the same amount as a receivable as per the MOU signed on 2 February 2020.

During 2022, although the appeal court and then the primary court (in line with the findings of the independent expert appointed) ruled in favour of Qpower with no tax liability due, Qpower appealed against the judgement before the Court of Cassation citing some discrepancies in the judgement. Court of Cassation also ruled in favour of Qpower agreeing with the expert's opinion but with some conflicting elements pertaining to the year 2017 where it was mentioned that the committee's decision was upheld as Qpower's appeal was groundless.

As advised by the legal firm appointed by Qpower, an appeal was filed in the Court of Cassation for clarity on this matter. In the hearing held on 06 March 2023, the Court of Cassation rejected the appeals filed by Qpower as well as the appeal filed by GTA. Currently management is consulting with their legal advisors for the next steps and the necessary actions to be taken to resolve this matter.

*(ii) Ras Girtas Power Company Q.P.S.C.*

During 2019, the General Tax Authority (GTA) issued an income tax assessment for the years 2010 to 2018 requiring Ras Girtas Power Company Q.P.S.C. (RGPC) to pay additional taxes of USD 85 million (QAR 310 million) including penalties amounting to USD 27 million (QAR 98.4 million). As the Company had a tax holiday for the period between April 2011 and March 2017, RGPC responded to GTA rejecting the full claim but did not receive a response. RGPC then filed an appeal with the Appeal Committee which is pending for hearing. However, in light of the tax assessment received, RGPC has recognised provision of USD 85 million (QAR 310 million).

Additionally, as per the MOU signed on 2 February 2020, the Ministry of Finance (MoF) also undertakes to settle the income tax amounts payable by RGPC for the previous years and RGPC also has pass through arrangements for income taxes as per the terms of the PWWA. Accordingly, RGPC has recorded a receivable for the same amount from the GTA. Management has applied its judgment in determining that the above arrangements will also cover any tax penalties to be paid, if any, for the prior years.

During the year, KAHRAMAA has disputed the receivables pertaining to the year 2019 to 2022 amounting to USD 51 million (QAR 185.9 million) citing the provisions of the tax law. Management believes that the same is recoverable from KAHRAMAA as per the provisions of the PWWA and based on the ongoing negotiations.



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8. Investment in equity-accounted investees (continued)		Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Group's interest	Revenue/ other income	Profit/ (loss) for the year	OCI for the year	TCI	Group's share of results	Group's share of OCI
At 31 December 2022													
<i>Joint ventures:</i>													
Umm Al Houf Power Q.P.S.C.	11,812,536	1,085,309	(8,726,536)	(571,375)	3,599,934	60%	2,267,980	441,849	1,659,713	2,101,562	264,455	997,248	
Qatar Power Q.J.P.S.C.	751,486	724,826	(308,316)	(419,707)	748,289	55%	784,663	143,741	42,781	186,522	96,991	23,531	
Ras Gifras Power Company Q.P.S.C.	10,287,155	1,796,774	(8,372,587)	(1,549,340)	2,162,002	45%	2,630,825	374,686	1,593,446	1,968,132	168,710	1,267,367	
Mesaieed Power Company Q.P.S.C.	5,620,119	949,853	(4,326,953)	(993,913)	1,249,106	40%	1,060,590	114,825	819,272	934,097	45,930	327,709	
Shams Maan Solar UK Ltd	411,479	42,591	(306,095)	(43,951)	104,025	35%	38,293	5,957	11,874	17,831	2,085	4,156	
Nebras IPC Power Developments Ltd	3,640	1	(2,104)	(115)	1,422	50%	-	(398)	-	(398)	(199)	-	
Zonnepark Mosselbanken Tem.	131,259	8,469	(132,682)	(2,533)	4,513	40%	-	21,393	-	21,393	8,557	-	
Zonnepark Duistenweg B.V.	1,805	166	(1,672)	(86)	213	40%	-	(240)	-	(240)	(96)	-	
NEC Energia e Participacoes S.A.	214,667	35,919	(30,993)	(20,129)	199,464	50%	51,456	13,710	246	13,956	6,855	(961)	
NEC Desinvestimentos e Projectos em Energia e Participacoes S.A.	13,568	32,194	(2,712)	(11,698)	31,352	50%	-	4,196	(234)	3,962	2,098	(180)	
NEKS Energy B.V.	-	-	-	-	-	33.33%	-	-	-	-	-	(76,435)	61,381
Nebras Power Q.P.S.C.*	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Associates</i>													
Siraj Energy Q.P.S.C.**	4,755,955	580,722	(2,454,143)	(599,810)	2,282,724	9.84%	663,966	107,398	26,337	56,531	8,679	56,297	
Phoenix Power Company SAOG	-	-	-	-	-	-	-	-	-	-	-	10,568	9,218
Phoenix Operation and Maintenance Company L.L.C.	-	32,600	(1,445)	(9,530)	21,625	15%	-	6,387	-	1,916	958	-	
AES Oasis Ltd	606,859	243,086	(169,323)	(254,385)	426,237	39%	-	14,126	-	14,126	5,510	-	
AES Baltic Holding B.V.	777,316	376,719	(524,307)	(77,956)	551,772	40%	-	24,638	-	24,638	9,855	-	
PT Paiton Energy Pte Ltd	12,814,802	2,293,044	(9,032,951)	(12,814,802)	2,293,044	26%	1,754,356	325,800	-	325,800	84,708	-	
IPM Asia Pte Ltd	8,762	324	-	(40)	9,046	35%	(862)	23,226	-	23,226	8,129	-	
Minejasa Capital B.V.	7,618,778	518,853	(7,611,229)	(409,107)	117,295	26%	640	40,138	14,831	54,969	10,436	3,856	
AES Jordan Solar B.V.	154,217	51,716	(49,831)	(118,608)	37,494	40%	32,438	6,055	1,685	7,740	2,422	674	
Stockyard Hill Wind Farm (Holding) Pty Ltd	2,744,847	141,951	(2,212,825)	(80,872)	(593,101)	49%	401,240	19,849	(140,058)	(120,209)	9,666	(164,909)	
Unique Meghnaghat Power Limited	864,626	26,656	(652,054)	(7,208)	232,020	24%	-	(1,933)	-	(1,933)	(464)	-	
											669,418	2,585,387	

\* During the previous year, the Group acquired controlling interest in Nebras Power Q.P.S.C. effective 1 July 2022 and hence, share of results and share of OCI pertains to six months period only.

\*\* During the previous year, the Group reclassified its investment in Siraj Energy Q.P.S.C. to asset held-for-sale effective 1 October 2022 (Note 38) and hence, share of results and share of OCI pertains to nine months period only.

**9. Equity investments at fair value through other comprehensive income**

	<b>2023</b>	2022
At 1 January	2,322,763	3,164,944
Acquired through business combination	-	4,172
Disposals	(316,732)	(663,511)
Net change in fair value	11,287	(182,842)
At 31 December	<u><b>2,017,318</b></u>	<u>2,322,763</u>

During the year, dividend income of QAR 113.9 million (2022: QAR 160.9 million) was received from equity investments at fair value through other comprehensive income, which is included under "other income" in the consolidated statement of profit or loss (Note 29).

All equity investments at fair value through other comprehensive income are equity securities listed on the Qatar Exchange. The fair value of the quoted equity shares is determined by reference to the published price quotations.

**10. Other non-current assets**

	<b>2023</b>	2022
Deferred asset	8,708	10,473
Project development costs (1)	4,440	5,397
Debt service reserve (2)	27,314	27,286
Other non-current assets	21,784	1,599
Amortisation (Note 27)	(1,861)	(1,765)
At 31 December	<u><b>60,385</b></u>	<u>42,990</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 due diligences, feasibility and market studies and financial and legal advisory expenses.

(2) This represents the balance the Group must hold on the reserve bank accounts, as a requirement from the lenders.

**11 Taxation**

The components of income tax are as follows:

	<b>2023</b>	2022
Current tax (i)	(13,676)	(1,336)
Deferred tax (ii)	19,713	(1,003)
	<u><b>6,037</b></u>	<u>(2,339)</u>

**(i) Current tax**

The current tax comprises of the tax expenses incurred by the foreign subsidiaries of the Group which were acquired through business combination of Nebras Power Q.P.S.C. during the year.

Further, on 17 January 2019, Qatar published the Income Tax Law No. 24 of 2018 (the "New Tax Law") in the official Gazette. The New Tax Law is effective for financial years starting on or after 13 December 2018. The Executive Regulations to the New Tax Law were issued in December 2019. Article 2(12) of the Executive Regulations states that for the purposes of Article 4(13) of the Law, the exemption referred to in respect of the share of a non-Qatari investor shall not apply to his shares in the profits of a company owned by a listed company (i.e., whose shares are traded on the stock exchange in the State). This means that effective non-Qatari ownership of Qatar Electricity and Water Company Q.P.S.C. (QEWC) in the subsidiaries, joint ventures and associates is taxable.

