نبـــراس للطاقة
Nebras Power

2017

— ANNUAL REPORT —

PIONEERING FUTURE ENERGY

Contents

His Highness

Sheik Hamad Bin Khalifa Al Thani

Father Emir

His Highness

Sheik Tamim Bin Hamad Al Thani

Emir of the State of Qatar

Business Overview

Who we are

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

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

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

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

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

Over the last 3 years we have developed an investment portfolio of 6 power generating assets totaling approximately 1.1 GW (Net), around 3 geographies in Middle East and South-East Asia, delivering on our strategy and business plan. We are just at the beginning of our journey.

We have built a highly professional management team with extensive years of experience in the power and utilities sectors. The management team has a mix of global, regional and local experience to ensure full alignment with shareholders and global knowledge of the power sector. We have the ambition and the strategic target to build a portfolio exceeding 11 GW net by 2027, well balanced in terms of technology mix, market geographies and off-taking arrangements.

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

Our Vision

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

Our Mission

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

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

Our Values

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

Our Shareholders

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

Qatar Electricity and Water Company

QEWC is the national power and water company of the State of Qatar. The company was founded in 1990 with the purpose of owning and operating power generation and water desalination plants in Qatar, and selling their output to the sole state-owned off taker Qatar General Electricity and Water Corporation ("Kahramaa"). QEWC is majority (52%) owned by the State of Qatar and listed on Doha stock exchange. QEWC is rated A1 by Moody's.

QEWC is the second-largest utility in the Middle East and North Africa region. The company owns 13 assets of power and desalination plants with a capacity of over 7,300 MW (net) of Power generation and 411 MIGD (net) of water desalination. QEWC fully operates and maintains 8 of its assets, which it owns 100% and leads the operation and maintenance of other 5 assets where it holds majority ownership.

QEWC is the main supplier for electricity and desalinated water in Qatar with a market share of 62% of electricity and 79% of water. Over the last decade, the company has witnessed remarkable growth in line with the rapid development of the Qatari economy and the increase of population, which has in turn increased the demand for electricity and water.

Qatar Holding

Qatar holding (QH) is a global investment house established in 2006, founded by the Qatar Investment Authority (QIA), Qatar's Sovereign Wealth Fund and licensed by Qatar Financial Centre Authority (QFCA). QH invests internationally and locally in strategic private and public equity as well as in other direct investments.

The QIA is structured to operate at the very highest levels of global investing. As a world class investor, the QIA adheres to the strictest financial and commercial disciplines. It has a strong track record of investing in different asset classes, including listed securities, property, alternative assets and private equity in all the major capital markets as well as the newer emerging markets.

QH investment portfolio includes some of the world's most prestigious institutions covering a wide range of industry sectors in more than 30 countries across all continents.

Chairman's Letter

> *Nebras at the critical juncture of global energy transformation, growing importance of natural gas, and move towards knowledge-based economy.*

Mr. Fahad Hamad Al-Mohannadi

2017 was a year that saw not only a lot of challenges to society, both for Qatar and for the global community as a whole, but also provided a number of solutions to these challenges. It also brought to us a number of opportunities for new growth. On the global arena, we continued to see the ongoing transformation and convergence of the power industry and the energy industry, together with more choices for the energy consumer. All these developments carry implications for the development of Qatar's economy and its transformation over the future decades.

The transformation of power and energy industries we are witnessing is nothing short of revolutionary. It is beginning to disrupt simultaneously almost every facet of our daily lives, increasingly mirroring the earlier Information Technology evolution in terms of its impact on humanity. Stakeholder engagement is increasingly essential within our sector to assure the sustainable development and socio-economic contributions in the markets we serve.

For Qatar, this transformation takes place in parallel to the ongoing and highly desirable shift from a resource-based economy to a knowledge-based one. Taking advantage of diversity and inclusion this shift – both policy-driven and natural - is of primary strategic importance for Qatar as it frees the country from its heavy reliance on hydrocarbon resources and enables the young generation of Qataris to acquire skills and experience that will let the country continue to prosper in the long run, even as both the availability and importance of hydrocarbons diminish. However, export of natural gas will clearly remain of critical importance to the country for many years to come.

In this context, Nebras has a leading role to play as, uniquely within Qatar, it finds itself at the confluence of three trends that will impact not only Qatar, but our entire planet: first, transformation of energy generation away from coal and oil and toward renewables, second, growing role for clean natural gas and three, and move toward knowledge-based economy.