**11 Taxation (continued)****(i) Current tax (continued)**

On 2 February 2020, QEWC, QatarEnergy ("QE"), Ministry of Finance (MoF) and the General Tax Authority (GTA) reached an agreement through a Memorandum of Understanding ("hereby referred to as the MOU") which states that the income tax liability pertaining to certain listed companies' (including QEWC) share in their subsidiaries, joint ventures and associates would be borne by the MoF. Accordingly, application of the new Income Tax Law requirements stated above did not have any material impact on Group's consolidated financial statements for the years ended 31 December 2023 and 2022.

**(ii) Deferred tax**

	Balance as of 1 January 2023	Recognised in profit or loss	Cumulative translation adjustment Impact	Deferred tax asset released	Transfer to an associate	Deferred tax assets as at 31 December 2023
Tax losses carried forward	-	-	-	-	-	-
Temporary differences for the year	32,124	19,713	408	(3,135)	(291)	<b>48,819</b>

	Acquired through business combination	Recognised in profit or loss	Cumulative translation adjustment Impact	Deferred tax asset as at 31 December 2022
Tax losses carried forward	49,157	(1,003)	(20,112)	28,042
Temporary differences for the year	(24,318)	-	28,400	4,082
	24,839	(1,003)	8,288	32,124

**12. Inventories**

	2023	2022
Spare parts	132,135	129,403
Provision for slow-moving inventories	(36,755)	(36,938)
	95,380	92,465
Others	1,533	1,522
	<b>96,913</b>	<b>93,987</b>

The movements in the provision for slow-moving inventories were as follows:

	2023	2022
At 1 January	36,938	232,111
Provision made (Note 27)	477	10,975
Transfer to property, plant and equipment (Note 5)	-	(124,149)
Utilisation/ Reversal of provision	(660)	(81,999)
At 31 December	<b>36,755</b>	<b>36,938</b>

**Qatar Electricity and Water Company Q.P.S.C.**

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In thousands of Qatari Riyals

**13. Trade and other receivables**

	<b>2023</b>	2022
Trade receivables (i)	692,163	633,855
Accrued interest receivables	43,641	58,591
Prepayments and advances	99,831	48,364
Other receivables (i)	24,387	37,726
	<u><b>860,022</b></u>	<u>778,536</u>
Less: Allowance for impairment of receivables	(3,765)	-
	<u><b>856,257</b></u>	<u>778,536</u>

(i) Amount due from related parties are disclosed in Note 35 (c).

**14. Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	<b>2023</b>	2022
Cash at bank – call and current accounts (1)	1,026,403	826,729
Term deposits (2)	2,755,630	7,290,167
Cash in hand	5,278	75
<b>Cash and bank balances</b>	<u>3,787,311</u>	<u>8,116,971</u>
Term deposits with original maturity over 90 days	(1,633,298)	(6,634,460)
<b>Cash and cash equivalents</b>	<u><b>2,154,013</b></u>	<u>1,482,511</u>

Notes:

- 1- Cash held in bank current accounts earns no interest.
- 2- Term deposits are made for varying terms depending on the immediate cash requirements of the Group and earn interest at market rates.

Cash and cash equivalents are denominated in the following currencies:

	<b>2023</b>	2022
Qatari Riyals	3,052,093	3,936,551
Euro	28,254	25,316
Brazilian Real	53,582	86,573
US Dollars	603,955	3,936,165
Ukrainian Hryvnia	4,520	20,498
Australian Dollars	44,907	111,868
	<u><b>3,787,311</b></u>	<u>8,116,971</u>

**15. Share capital**

	<b>2023</b>	2022
<i>Authorized, issued and paid-up share capital</i>		
1,100,000,000 ordinary shares with nominal value of QAR 1 each (All shares bear equal rights)	<u><b>1,100,000</b></u>	<u>1,100,000</u>

**Qatar Electricity and Water Company Q.P.S.C.**

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**16. Legal reserve**

In accordance with the provisions of the Qatar Commercial Companies' Law No. 11 of 2015 (as amended by Law No. 8 of 2021), a minimum amount of 10% of the profit in each year is required to be transferred to a legal reserve until the legal reserve becomes equal to 50% of the Company's paid-up share capital. This reserve is not available for distribution, except in circumstances specified in the above-mentioned Law. The Company made no transfers to its legal reserve in the current year and the comparative year as its legal reserve already reached 50% of its paid-up share capital.

**17. General reserve**

In accordance with the Company's Articles of Association, the General Assembly may allocate a portion of the profit to a general reserve. There is no restriction on the distribution of this reserve and the funds in the reserve are available for future development of the Company as decided by the General Assembly.

**18. Hedge reserve**

**(a) Hedging reserves**

The hedge reserve comprises the Group's share of the effective portion of the cumulative net change in the fair value of interest rate swaps used for cash flow hedging.

	<b>2023</b>	<b>2022</b>
At 1 January	888,196	(1,778,702)
Equity-accounted investees - share of OCI – net of related tax (1)	(598,647)	2,564,294
Cash flow hedges – effective portion of changes in fair value – net of related tax	(42,159)	151,972
Cash flow hedges reclassified to profit or loss on derecognition of an associate / joint venture – net of related tax	(78,720)	(49,368)
Prior period adjustment – reclassification to retained earnings	7,808	-
<b>At 31 December</b>	<b><u>176,478</u></b>	<b><u>888,196</u></b>

(1) The share of other comprehensive income from equity-accounted investees were as follows:

	<b>2023</b>	<b>2022</b>
Umm Al Houl Power Q.P.S.C.	(62,649)	997,248
Qatar Power Q.J.P.S.C.	799	23,531
Ras Girtas Power Company Q.P.S.C.	(541,666)	1,267,367
Mesaieed Power Company Q.P.S.C.	10,548	327,709
Nebras Power Q.P.S.C.	-	39,141
Siraj Energy Q.P.S.C.	-	56,297
Phoenix Power Company SAOG	-	9,218
PT Paiton Energy Pte Ltd	17	-
Shams Maan Solar UK Limited	2,151	4,156
Minejesa Capital B.V.	(754)	3,856
Stockyard Hill Wind Farm (Holding) Pty Ltd	(7,295)	(164,909)
NEC Energia e Participacoes S.A.	141	123
NEC Desenvolvimento e Projectos em Energia e Participacoes S.A.	(19)	(117)
AES Jordan Solar B.V.	116	674
AES Oasis Ltd	21	-
IPM Asia Pte Ltd	(57)	-
	<b><u>(598,647)</u></b>	<b><u>2,564,294</u></b>

**18. Hedge reserve (continued)**

**(b) Derivatives**

	<b>2023</b>	2022
<b>Assets</b>		
Interest rate swaps used for hedging	<u>36,795</u>	<u>78,954</u>

The derivative assets are classified in the consolidated statement of financial position as follows:

	<b>2023</b>	2022
Non-current portion	24,530	77,536
Current portion	<u>12,265</u>	<u>1,418</u>
	<u><b>36,795</b></u>	<u><b>78,954</b></u>

**19. Fair value reserve**

The fair value reserve comprises the cumulative net change in the fair value of equity investments at fair value through other comprehensive income.

	<b>2023</b>	2022
At 1 January	614,751	1,048,081
Transfer directly to retained earnings on disposal of equity securities	(100,517)	(250,488)
Net unrealised gain on equity investments designated at FVOCI	<u>11,287</u>	<u>(182,842)</u>
<b>At 31 December</b>	<u><b>525,521</b></u>	<u><b>614,751</b></u>

**20. Foreign currency translation reserve**

The foreign currency translation reserve comprises the exchange differences on translation of foreign operations.

	<b>2023</b>	2022
At 1 January	(1,148)	(34,344)
Charge for the year	28,371	21,093
Reclassified to statement of profit or loss on derecognition of a subsidiary / joint venture	<u>9,083</u>	<u>12,103</u>
<b>At 31 December</b>	<u><b>36,306</b></u>	<u><b>(1,148)</b></u>

**21. Non-controlling interests**

Proportion of equity interest held by non-controlling interests are as follows:

	<b>2023</b>	2022
At 1 January	333,573	177,124
Acquired through business combination (Note 41)	-	145,970
Profit for the year	8,916	39,639
Dividends paid during the year	(25,880)	(29,160)
Deconsolidation of subsidiaries	139	-
Other movement	<u>5,545</u>	<u>-</u>
<b>At 31 December</b>	<u><b>322,293</b></u>	<u><b>333,573</b></u>

21. Non-controlling interests (continued)

The financial information of Group's subsidiaries that have material non-controlling interests are provided below.

At 31 December 2023	Ras Laffan Power Company Q.P.S.C. 20%	Nebras Brazil 20%
<b>NCI percentage</b>		
Non-current assets	607,502	1,412,707
Current assets	311,826	94,461
Non-current liabilities	(14,023)	(851,868)
Current liabilities	(90,187)	(59,073)
<b>Net assets</b>	<u>815,118</u>	<u>596,227</u>
<b>Net assets attributable to NCI</b>	<u>163,024</u>	<u>119,245</u>
Revenue	489,723	113,386
Profit	105,958	33,747
Other comprehensive income	-	-
Total comprehensive income	105,958	33,747
<b>Profit allocated to NCI</b>	<u>21,192</u>	<u>6,749</u>
OCI allocated to NCI	-	-
<b>Total comprehensive allocated to NCI</b>	<u>21,192</u>	<u>6,749</u>
Cash flows from operating activities	123,414	14,701
Cash flows from investing activities	-	(33,491)
Cash flows from financing activities	(132,103)	(21,936)
<b>Net (decrease) in cash and cash equivalents</b>	<u>(8,689)</u>	<u>(40,726)</u>
At 31 December 2022	Ras Laffan Power Company Q.P.S.C. 20%	Nebras Brazil 20%
<b>NCI percentage</b>		
Non-current assets	779,723	1,558,792
Current assets	129,657	106,939
Non-current liabilities	(15,935)	(751,811)
Current liabilities	(54,888)	(88,335)
<b>Net assets</b>	<u>838,557</u>	<u>825,585</u>
<b>Net assets attributable to NCI</b>	<u>167,711</u>	<u>165,117</u>
Revenue	493,387	133,481
Profit	99,683	25,993
Other comprehensive income	-	-
Total comprehensive income	99,683	25,993
<b>Profit allocated to NCI</b>	<u>19,937</u>	<u>5,199</u>
OCI allocated to NCI	-	-
<b>Total comprehensive allocated to NCI</b>	<u>19,937</u>	<u>5,199</u>
Cash flows from operating activities	95,741	44,073
Cash flows from investing activities	-	(206,825)
Cash flows from financing activities	(148,506)	206,198
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(52,765)</u>	<u>43,446</u>

## 22. Loans and borrowings

The movements in loans and borrowings were as follows:

	2023	2022
At 1 January	11,118,807	5,727,610
Additions	124,666	2,920,373
Acquired through business combination (Note 41)	-	2,766,858
Repayment of borrowings	(4,399,450)	(296,034)
Derecognition on deconsolidation of subsidiaries (Note 40)	(79,571)	-
Effects of movement in exchange rates	97,060	-
	<b>6,861,512</b>	11,118,807
Amortization of arrangement fee	(43,220)	(43,991)
<b>At 31 December</b>	<b>6,818,292</b>	<b>11,074,816</b>

### Terms and repayment schedule

As at 31 December 2023	Currency	Nominal interest rate	Year of maturity	2023	
				Face value	Carrying amount
RAFB2 Project loan - MUFG facility agent	USD	SOFR+1.15%	2031	448,000	785,874
RAFA1 Project loan -Conventional- MUFG facility agent	USD	SOFR+0.85% Term	2027	253,500	244,954
RAFA1 Project loan-Islamic - QIB facility agency	USD	SOFR+0.85%	2027	126,475	122,212
RAF A2 Project Loan-Conventional -QNB Facility agent	USD	SOFR+1.75% Term	2036	153,707	406,246
RAF A2 Project Loan- Islamic- QIB facility agency	USD	SOFR+1.75%	2036	255,819	676,127
RAF A3 Project Loan-Conventional -QNB Facility agent	USD	SOFR+1.75%	2040	284,587	828,570
RAF A3 Project Loan-Islamic- Masraf Alrayan facility agency	USD	SOFR+1.75% Term	2040	94,862	274,514
HSBC STL	USD	SOFR+0.45% Term	2023	125,600	-
DBFS BANK STL	USD	SOFR+0.80% Term	2023	100,000	-
Bank of China STL	USD	SOFR+0.45%	2023	125,600	-
Mizuho STL	USD	SOFR+0.4% Term	2023	550,000	-
Mizuho STL	USD	SOFR+0.45%	2023	150,000	-
Banco do Nordeste do Brasil	BRL	2.18%	2039	294,996	216,468
Banco do Nordeste do Brasil	BRL	1.55%	2042	244,707	217,177
Banco do Nordeste do Brasil	BRL	1.96%	2042	242,293	214,110
Banco do Nordeste do Brasil	BRL	1.41%	2042	225,208	186,867
Triodos Fixed Loan Facility A - 2015 TGF 017671	EUR	2.08%	2026	772	1,433
Triodos Fixed Loan Facility B - 2015 TGF 017698	EUR	2.08%	2031	13,904	22,488
Triodos Fixed Loan Facility A - 2016 TGF 018996	EUR	1.50%	2032	7,518	19,699
Triodos Fixed Loan Facility B - 2016 TBNL 2205373226	EUR	1.50%	2032	7,518	19,189
Triodos Fixed Loan Facility Brabant Zon - 2015 TGF 020028	EUR	2.08%	2031	3,498	8,173
Triodos Fixed Loan Facility A- 2023 TGF 7829	EUR	4.87%	2038	2,700	10,735
Triodos Fixed Loan Facility B- 2023 TGF 7837	EUR	4.88%	2038	1,000	3,976
Triodos Fixed Loan Facility C- 2023 TGF 7845	EUR	4.60%	2033	500	1,988

**22. Loans and borrowings (continued)**

**Loans and borrowings (secured) (continued)**

**Terms and repayment schedule (continued)**

	Currency	Nominal interest rate	Year of maturity	2023	
				Face value	Carrying amount
Terslav	EUR	8.00%	2025	7,467	26,736
Sun Power Pervomaisk	EUR	6.54%	2024	1,782	5,342
Nebras HQ 1 - Syndicated facility	USD	3m SOFR + 1.10%	2026	300,000	1,087,339
		3M Term SOFR +			
Nebras HQ 2 - Bank of China STL	USD	0.75%	2024	150,000	545,337
Nebras Australia - DBS Bank Ltd	AUD	1.00%	2024	375,000	926,116
RLPC Working capital facility	USD		2024	2,700	9,841
Unamortised Cost					(43,220)
					<u>6,818,292</u>

Production facilities for RAF A1, RAF A2, RAF A3 and RAF B2 are pledged to obtain the project finance loans.

As at 31 December 2022	Currency	Nominal interest rate	Year of maturity	2022	
				Face value	Carrying amount
RAFB2 Project loan - MUFG facility agent	USD	LIBOR+1.15%	2031	448,000	864,374
RAFA1 Project loan -Conventional- MUFG facility agent	USD	LIBOR+0.85%	2027	253,500	307,694
RAFA1 Project loan-Islamic - QIB facility agency	USD	LIBOR+0.85%	2027	126,475	153,514
RAF A2 Project Loan-Conventional -QNB Facility agent	USD	LIBOR+1.75%	2036	153,707	430,057
RAF A2 Project Loan- Islamic- QIB facility agency	USD	LIBOR+1.75%	2036	255,819	715,757
RAF A3 Project Loan-Conventional -QNB Facility agent	USD	LIBOR+1.75%	2040	284,587	866,121
RAF A3 Project Loan-Islamic- Masraf Alrayan facility agency	USD	LIBOR+1.75% Term	2040	94,862	287,031
HSBC RCF	USD	SOFR+0.45%	2023	125,600	457,812
DBFS BANK RCF	USD	LIBOR+0.65% Term	2023	100,000	364,500
Bank of China RCF	USD	SOFR+0.45%	2023	125,600	457,812
SMBC RCF	USD	LIBOR+0.45%	2022	125,600	-
Mizuho Facility	USD	SOFR+0.4% Term	2023	550,000	2,004,750
Mizuho RCF	USD	SOFR+0.45%	2023	150,000	546,750
Banco do Nordeste do Brasil	BRL	2.18%	2039	294,996	201,206
Banco do Nordeste do Brasil	BRL	1.55%	2042	244,707	168,167
Banco do Nordeste do Brasil	BRL	1.96%	2042	242,293	166,104
Banco do Nordeste do Brasil	BRL	1.41%	2042	225,208	155,145

**22. Loans and borrowings (continued)****Loans and borrowings (secured) (continued)****Terms and repayment schedule (continued)**

As at 31 December 2022	Currency	Nominal interest rate	Year of maturity	2022	
				Face value	Carrying amount
Triodos Fixed Loan Facility A - 2015 TGF 017671	EUR	2.08%	2033	774	1,531
Triodos Fixed Loan Facility B - 2015 TGF 017698	EUR	2.08%	2033	13,904	24,033
Triodos Fixed Loan Facility A - 2016 TGF 018996	EUR	1.50%	2033	7,518	21,053
Triodos Fixed Loan Facility B - 2016 TBNL 2205373226	EUR	1.50%	2033	7,518	20,561
Triodos Fixed Loan Facility Brabant Zon - 2015 TGF 020028	EUR	2.08%	2033	3,498	8,925
Nebras Power QPSC	USD	1.10%	2025	370,000	1,341,357
Nebras Power QPSC	USD	0.75%	2024	150,000	546,225
Nebras Power Australia	AUD	1.00%	2024	375,000	930,346
Scythia Solar 1	EUR	6.65%	2024	2,915	7,566
Scythia Solar 2	EUR	8.00%	2025	10,521	28,164
Terslav	EUR	8.00%	2025	7,467	27,378
Sun Power Pervomaisk	EUR	6.54%	2024	1,782	5,496
Free-Energy Henichesk	EUR	4.22%	2024	3,521	9,378
Unamortised Cost					(43,991)
					<b>11,074,816</b>

As at the reporting date, all the existing hedging instruments which had exposure to US dollar LIBORs are transitioned and currently indexed to the Secured Overnight Financing Rate (SOFR) as part of the interest rate benchmark reform.