Nebras is expected to play a critical role within these three major trends by working in collaboration with our partners. The first trend - the move away from hydrocarbons toward renewable power generation - means that hundreds of new renewable power plants around the world will need to be built while others would need to be repowered with cleaner fuel. Both construction of new-built generation and repowering of old plants will create new investment opportunities for Nebras. Importantly, the accelerating adoption of electric vehicles will mean road transport moving away from oil. This will result in massive new source of demand for electricity, further opening new opportunities for Nebras.

Thus we see a bright future for Nebras as one of the main growth vehicles for Qatar, generating returns for future generations.

The second trend in which Nebras is central, is equally if not even more important. It is the growing role of clean natural gas in the global economy. Renewables by nature are not a baseload generator but only an intermittent provider of electric power. With continuing retirement of oil and coal generation there is already a growing need for fast-start, clean generation that can supplement renewables and also operate full-time as baseload when needed. This is a role for which natural gas is an ideal fuel, and – considering that not every country has access to gas – for Qatari gas exports and, potentially, ownership of the entire value chain, from the gas well to the individual electricity consumer.

Clearly, Nebras has a critical role to play in this aspect and development of such value chain, to ensure the grass-root demand for Qatari gas, from around the globe and for the decades to come.

The third aspect in which Nebras is already playing an important role is the transition to knowledge-based circular economy. The essence of Nebras and its value to Qatar and its people is smart investment and equally smart development of power generation assets and energy value chains. This is a high-value added activity which is typical of highly developed stakeholder driven economies. Economies of Singapore, Hong Kong, or London – or even larger economies like Denmark, or Netherlands - create huge amounts of wealth from activities and companies similar to Nebras. These places have limited natural resources. They thrive on exploring new trends, technologies, and knowledge-based activities. Whether investment management, education, asset development, or technological innovation, today all are knowledge-based assets that can be exported globally. While Qatar will likely generate wealth from the exports of its natural resources for many years to come, an integrated growth of a parallel knowledge-based economy, with an equally global scope, is a critical necessity.

Again, Nebras' intentions to become one of the leading players in the global power industry, is - I believe - a key element of Qatar's transition to this new knowledge-based economy.

In short approximately 4 years since its inception, Nebras has established a sterling reputation with stakeholders in the global arena, can boast a highly competent pool of experts in its specialized field, and acquired a growing portfolio of good investment assets. Going forward, I believe that Nebras will play an ever-growing and important role in the national energy and water strategy, contributing to the fulfillment of Qatar's national vision as a highly-developed nation with an economy based on knowledge.

Fahad Hamad Al-Mohannadi
Chairman

CEO's Message

> *Consolidating success, building for the future.*

Mr. Khalid Mohammed Jolo

The past year 2017 has been for Nebras a year of consolidation of its achievements. We recorded a strong financial performance with significant year-on-year growth, with Revenue and Net Income having registered a substantial increase as compared to the previous year, thanks to the excellent performance of our increased asset portfolio. One of the key corporate achievements in 2017 has been the successful arrangement and execution of a multibillion dollar financing by Minejesa Capital B.V. a joint venture owned 35% by Nebras Power. The objective of this joint venture is to invest in power projects internationally and to raise financing in the global financial markets for such projects. The financing package consisted of $900 million 20 year amortizing bond, $1.2 billion 13 year amortizing bond and a 6 year $650 million corporate loan facility. Moody's and Fitch both assigned investment grade ratings to the bonds. This benchmark transaction represents the first project bond for an Asian credit in the international debt capital markets for more than a decade and is one of the largest transactions in recent times in the project bond space. This transaction has been recognized and awarded by a number of the leading project finance bodies including PFI's "Asia Pacific Bond Deal of the Year, 2017".

Also, on the front of growth in human capital we managed to score a similar success, increasing head count by 29%, again securing the essential and much needed resources to tackle a large number of projects that we are processing, bidding for, and developing.

Investing in these essential financial and human capital resources will allow us to accelerate our growth going forward. By growing our human capital, we also significantly increased our core competencies in a number of areas, growing our collective knowledge and expertise as an organization. Nebras is now better equipped to deliver the required asset portfolio performance.