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

	2023	2022
Non-current portion	5,000,645	6,920,761
Current portion	1,817,647	4,154,055
	<b>6,818,292</b>	<b>11,074,816</b>

**23. Employees' end of service benefits**

	2023	2022
At 1 January	87,628	76,094
Acquired through business combination	-	6,183
Provision made during the year (1)	13,293	12,637
Payments made during the year	(8,655)	(7,286)
<b>At 31 December</b>	<b>92,266</b>	<b>87,628</b>

(1) The provision made for the year is included within staff costs in profit or loss (Note 27).

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.

**Qatar Electricity and Water Company Q.P.S.C.**

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**24. Trade and other payables**

	<b>2023</b>	2022
Trade payables	137,318	150,934
Accrued expenses	305,179	359,094
Dividend payable to shareholders	53,388	50,222
Social and sports support fund payable	60,922	37,408
Provision for claim received from KAHRAMAA (i)	139,482	139,482
Provision for staff costs	151	90
Other payables	219,952	194,867
	<u><b>916,392</b></u>	<u>932,097</u>

Notes:

- (i) In December 2020, the Group provided for claim received from KAHRAMAA of QAR 139.5 million related to capacity charges paid by KAHRAMAA to the Group, in excess of the plant's technical limit.

**25. Revenue**

**(a) Revenue streams**

The Group generates revenue primarily from the production and sale of water and electricity as per the power and water purchase agreements with the off takers in and outside the state of Qatar.

	<b>2023</b>	2022
Revenue from electricity	1,495,093	1,336,778
Revenue from water	1,341,173	1,308,905
<b>Total revenue</b>	<u><b>2,836,266</b></u>	<u>2,645,683</u>

**Operating lease revenue – capacity charges (IFRS 16)**

	<b>2023</b>	2022
Electricity	651,144	678,898
Water	1,108,247	1,041,774
	<u><b>1,759,391</b></u>	<u>1,720,672</u>

**Revenue from contracts with customers (IFRS 15)**

	<b>2023</b>	2022
Sale of electricity	843,949	657,880
Sale of water	232,926	267,131
	<u><b>1,076,875</b></u>	<u>925,011</u>

**(b) Disaggregation of revenue from contracts with customers**

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products, and timing of revenue recognition.

	<b>2023</b>	2022
<b>Primary geographical markets</b>		
Qatar	929,690	841,411
Latin America	106,676	62,120
Europe	40,509	21,480
	<u><b>1,076,875</b></u>	<u>925,011</u>

**25. Revenue (continued)****(b) Disaggregation of revenue from contracts with customers (continued)**

	<b>2023</b>	2022
<b>Timing of revenue recognition</b>		
Point in time (i)	890,752	862,125
Over time (ii)	186,123	62,886
	<u><b>1,076,875</b></u>	<u>925,011</u>

- (i) Revenue from sale of electricity and water are recognised at point in time.
- (ii) Revenue recognized over the period includes revenue from operations and maintenance which is recognised over the period of time upon satisfaction of the services to the customer using an output method. The Group applied the practical expedient which allows the Group to recognise the revenue in the amount to which the entity has a right to invoice as this corresponds directly with the value to the customer of the entity's performance completed to date.

**26. Cost of sales**

	<b>2023</b>	2022
Cost of gas consumed	1,120,578	972,872
Depreciation of property, plant and equipment (Note 5 (c))	335,205	281,677
Staff costs	167,921	173,475
Spare parts, chemicals and consumables	70,171	73,035
Others	208,417	168,059
	<u><b>1,902,292</b></u>	<u>1,669,118</u>

**27. General and administrative expenses**

	<b>2023</b>	2022
Staff costs (1)	138,738	113,637
Impairment of property, plant and equipment (Note 5 (D))	-	83,094
Impairment loss on financial assets	26,872	-
Insurance	10,287	13,978
Board of Directors' remuneration	17,875	11,750
Provision for slow moving inventories (Note 12)	477	10,975
Telephone postage and couriers	1,448	10,579
Depreciation of right-of-use assets (Note 6(a))	10,376	8,409
Consultancy and professional fees	31,845	7,925
Amortization of intangible assets (Note 7)	5,970	5,970
Depreciation of property, plant and equipment (Note 5 (C))	2,075	5,490
Repairs and maintenance	2,647	3,536
Recruitment and training expenses	2,858	3,257
Office expenses	9,697	2,657
Amortization of other assets (Note 10)	1,861	1,765
Board committee remuneration	1,030	1,030
Donations	1,000	1,340
Rent expense - short term lease	1,008	1,256
Subscription and licenses	814	885
Advertisement and public relation expenses	661	297
Miscellaneous expenses	17,661	9,974
	<u><b>285,200</b></u>	<u>297,804</u>

- (1) Staff costs includes a provision of QAR 13.3 million (2022: QAR 12.6 million) in respect of employees' end of service benefits (Note 23).

**Qatar Electricity and Water Company Q.P.S.C.**

**Notes to the consolidated financial statements  
As at and for the year ended 31 December 2023**

In thousands of Qatari Riyals

**28. Interest income**

	<b>2023</b>	2022
Interest earned on term and other call deposits	262,630	174,052
Interest income from related parties and others	49,276	2,645
	<u><b>311,906</b></u>	<u>176,697</u>

**29. Other income**

	<b>2023</b>	2022
Dividend income from equity investments at fair value through other comprehensive income (Note 9)	113,948	160,909
Secondment income	22,227	29,515
Miscellaneous income	147,028	77,203
	<u><b>283,203</b></u>	<u>267,627</u>

**30. Finance costs**

	<b>2023</b>	2022
Interest on bank loans	486,759	273,362
Interest on lease liabilities (Note 6(B))	13,709	2,199
Bank charges	6,834	11,972
	<u><b>507,302</b></u>	<u>287,533</u>

**31. Earnings per share**

**Basic earnings per share**

The calculation of basic earnings per share is arrived by dividing the profit attributable to the equity & ordinary shareholders of the Company for the year by the weighted average number of ordinary shares & outstanding during the year.

	<b>2023</b>	2022
Profit for the year attributable to owners of the Company	1,551,436	1,710,809
Weighted average number of ordinary and outstanding shares during the year (Number of shares in thousands)	<u>1,100,000</u>	<u>1,100,000</u>
Basic and diluted earnings per share (expressed in QAR per share)	<u><b>1.41</b></u>	<u>1.56</u>

**Diluted earnings per share**

For the parent Company, it has no potential dilutive shares, the diluted EPS equals to the basic EPS. 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.

**32. Dividends**

During the year, the Company declared and paid a cash dividend of QAR 0.95 per share totalling to QAR 1,045 million (2022: QAR 0.80 per share totalling to QAR 880 million). The proposed dividend amounting to QAR 946 million (QAR 0.86 per share) for the year ended 31 December 2023 will be submitted for formal approval at the next Annual General Meeting of the Company and not recognised as a liability as at 31 December 2023.

**33. Contribution to social and sports fund**

In compliance with Qatar Law No. 13 of 2008, the Company made an appropriation of QAR 35.9 million for the year ended 31 December 2023 (2022: QAR 37.6 million) to the Social and Sports Fund of Qatar. During the year, The Social & Sport Contribution Fund (Daam) claimed additional QAR 36.3 million from the Company pertaining to the previous years, which has been adjusted in the consolidated statement of changes in equity under retained earnings.

**34. Commitments and contingent liabilities**

	<b>2023</b>	2022
<b>(a) Contingent liabilities:</b>		
Corporate guarantees issued on behalf of joint ventures	951,207	568,287
Letter of credits	331,089	91,150
	<u><b>1,282,296</b></u>	<u>659,437</u>

**Other contingencies:**

(i) Ras Laffan Power Company Q.P.S.C.

During the previous year, The General Tax Authority ("GTA") issued a presumptive tax assessment for the financial year 2016, requiring the Company to pay additional taxes of QR 27.7 million (including penalty of QR 13.9 million). During the year, the company filed an objection to the GTA which was subsequently rejected. Accordingly, the Company appealed to the Tax Appeal Committee and the response is currently awaited. In addition, the GTA issued assessment for the financial year 2017, claiming additional QR 16.1 million (including penalty of QR 8.1 million). The Company has filed an objection to the GTA in January 2024 on the grounds that the assessment issued is not in accordance with the tax provisions (Law No. 24 of 2018 and Law No. 21 of 2009) and the response is awaited.

(ii) Salgueiro Solar Holding S.A. (Brazil)

During the previous year, the EPC contractor of the Salgueiro plants ("SNEF Brasil") filed for an arbitration against the company claiming extra costs on account of force majeure, additional works and owner caused delays (QAR 39.5 million). Subsequently, Salgueiro filed their rejections along with a counterclaim with the Arbitral Tribunal on the grounds of breach of contract and indemnification for the losses incurred from SNEF Brasil's failure to properly execute and complete the work as per the agreed terms (QAR 26. million). As at the reporting date, the parties have submitted their final statements to the Arbitral Tribunal and the response is awaited.

	<b>2023</b>	2022
<b>(b) Other commitments:</b>		
<i>Derivative financial instruments:</i>		
Interest rate swaps (notional amount)	537,787	1,092,348
	<u><b>537,787</b></u>	<u>1,092,348</u>

**35. Related party disclosures**

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

**a) Transactions with related parties included in the statement of profit and loss are as follows:**

	<b>Nature of the transactions</b>	<b>2023</b>	<b>2022</b>
<b>Shareholder:</b>			
QatarEnergy	Sale of desalinated water	-	7,659
	Cost of gas consumed	1,120,578	972,872
KAHRAMAA	Sale of electricity	1,354,303	1,336,778
	Sale of desalinated water	1,341,173	1,301,245
	Lease income from plant	74,954	75,730
<i>Equity-accounted investees:</i>			
Enersok FE LLC (Uzbekistan)	Interest income	35,748	126
NEC Energia	Interest income	7,954	-
Ras Girtas Power Company Q.P.S.C.	Secondment Income	7,638	7,651
Umm Al Houli Power Q.P.S.C.	Secondment Income	6,925	6,557
Qatar Power Q.J.P.S.C.	Secondment Income	5,253	5,211
Equitix Aragorn Holdco Ltd.	Interest income	2,128	-
Mesaieed Power Company Q.P.S.C.	Secondment Income	2,187	2,187
AM Solar B.V. /Jordan PSC	Interest income	1,207	1,229
IPM Asia Pte. Ltd.	Fee Income	783	20
Shams Ma'an Power Generation	Fee Income	382	-
Nebras-IPC Power Developments Limited	Fee Income	242	18
Siraj Energy Q.P.S.C.	Secondment Income	224	4,182
Minejesa Capital B.V.	Fee Income	182	82
NEKS Energy B.V.	Fee Income	143	-
Zonnerpark Mosselbank Terneuzen	Fee Income	123	95
PT Paiton Energy	Fee Income	26	26
AES Baltic Holdings B.V.	Fee Income	26	7
AM Solar B.V. /Jordan PSC	Fee Income	7	-
Zonnepark Duisterweg	Other expense	21	-
Minejesa Capital B.V.	Other expense	95	-
<i>Other related parties:</i>			
Amin Renewable Energy Company SAOC	O&M Agreement	70	35

**35. Related party disclosures (continued)**

**b) Loans receivable from related parties**

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

	2023	2022
At 1 January	60,702	-
Acquired through business combination	-	21,926
Additional loans during the year	589,603	38,776
Reclassification from Investee balance	506,174	-
<b>At 31 December</b>	<b><u>1,156,479</u></b>	<b><u>60,702</u></b>

Following are some of the major loans provided to the related parties in accordance with the following conditions:

- QR 21,926 thousand pertains to the loan granted to AES Jordan Solar. The loan carries an interest at 6% per annum and matures in December 2039.
- QR 8,186 thousand pertains to loan granted to NEC Energia through Nebras Power Investment Management B.V. The loan carries an interest of 8.75% per annum and matures in September 2049.
- QR 481,852 thousand pertains to the loan granted to Moorabool Wind Farm (North and South) through Nebras Power Australia Pty. Ltd. The interest on loan is indexed to the Bank Bill Swap Rate (BBSW) and carries an average interest of 4.5% to 5.5% per annum and matures on 20 December 2024.
- QR 607,859 thousand pertains to the loan granted to Equitix Aragorn by Nebras Power Investment Management B.V. The loan carries an interest of 7% per annum and is repayable on demand.

**c) Receivables from related parties**

	2023	2022
<i>Shareholder:</i>		
KAHRAMAA	658,254	558,835
QatarEnergy	14,373	933
<i>Equity-accounted investees:</i>		
Enersok FE LLC (Uzbekistan)	12,138	-
AES Jordan PSC	6,414	28
Equitix Aragorn Holdco Ltd.	2,128	-
Umm Al Houl Power Q.P.S.C.	1,921	4,726
Qatar Power Q.P.J.S.C.	1,488	1,818
Ras Girtas Power Company Q.P.S.C.	1,489	2,183
Mesaieed Power Company Limited Q.P.S.C.	1,015	1,082
Nebras-IPC Power Development Ltd	303	61
Zonnepark Mosselbanken Terneuzen B.V.	115	115
Siraj Energy Q.P.S.C.	-	538
Zonnepark Duisterweg	21	-
AES Oasis Ltd	18	-
IPM Asia Pty Ltd	19	19
AES Baltic Holdings B.V.	-	18
<i>Other related parties:</i>		
Others	8	6
	<b><u>699,704</u></b>	<b><u>570,362</u></b>

The above balances have arisen in normal course of business, and are of trading and financing nature, bear no interest or securities and are receivable on demand, hence classified as current. The above balances are included under trade and other receivables (Note 13).

**35. Related party disclosures (continued)****d) Payables to related parties**

	2023	2022
<i>Shareholder</i>		
KAHRAMAA	142,586	141,661
QatarEnergy	156,077	150,575
<i>Affiliates:</i>		
Others	9,463	56
	<u>308,126</u>	<u>292,292</u>

The above balances have arisen in normal course of business, and are of trading and financing nature, bear no interest or securities and are payable on demand, hence classified as current. The above balances are included under trade and other payables (Note 24).

**e) Compensation of key management personnel**

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

	2023	2022
Short term employee benefits	35,596	29,429
Long term employee benefits	-	-
	<u>35,596</u>	<u>29,429</u>

**36. Financial risk and capital management****a) Financial risk management**

The Group's principal financial liabilities, other than derivatives, comprise interest bearing loans and borrowings, lease liability, trade payables, accrued expenses and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets are bank balances and cash, finance lease receivable, loans receivables from joint ventures, trade receivables, accrued interest receivable and other receivables that derive directly from its operations. The Group also holds equity investments at fair value through other comprehensive income and enters into derivative transactions for hedging purposes. The Group's Board of Directors has 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 maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Group is exposed to market risk, credit risk and liquidity risk and policies for managing each of these risks are summarized below.

**36. Financial risk and capital management (continued)****a) Financial risk management (continued)****Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price risk 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 3(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.

The Group uses derivatives to hedge its interest rate risk. All such transactions are carried out within the guidelines set by the Risk Management Committee. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

**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 ("SOFR") from hedge counterparties for settlement of its floating rate interest liability under the RCF. IRS has been executed with 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.

**Managing interest rate benchmark reform and associated risks**

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORS) with alternative nearly risk-free rates (referred to as 'IBOR reform'). In 2023, the Group undertook amendments to most financial instruments with contractual terms indexed to US dollar LIBORs such that they incorporate new benchmark rates ("SOFR"). As at 31 December 2023, all the existing hedging instruments which had exposure to US dollar LIBORs are transitioned and currently indexed to the Secured Overnight Financing Rate ("SOFR").