The past year also brought challenges, primarily in our focus MENA region. The GCC political crisis that started in June 2017 prevented us from closing several important acquisitions that were nearly completed, and which would have allowed us to add more than 890MW of net capacity, a number which would have exceeded Nebras' ambitious annual target of 800MW of net capacity growth.

Consequently, after June 2017 Nebras refocused its effort even more on growing our business in the South East Asian, African and Latin American markets, which are of significant importance for Nebras. In the global context and outside of MENA, these are the markets that continue to provide a desired combination of demand growth (and therefore continuous need for new capacity) and long-term contracted offtake arrangements. Following this strategy, Nebras has analyzed and issued bids for a number of opportunities in South East Asia, Latin America and Africa. These bids covered a large spectrum of assets and geographies, from a large South East Asian renewables portfolio spanning through Japan, India, the Philippines, Thailand, Indonesia and Australia, to solar and wind assets in Brazil, Chile and South Africa, to combined cycle assets in Thailand, West Africa and the United States. We expect the results of these bids, for some of which Nebras has been shortlisted, to materialize in early 2018.

In 2017, we also were successful in accelerating the progress of the Medan (Sumbugut) 800MW greenfield gas-to-power development in Indonesia. We have also achieved significant progress in the greenfield development of a 40MW solar plant in Jordan.

What is notable to mention here is the growing role of renewables and clean natural gas assets in both Nebras' portfolio and our bid spectrum. This reflects both the global profile of new IPP developments, increasingly dominated by solar and wind assets, and also our objective of balancing our asset portfolio.

Looking forward to 2018, Nebras plans to continue this path of strong growth, moving forward toward its stated objective of becoming one of the leading global investors and developers in the power generation and water desalination industries. As mentioned in last year's address, our past success and present efforts need to be measured against the backdrop of revolutionary changes and challenges in the power industry. Move away from thermal generation toward renewables, related challenges for grid stability; erosion of the concept of utility-scale, centralized power plants toward local end-user-tailored solutions; and finally entry of new classes of investors such as pension funds and yield companies, with their aggressive pricing, into the investment universe previously dominated by large international industry players, are all dramatic changes that demand new understanding of the markets, strategy and valuations, in face of fierce competition for attractive assets. Importantly, growing our development capability, which by practice needs to be located in the local markets, becomes an even more critical need for our company.

To summarize, 2017 has been a good year to consolidate our successes, boost our financial and human capital and sow the seeds for future growth. I wish Nebras and our team a lot of success in the coming new year 2018.

Khalid Mohammed Jolo
CEO

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

Sector Overview

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

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

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

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

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

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

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

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

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

Our Strategy

We invest globally in power generation, sourcing and logistic of fuel, water desalination, water treatment, district cooling/heating projects.

We are a strategic investor and we pursue long-term value creation. We aim at maximizing shareholder returns in the context of an acceptable risk profile.

We target to achieve a well-balanced investment portfolio in terms of technology mix, markets, merchant exposure, and greenfield developments vs. M&A.

We target to secure significant governance rights over investees through either direct control or an acceptable level of influence over management, operations and cash flow generation.

We want to develop and grow key technical, commercial, market, management competences and expertise across all technologies and target markets.

We adopt financial discipline while pursuing growth. We aim at maintaining at all times a stand-alone investment grade credit rating.

We want to build successful long-term relationships with strategic partners (utilities, power developers, EPC, OEM, O&M providers, financial institutions) for developing opportunities in target markets.

Our Board of Directors

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

Fahad Hamad Al-Mohannadi

CHAIRMAN

Appointed Chairman to the Board in February 2014.

Career and Experience

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

Qualifications and Recognitions

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

Khalid Mohammed Jolo

CHIEF EXECUTIVE OFFICER

Elected as CEO in February 2014.

Appointed to the Board in December 2014.

Career and Experience

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

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

Qualifications and Recognitions

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

Issa S. Al-Ghanim

DIRECTOR

Appointed to the Board in February 2014.

Career and Experience

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

Qualifications and Recognitions

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

Abdulsattar Al-Rasheed

DIRECTOR
Appointed to the Board in February 2014.

Career and Experience

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

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

Qualifications and Recognitions

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

Mohammed Al-Hardan

DIRECTOR
Appointed to the Board in June 2015.