The following table shows the total amounts of unreformed contracts as at 1 January 2023 and those reformed with appropriate fallback clause / transitioned rate as at 31 December 2023. The financial liabilities (loans and borrowings) are shown at their carrying amounts and derivatives are shown at their market value. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments were:

**31 December 2023**

*Financial liabilities*  
Loans and borrowings (carrying amount)  
*Derivatives*  
Interest rate swaps (market value)

USD LIBOR	
Total amount of unreformed contracts	Amount with appropriate fallback clause
-	6,861,512
-	36,795

**36. Financial risk and capital management (continued)**

**a) Financial risk management (continued)**

**Market risk (continued)**

*Interest rate risk (continued)*

31 December 2022

*Financial liabilities*  
Loans and borrowings (carrying amount)  
*Derivatives*  
Interest rate swaps (market value)

	USD LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause
	7,651,683	3,467,124
	78,954	-

Hedging relationships impacted by IBOR reform may experience ineffectiveness attributable to market participants' expectations of when the shift from the existing IBOR benchmark rate to an alternative benchmark interest rate will occur. This transition may occur at different times for the hedged item and hedging instrument, which may lead to hedge ineffectiveness. The Group has transitioned both the hedged item and the hedging instrument on the loan rest date in September 2023 and has measured its hedging instruments indexed to SOFR using available quoted markets rates of the same tenor and similar maturity and has measured the cumulative change in the present value of hedged cash flows attributable to changes in SOFR on a similar basis.

**Sensitivity**

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.

	Change in basis points	Effect on OCI	Effect on profit
<b>2023</b>			
<b>Floating interest rate instruments</b>			
Interest bearing loans and borrowings	+/-25 bps	-	+/- 17,154
<b>2022</b>			
Floating interest rate instruments			
Interest bearing loans and borrowings	+/-25 bps	-	+/- 27,797

*Equity price risk*

All the Group's equity investments are listed on the Qatar Exchange.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increases shown.

	Change in equity price	Effect on equity 2023	Effect on equity 2022
Quoted shares	<u>+ /(-) 10%</u>	<u>+ /(-) 201,732</u>	<u>+ /(-) 231,859</u>

## 36. Financial risk and capital management (continued)

## a) Financial risk management (continued)

**Market risk (continued)***Currency risk*

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables, payables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are disclosed in Note 3(c). The currencies in which these transactions are primarily denominated are Euro, USD and Brazilian Real.

*Exposure to currency risk*

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group are as follows:

	Foreign currency	Functional currency	2023	2022
Bank balances	EUR	USD	11,251	12,232
Bank balances	GBP	USD	2,938	-
Loans and borrowings	EUR	Hryvnia	(32,079)	(83,287)
Loans and borrowings	GBP	USD	607,859	-
<b>Statement of financial position exposure- net</b>			<b>589,969</b>	<b>(71,055)</b>

The following significant exchange rates have been applied during the current year:

	Average rate		Year-end spot rate	
	2023	2022	2023	2022
EUR – USD	1.08	1.05	1.10	1.07
EUR – Hryvnia	39.89	34.77	40.79	39.24
GBP – USD	1.24	-	1.27	-

*Sensitivity analysis*

A reasonably possibly strengthening (weakening) of the currencies against the others at the year-end would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profits or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2023		2022	
	strengthening	weakening	strengthening	weakening
EUR - USD (10% movement)	1,125	(1,125)	1,223	(1,223)
EUR – Hryvnia (10% movement)	(3,208)	3,208	(8,329)	8,329
GBP - USD (10% movement)	61,080	(61,080)	-	-
	<b>58,997</b>	<b>(58,997)</b>	<b>(7,106)</b>	<b>7,106</b>

The Group did not have significant exposure to currency risk during the previous year, as its majority of receivables and payables balances were held in QAR and USD.

**36. Financial risk and capital management (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 and arises principally from the Group's receivables from its customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate. The Group's maximum exposure to credit risk as at the reporting date is the carrying amount of its financial assets, which are as follows

	2023	2022
Trade receivables	688,398	633,855
Bank balances	3,782,033	8,116,896
Finance lease receivables	764,888	798,419
Loans receivable from related parties	1,156,479	60,702
Accrued interest receivable	43,641	58,591
Asset held-for-sale	-	236,327
Derivative assets	36,795	78,954
Other receivables	24,387	37,726
	<u>6,496,621</u>	<u>10,021,470</u>

**Trade receivables**

The Group has Power and Water Purchase Agreements (PWPA) with government companies, and non-government companies (private corporate customers) to whom the electricity is sold in the open market.

At 31 December 2023, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2023		2022	
	Not credit- impaired	Credit impaired	Not credit- impaired	Credit impaired
Government companies (1)	675,701	-	589,574	-
Non-government companies (2)	16,462	-	44,281	-
<b>Gross carrying amount</b>	<b>692,163</b>	-	<b>633,855</b>	-
Loss allowance	(3,765)	-	-	-
<b>Net carrying amount</b>	<b>688,398</b>	-	<b>633,855</b>	-

At 31 December 2023, the carrying amount of the trade receivables from the Group's most significant customer (KAHRAMAA, a Qatar based government company) was QAR 658.2 million (2022: QAR 558.8 million).

**(1) Expected credit loss assessment for government companies**

The Group performs expected credit loss assessment at each reporting date using an allowance matrix to measure its expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. The Group's trade receivables from government companies arise mainly from KAHRAMAA (see note above) and, consequently, the Group has credit concentration risk. Management believes that the credit concentration is not of significant concern, because KAHRAMAA is a government-controlled entity with high financial credibility and has never defaulted in the past. Furthermore, the credit risk of KAHRAMAA is negligible as it is backed by unconditional guarantee from the State of Qatar. As a result, the expected credit loss is determined to be insignificant from KAHRAMAA.

36. Financial risk and capital management (continued)

a) Financial risk management (continued)

*Credit risk (continued)*

(1) Expected credit loss assessment for government companies

On the remaining trade receivable balances from other government companies outside Qatar, the Group has determined that these customers have been transacting with the Group for over two years, and none of these government customers' balances have been written off or are credit-impaired at the reporting date, hence, the expected credit loss on these receivables is insignificant as of the reporting date.

The Group is monitoring the economic environment in Ukraine and is taking appropriate actions to limit its exposure. During the year, the Guaranteed buyer stopped clearing payments related to the plants (subsidiaries) which are in the occupied territories and accordingly, management provided fully for the receivables pertaining to these plants (Scythia 1, Scythia 2 and Free Energy Henichesk) amounting to QR 9.5 million. Subsequently, these subsidiaries were deconsolidated due to loss of control. On the remaining receivables pertaining to the plants in the unoccupied territories, management has assessed that the expected credit loss is not significant as of the reporting date.

(2) Expected credit loss assessment for non-government companies

The Group uses an allowance matrix to measure the expected credit losses from its non-government companies, which comprise of private corporate companies operating in a regulated market. Loss rates are based on actual credit loss experience over the past two to three years. These rates are multiplied by scalar 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. The Group has determined that since these private corporate companies operate in a regulated market, there has been no history of default in the past. Further, the Group has determined that none of its non-government customers' balances have been written off or are credit impaired as at the reporting date. Therefore, the expected credit loss on these receivables from non-government companies is considered to be insignificant.

The Group doesn't require collateral in respect of its trade receivables from government and non-government companies.

At 31 December 2023, the exposure to credit risk for trade receivables by geographic region was as follows:

	2023	2022
Qatar	658,513	533,148
Brazil	16,359	20,302
Netherlands	1,718	53,872
Ukraine	11,808	26,533
	<u>688,398</u>	<u>633,855</u>

Set out below is the information about the credit risk exposure on the Group's trade receivables using an allowance matrix:

31 December 2023	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.0%	420,414	-	-
1-30 days past due	0.0%	164,449	-	-
31-60 days past due	0.0%	42,858	-	-
61-90 days past due	0.0%	44,717	-	-
More than 90 days past due	19.09%	19,725	(3,765)	-
		<u>692,163</u>	<u>(3,765)</u>	<u>-</u>

**36. Financial risk and capital management (continued)****a) Financial risk management (continued)*****Credit risk (continued)***

31 December 2022	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit-impaired
Current (not past due)	0.0%	394,567	-	-
1-30 days past due	0.0%	211,832	-	-
31-60 days past due	0.0%	704	-	-
61-90 days past due	0.0%	274	-	-
More than 90 days past due	0.0%	26,478	-	-
		<u>633,855</u>	<u>-</u>	<u>-</u>

**Cash at bank and term deposits**

The Group held bank balances of QAR 3,782,033 thousand at 31 December 2023 (2022: QAR 8,116,971 thousand). Management considers that its cash at bank and term deposits have low credit risk based on external credit ratings of the counterparties, which are rated AA- to AA+, based on moody's ratings. Impairment on cash at bank and term deposits have been measured on a 12-month expected loss basis and reflects the short-term maturities of the exposures.

As at the reporting date, none of the bank balances were credit impaired. On the non-credit impaired balance, based on the expected credit loss (ECL) exercise performed by the management, the ECL was determined to be immaterial, therefore, no ECL on the cash and cash equivalents was recognised in these consolidated financial statements.

**Receivables from related parties, loans receivable, finance lease receivable and other receivables**

Management has performed detailed analysis on receivables from related parties, including loans receivable, finance lease receivable and other receivables and has determined the ECL to be insignificant, hence, no ECL is recognized on these balances as of the reporting date.

**Derivatives**

The derivatives are entered into with bank and financial institution counterparties, which are rated AA- to AA+, based on moody's ratings.

**Guarantees**

The Group's policy is to provide financial guarantees only for its affiliates' liabilities. At 31 December 2023 and 2022, the Company and one of its subsidiaries has issued guarantees to certain financial institutions in respect of credit facilities granted to its affiliate companies. Please also refer note 34.

***Liquidity risk***

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

**36. Financial risk and capital management (continued)****a) Financial risk management (continued)****Liquidity risk (continued)**

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

	Note	Carrying amounts	Less than 1 year	1 – 5 years	More than 5 years
<b>31 December 2023</b>					
Trade payables		137,318	137,318	-	-
Accrued expenses		305,179	305,179	-	-
Other liabilities		334,262	334,262	-	-
Lease liabilities		55,817	10,762	30,162	14,893
Interest bearing loans and borrowings (1)		6,818,292	1,817,647	2,407,300	2,593,345
		<b>7,650,868</b>	<b>2,605,168</b>	<b>2,437,462</b>	<b>2,608,238</b>
	Note	Carrying amounts	Less than 1 year	1 – 5 years	More than 5 years
<b>31 December 2022</b>					
Trade payables		150,934	150,934	-	-
Accrued expenses		359,094	359,094	-	-
Other liabilities		282,497	282,497	-	-
Lease liabilities		61,834	6,609	55,225	-
Interest bearing loans and borrowings (1)		11,118,807	4,198,046	2,990,696	3,930,065
		<b>11,973,166</b>	<b>4,997,180</b>	<b>3,045,921</b>	<b>3,930,065</b>

(1) The Group has secured project finance loans that contain 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.

**b) Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong capital base and healthy capital ratios in order to support its business and to sustain future development of the business. The Group manages its capital structure and makes adjustments to it, in light of economic conditions. The Board of Directors monitors the return on capital. No changes were made in the objectives, policies or processes during the year ended 31 December 2023.

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

Total equity is the equity attributable to owners of the Company.

	2023	2022
Total interest-bearing loans and borrowings	6,861,512	11,118,807
Cash and bank balances	(3,787,311)	(8,116,971)
Net debt	<b>3,074,201</b>	<b>3,001,836</b>
Equity attributable to owners of the Company	<b>14,886,333</b>	<b>15,123,761</b>
Total equity and net debt	<b>17,960,534</b>	<b>18,125,597</b>
Gearing ratio	<b>17.1%</b>	<b>16.6%</b>

**37. Fair values of assets and liabilities**

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. The Group's principal financial liabilities comprise interest bearing loans and borrowings, bank overdrafts, accounts payable, amounts due to related parties and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets comprise bank balances and cash, trade receivable, investments through OCI, amounts due from related parties and certain other receivables that arise directly from its operation.

**Fair value measurements**

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

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)

As at 31 December 2023, the Group held the following classes of financial instruments measured at fair value:

Derivative and non-derivative financial assets / (financial liabilities)	Classification	As at 31 December 2023		Fair value Hierarchy
		Carrying value	Fair value	
Cash and bank balances*	Amortised cost	3,787,311	-	-
Accounts and other receivables*	Amortised cost	856,257	-	-
Financial assets at fair value through OCI	FVOCI	2,017,318	2,017,318	Level 1
Loans receivable from a related party	Amortised cost	1,156,479	-	-
Derivative assets	FVOCI	36,795	36,795	Level 2
Disposal group held-for-distribution	Fair value less costs to sell	186,385	186,385	Level 3
Liabilities held-for-distribution	Other financial liabilities	(168,650)	(168,650)	Level 3
Interest bearing loans and borrowings	Other financial liabilities	(6,818,292)	(6,818,292)	Level 2
Lease liabilities*	Other financial liabilities	(55,817)	-	-
Accounts payable and accruals* (excluding derivative financial liabilities)	Other financial liabilities	(916,392)	-	-

**37. Fair values of assets and liabilities (continued)****Fair value measurements (continued)**

Derivative and non-derivative financial assets / (financial liabilities)	Classification	As at 31 December 2022		Fair value Hierarchy
		Carrying value	Fair value	
Cash and bank balances*	Amortised cost	8,116,971	-	-
Accounts and other receivables*	Amortised cost	778,536	-	-
Financial assets at fair value through OCI	FVOCI	2,322,763	2,322,763	Level 1
Loans receivable from a related party	Amortised cost	60,702	-	-
Derivative assets	FVOCI	78,954	78,954	Level 2
Assets held-for-sale	Fair value less costs to sell	236,327	236,327	Level 2
Disposal group held-for-distribution	Fair value less costs to sell	128,478	128,478	Level 3
Liabilities held-for-distribution	Other financial liabilities	(106,594)	(106,594)	Level 3
Interest bearing loans and borrowings	Other financial liabilities	(11,074,816)	(11,074,816)	Level 2
Lease liabilities*	Other financial liabilities	(61,834)	-	-
Accounts payable and accruals* (excluding derivative financial liabilities)	Other financial liabilities	(932,097)	-	-

\*These financial assets and financial liabilities are carried at amortised cost. The fair values of these financial assets and financial 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.

There is no in or out movement from Level 3 fair value measurements. The assets and liabilities classified under Level 3 category have been fair-valued based on the available information.

**Fair value sensitivity analysis**

The following table shows the sensitivity of fair values to 10% increase or decrease as at 31 December:

	2023	2022
Basis points	+/-1,000	+/-1,000
Effect on profit or loss (QAR '000)	+/-18,639	+/-36,480

*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.

**38. Asset held-for-sale***Disposal of an associate (Siraj Energy Q.P.S.C.)*

During 2022, the Group entered into share purchase agreement (SPA) with QatarEnergy, one of the related parties of the Group, to sell its 49% stake in Siraj Energy Q.P.S.C at a total consideration of US\$ 64.5 million i.e., QR 234.9 million. However, the finalization of the sale transaction was subject to the certain regulatory and approval of the shareholders of the Company, which were considered critical before the sale transaction could be completed. Hence, as at 31 December 2022, this investment was classified as asset held-for-sale in accordance with IFRS 5. During the year, the sale transaction was approved in the annual general meeting held on 14 March 2023 and the commercial registration was updated. Hence, the asset held for sale was derecognised and a profit of QAR 77,652 thousands was recognised which was mainly on account of reclassification of cash flow hedge reserve to the consolidated statement of profit or loss.

**39. Disposal group held-for-distribution**

During 2022, when the Group acquired Nebras Power Q.P.S.C., the assets acquired included a subsidiary, (Carthage Power Company or CPC) which is classified as a disposal group held-for-distribution, as management in the previous year made an assessment of CPC's ability to continue as a going concern as its concession agreement was coming to an end in May 2022. Hence, in accordance with the requirements of IFRS 5 'Non-current assets held-for-sale and discontinued operations', the results, assets and liabilities of the subsidiary are presented as a disposal group 'held-for-distribution'.

The Group holds 60% shares in the said subsidiary. Information regarding the assets and liabilities of the subsidiary is presented below

**i) Assets and liabilities of disposal group held-for-distribution**

	2023	2022
Property, plant and equipment	5	14
Deferred tax asset	-	1,570
Derivative financial instruments	-	350
Inventories	-	1,335
Trade and other receivables	177,107	113,992
Cash and cash equivalents	9,272	11,217
<b>Assets held-for-distribution</b>	<b>186,385</b>	<b>128,478</b>
Trade and other payables	168,650	71,204
Payables to related parties	-	35,390
<b>Liabilities held-for-distribution</b>	<b>168,650</b>	<b>106,594</b>

**ii) Cash flows from discontinued operations**

	2023	2022
Cash generated from operating activities	(882)	(26,774)
Cash generated from investing activities	9	4,931
Cash used in financing activities	-	-
Net change in cash and cash equivalents	(873)	(21,843)
Cash and cash equivalents at the beginning of the year	11,217	46,107
Effect of movements in exchange rates on cash held	(1,072)	(13,047)
Cash and cash equivalents at the end of the year	<b>9,272</b>	<b>11,217</b>

The loss from the discontinued operation of QAR 7,156 thousands (2022: profit of QAR 3,223 thousands) is attributable entirely to the owners of the Company.

**40. Loss of control of subsidiaries**

During the previous year, due to the conflict between Russia and Ukraine, impairment indicators were identified for Group's five solar power plants in Ukraine. The Group management applied significant judgment and assessed that these solar power plants are prone to risk of getting physically damaged in the near future and significant reductions in the future revenues and cash collections. Based on this significant judgment, management had fully impaired the carrying value of Nebras investment in Ukraine solar power plants which amounted to QAR 188 million. The impairment losses were allocated to goodwill to the extent of QAR 76.7 million and property, plant, and equipment to the extent of QR 111.3 million.