Career and Experience

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

Qualifications and Recognitions

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

Abdul Majeed Al-Reyahi

DIRECTOR
Appointed to the Board in May 2017.

Career and Experience

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

Qualifications and Recognitions

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

Fahad A. Al-Mana

DIRECTOR
Appointed to the Board in February 2014.

Career and Experience

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

Qualifications and Recognitions

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

Jamal Al-Khalaf

DIRECTOR
Appointed to the Board in May 2017.

Career and Experience

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

Qualifications and Recognitions

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

Sultan Al-Saadi

DIRECTOR
Appointed to the Board in May 2017.

Career and Experience

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

Qualifications and Recognitions

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

Sheikh Ahmed Bin Fahad Al-Thani

DIRECTOR

Appointed to the Board in May 2017.

Career and Experience

Sheikh Ahmed Bin Fahad Al-Thani is an Associate in the Infrastructure Department at Qatar Investment Authority ("QIA"). He joined QIA in 2013. Sheikh Ahmed serves as a non-executive director on various boards for several QIA investments including, Heathrow Airport Holdings Limited (London, United Kingdom) and Pulkovo International Airport (St. Petersburg, Russia). He also serves as an alternate director on the board of Cadent Gas Limited (United Kingdom).

Qualifications and Recognitions

Sheikh AL-Thani holds a Bachelor of Science in Business Administration degree from Carnegie Mellon University. He is a Qatari national.

INVESTMENT PORTFOLIO

Nebras Gross Capacity

4,748.5MW

Nebras Net Capacity

1,095MW

- **3** Countries
- **6** Assets

Portfolio Overview

Over the last three years Nebras has built a power investment portfolio of 1,095 MW underpinned by solid contractual and off taking structures and able to deliver highly visible cash flows, stable return on investment and strong financial position. Our management constantly and effectively monitors our investments to ensure safe and efficient operations, sustainable risk profile and, in turn, protection of the underlying value of our portfolio.

Current Nebras assets include:

Asset	Capacity	Others Partners
AM Solar **Jordan** **(24%)**	**40** Solar Gross Capacity (MW)	36% AES Jordan 40% Mitsui & Co
Shams Ma'an Power Generation **Jordan** **(35%)**	**52.5** Solar Gross Capacity (MW)	35% Mitsubishi 30% Kawar
Amman East **Jordan** **(23.4%)**	**370** CCGT Gross Capacity (MW)	36.6% AES Corp 40% Mitsui & Co
IPP4 **Jordan** **(24%)**	**241** Gas Gross Capacity (MW)	36% AES Corp 40% Mitsui & Co
Phoenix Power Company **Oman** **(9.8%)**	**2,000** CCGT Gross Capacity (MW)	32.5% Marubeni 19.5% Chubu 3.25% Multitech 35% Free float
Paiton Energy **Indonesia** **(35.5%)**	**2,045** Coal Gross Capacity (MW)	45.5% Mitsui & Co. 14% JERA 5% BHP

OPERATIONAL

UNDER CONSTRUCTION

35.5%

Equity stake in Paiton Energy is owned by Nebras

2,045 MW

Other Partners:

Mitsui & Co	45.5%
Jera Co.	14%
PT Batu Hitam Perkasa	5%

Paiton Energy Indonesia

- Paiton Energy is one of the largest independent power producers ("IPP") in Indonesia; with 2,045 MW generating capacity (representing c.4% of installed capacity in Indonesia), and c.13,500 GWh of annual power output.
- Paiton Energy operates three power generating units (P7, P8 and P3) at the Paiton Power Complex in East Java.
- P7 and P8 commenced commercial operations in 1999 and P3 in 2012.
- All electricity produced and the capacity made available by Paiton is purchased by PLN under a long-term Power Purchase Agreement ("PPA") until 2042.
- The plants are operated and maintained by Paiton Operation & Maintenance Indonesia ("POMI").

9.8%

Equity stake in Phoenix Power Company is owned by Nebras

2,000MW

Other Partners:*

Marubeni	32.5%
Chubu	19.5%
Multitech	3.25%

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

Phoenix Power Company
Sultanate of Oman

- Phoenix Power Company owns and operates the largest independent power producer ("IPP") in Oman, Sur Power generating facility

- Sur IPP has 2,000 MW of gas fired power generating capacity (representing c.28% of the installed capacity in Oman).