During the year, three solar plants (Scythia 1, Scythia 2 and FEH) located in Zaporizhzhia and Kherson regions came under Russian control. The plants are currently operated by the occupied militaries and the guaranteed buyer has stopped accepting the invoices issued from these three plants as the output is dispatched to and utilised by the occupied territories.

Therefore, considering that Nebras management does not have control over the production or direction of use, the Group management reassessed the control exercised over these three entities and concluded that it does not exercise the power over the investee on its own. Accordingly, management deconsolidated these three subsidiaries, derecognized the respective assets, liabilities, non-controlling interests and the share of foreign currency translation reserve accumulated on translation of these foreign operations to the presentation currency and recognized the net impact in the statement of profit or loss as given below:

	Note	Amount
Property, plant and equipment, net of accumulated depreciation and impairment	7	(37,568)
Trade receivables		(6,950)
Cash and bank balances		(12,995)
Other assets		(10,171)
Loans and borrowings		79,571
Trade payables		17,140
Share of Foreign currency translation reserve		<u>9,083</u>
Net assets derecognized		<b>38,110</b>
Non-controlling interests derecognized	21	139
<b>Profit on derecognition of subsidiaries</b>		<b><u>38,249</u></b>

Post deconsolidation, these three entities are recognized as financial assets measured at fair value through other comprehensive income as per IFRS 9 "Financial Instruments" (the fair value as at the reporting date is determined to be nominal), and the remaining two entities, namely, Terslav LLC and Sun Power Pervomaisk LLC continue to be subsidiaries as they are not in any occupied territories and are generating and dispatching energy as per the power Purchase Agreements.

**41. Acquisition of a subsidiary**

During the previous year, the Group had acquired additional 40% of the shares and voting interests in Nebras Power Q.P.S.C. ("Nebras") for a cash consideration of QAR 1.931 million. As a result, the Group's equity interest in Nebras increased from 60% to 100%, granting it absolute control of Nebras. The Group consolidated Nebras from 01 July 2022, which was determined to be the effective date of acquisition for consolidation.

Taking control of Nebras enabled the Group to expand its renewable energy interests outside Qatar and obtained significant influence and joint control over several power production facilities across multiple geographies.

**(a) Identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition.

	<b>Amount</b>
Equity accounted investees	3,501,579
Cash and cash equivalents	3,141,630
Loans and borrowings	(2,766,858)
Property, plant and equipment	1,655,122
Other assets	353,629
Other liabilities	(399,508)
Non-controlling interests	(145,970)
<b>Total net identifiable assets acquired</b>	<b><u>5,339,624</u></b>

Other assets and liabilities included right-of-use assets and lease liabilities, trade receivables and payables, derivative financial instruments, inventories, and others.

**(b) Gain on bargain purchase**

Gain on bargain purchase arising from the acquisition had been recognised in the previous year as follows:

	<b>Note</b>	<b>Amount</b>
Consideration transferred		1,931,850
Fair value of pre-existing interest in Nebras (60%)		3,203,774
Fair value of net identifiable assets acquired	41(a)	<u>(5,339,624)</u>
<b>Gain on bargain purchase</b>		<b><u>(204,000)</u></b>

(c) The remeasurement to fair value of the Group's existing 60% interest in Nebras resulted in a profit of QAR 50.9 million in the previous year.

**42. Operating segments****a) Basis for segmentation**

Operating Segments align with internal management reporting to the Group's chief operating decision makers. The Group manages its operations in two segments, Operations in Qatar and Operations outside Qatar. These segments offer the same products (Power and Water) but they are managed separately.

Operations in Qatar	Stable business environment and caters to the needs of the off-takers in the State.
Operations outside Qatar	Focus on the expansion of the Group's presence in the global energy markets.

The Group's Managing director reviews the internal management reports of each division on a monthly basis

## 42. Operating segments (continued)

## b) Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) for the period is used to measure performance because management believed that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same business.

Information related to each reportable segment as of the reporting date is set out below:

	Operations in Qatar	Operations outside Qatar	Consolidated financial statements
<b>For the year ended 31 December 2023</b>			
External revenue	2,764,035	147,185	2,911,220
Inter-segment revenue	99,741	-	99,741
<b>Segment revenue</b>	<b>2,863,776</b>	<b>147,185</b>	<b>3,010,961</b>
<b>Segment profit before tax</b>	<b>1,298,664</b>	<b>262,807</b>	<b>1,561,471</b>
Depreciation and amortisation – net of reversals	(286,859)	(66,767)	(353,626)
Finance costs	(289,823)	(217,479)	(507,302)
Interest income	129,664	182,242	311,906
Share of results from equity-accounted investees	399,166	273,118	672,284
Income taxes	(1,174)	7,211	6,037
<i>Other material items of income and expense</i>			
Gain on disposal of asset held for sale	77,652	-	77,652
Dividend income	113,948	-	113,948
Other income	54,613	114,642	169,225
<b>As at 31 December 2023</b>			
<b>Segment assets</b>			
Property, plant and equipment	4,251,067	1,606,730	5,857,797
Investment in equity-accounted investees	4,014,759	4,289,876	8,304,635
Cash and bank	1,618,518	2,168,793	3,787,311
Other assets	3,725,852	1,614,151	5,340,003
	<b>13,610,196</b>	<b>9,679,550</b>	<b>23,289,746</b>
<b>Segment liabilities</b>			
Loans and borrowings	3,310,190	3,508,102	6,818,292
Other liabilities	899,903	362,925	1,262,828
	<b>4,210,093</b>	<b>3,871,027</b>	<b>8,081,120</b>

42. Operating segments (continued)

b) Information about reportable segments (continued)

	Operations in Qatar	Operations outside Qatar	Consolidated financial statements
For the year ended 31 December 2022:			
External revenue	2,637,813	83,600	2,721,413
Inter-segment revenue	114,482	-	114,482
<b>Segment revenue</b>	<b>2,752,295</b>	<b>83,600</b>	<b>2,835,895</b>
<b>Segment profit before tax</b>	<b>1,644,373</b>	<b>105,191</b>	<b>1,749,564</b>
Depreciation and amortisation – net of reversals	(258,315)	(42,863)	(301,178)
Finance costs	(221,958)	(65,575)	(287,533)
Interest income	119,401	57,296	176,697
Share of results from equity-accounted investees	508,330	161,088	669,418
Income taxes	-	2,339	2,339
	<b>Operations in Qatar</b>	<b>Operations outside Qatar</b>	<b>Consolidated financial statements</b>
<i>Other material items of income and expense</i>			
Loss on disposal of asset held for sale	(86,084)	-	(86,084)
Impairment of property, plant and equipment	(83,094)	-	(83,094)
Impairment of slow moving and obsolete inventory (net of reversals)	71,024	-	71,024
Reversal of excess depreciation on property, plant and equipment	39,674	-	39,674
Dividend income	160,909	-	160,909
Bargain purchase gain arising on business combination	204,000	-	204,000
Step-up acquisition gain on deemed sale of a joint venture	50,948	-	50,948
As at 31 December 2022:			
<b>Segment assets</b>			
Property, plant and equipment	4,508,806	1,575,441	6,084,247
Investment in equity-accounted investees	4,604,138	4,300,542	8,904,680
Cash and bank balances	4,800,425	3,316,546	8,116,971
Other assets	4,292,825	410,770	4,703,595
	<b>18,206,194</b>	<b>9,603,299</b>	<b>27,809,493</b>
<b>Segment liabilities</b>			
Loans and borrowings	7,412,181	3,662,636	11,074,817
Other liabilities	848,111	406,988	1,255,099
	<b>8,260,292</b>	<b>4,069,624</b>	<b>12,329,916</b>

c) Geographic information

The Group's operations in Qatar constitutes to 95% (2022: 97%) of consolidated revenue and 85% (2022: 94%) of the consolidated profits for the period, and 59% (2022: 65%) of the consolidated total assets as of the reporting period. Outside Qatar, the Group has operations through its controlled subsidiaries in Brazil, Netherlands, Australia and Ukraine, and through its associates and joint ventures in Indonesia, Jordan, Australia, Oman and other geographies.

**42. Operating segments (continued)**

**d) Major customers**

In the state of Qatar, the Group produces power and water as per the Power and Water Purchase Agreement (PWPA) with the Off takers (KAHRAMAA and QatarEnergy). Outside Qatar, the Group has similar agreements with the local government authorities, and also sale electricity in the open market to private corporate customers.

**43. Comparative information**

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.

**44. Subsequent events**

There were no material subsequent events after the reporting date, which have bearing on the understanding of these consolidated financial statements.