- The power station comprises of 5 gas turbines and 3 steam turbines and it has started commercial operations in 2014.

- All the electricity produced and the capacity made available by Sur IPP is purchased by Oman Power and Water Procurement Company (OPWP) under a long term Power Purchase Agreement ("PPA") until 2029.

- The plant is operated and maintained by Phoenix Operation & Maintenance Company.

23.4%

Equity stake in Amman East is owned by Nebras

370MW

Other Partners:

AES Corp	36.4%
Mitsui & Co	40%

Amman East
Jordan

- Amman East IPP is the first independent power producer ("IPP") in Jordan.
- Amman East owns and operates a 370 MW gas fired power generating facility.
- The power plant comprises of 2 gas turbines and 1 steam turbines and it has started its commercial operation in 2009.
- All the electricity produced and the capacity made available by Amman East IPP is purchased by National Electric Power Company (NEPCO) under a long term Power Purchase Agreement ("PPA") until 2034.

24%

Equity stake in IPP4
is owned by Nebras

241 MW

Other Partners:

AES Corp	36%
Mitsui & Co	40%

IPP4
Jordan

- IPP4 is the fourth independent power producers ("IPP") in Jordan.
- IPP4 owns and operates a 241 MW multi fuel power generating facility.
- The power plant comprises of 16 Wartsila tri-fuel turbines and it has started its commercial operation in 2014.
- All the electricity produced and the capacity made available by IPP is purchased by National Electric Power Company (NEPCO) under a long term Power Purchase Agreement ("PPA") until 2036

35%

Equity stake in Shams Ma'an is owned by Nebras

52.5MW

Other Partners:

Mitsubishi	35%
Kawar	30%

Shams Ma'an Power Generation Jordan

- Shams Ma'an is the largest Solar Photovoltaic independent power producers ("IPP") in Jordan.
- Shams Ma'an owns and operates a 52.5 MW solar farm power. The plant has started its commercial operation in 2016.
- All the electricity produced and the capacity made available by Shams Ma'an IPP is purchased by National Electric Power Company (NEPCO) under a long term Power Purchase Agreement ("PPA") until 2040.

24%

Equity stake in AM Solar Jordan is owned by Nebras

40MW

Other Partners:

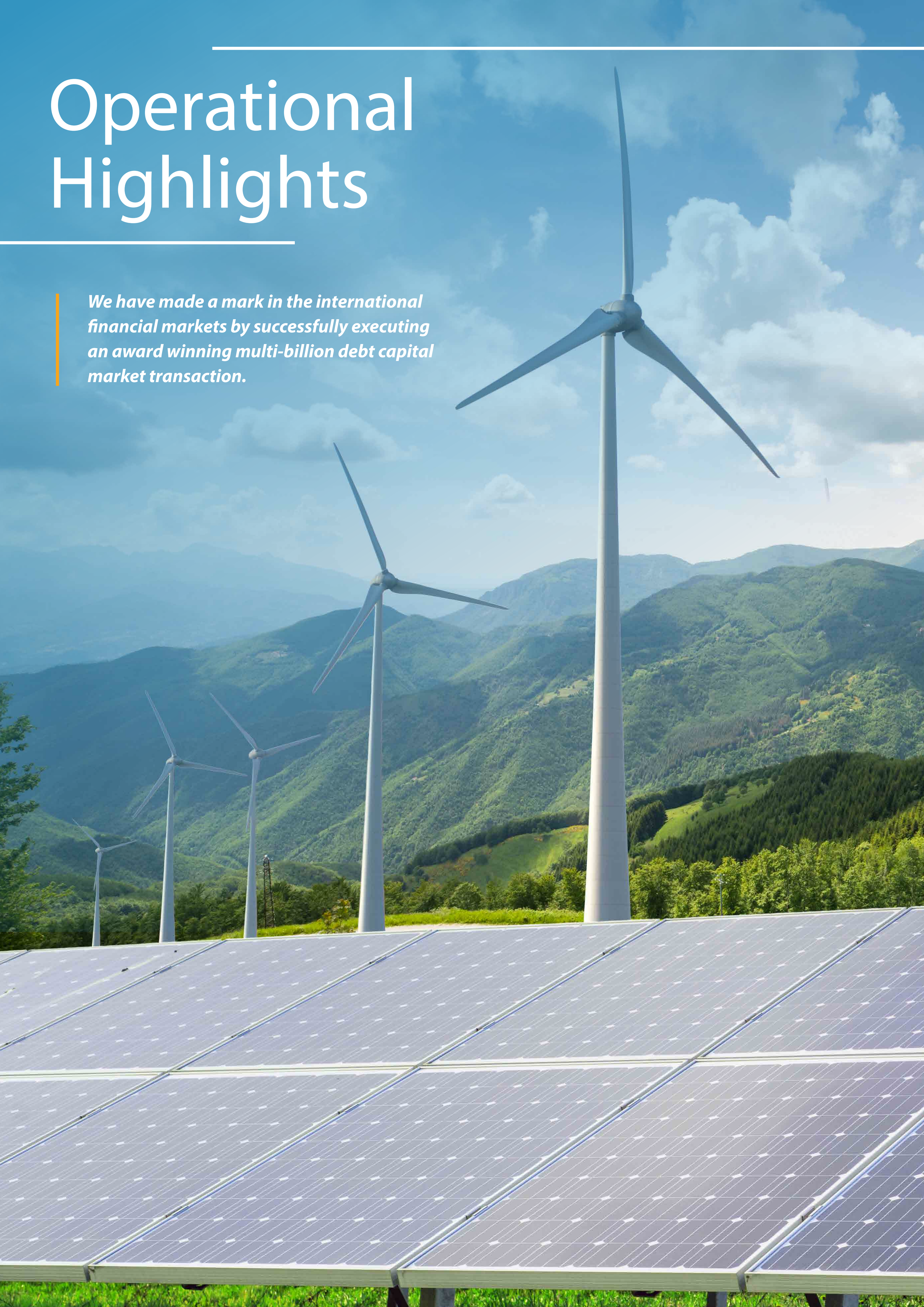
AES	36%
Mitsui & Co	40%

AM Solar Jordan

- AM Solar is a 40 MW solar plant under construction and Commercial Operation Date is targeted 2nd quarter of 2019.
- All the electricity produced and the capacity made available by AM Solar IPP is purchased by National Electric Power Company (NEPCO) under a long term Power Purchase Agreement ("PPA") until 2037.

Operational Highlights

We have made a mark in the international financial markets by successfully executing an award winning multi-billion debt capital market transaction.



Business Development

During 2017, Nebras Power has pursued many business opportunities, both greenfield and acquisition of operating assets. These opportunities were in line with the company's corporate strategy, with target assets located in focus geographies, and comprising conventional and renewable power generation capacity.

Some of the highlights of 2017 include the development of AM Solar project (40 MW) in Jordan where the company concluded and signed the shareholders agreement with AES Corporation. The consortium signed the PPA, LLA, GG and EPC contract for the project and was in final stages of negotiation for the financing of the project with the lenders. In addition, Nebras Power signed the HoA for the Medan (Sumbagut) gas to power project (800 MW) with its partner PJB and the off-taker PLN and formally kicked off the development activities for the project. Also, the Company signed services agreement with Qatar Fund for Development for projects in Libya and Yemen.

During 2017 the company has set up a robust investment governance framework. New investment strategy, policy, and operating procedures were established and approved by the Board of Directors, defining guidelines for investment decision-making processes which are aligned with the corporate strategy and consistent across all investment opportunities.

The blockade imposed on Qatar by some GCC countries in 2017 caused Nebras to lose two investment opportunities, which were in final closing stage and the withdrawal from two new greenfield projects that were being tendered. However, Nebras Power was successful in pursuing investment opportunities in other markets, which should be realized in 2018.

Demands for power generation keeps growing in different geographies where Governments are increasingly seeking private sector participation in the power sector to meet demand (e.g. South East Asia, Africa and Latin America). Also, while merchant markets are growing up, there is an increasing pressure on regulators to introduce capacity payment schemes to support long term returns. All of that is being factored in by Nebras Power business plan and investment strategy.

Nebras Power has also augmented its development team with additional talented experts to support its growth.

Asset Management

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

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

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

Financial Management

In 2017 Nebras Power has made significant efforts to enhance its financial management internal capabilities and to develop a best-in-class finance organization, aimed at effectively supporting the achievement of the company's strategic goals. Major progress has been made in 2017 with regard to:

- The company's finance operating model has been fully deployed and a robust internal control and governance framework has been developed underpinned by operational policies and procedures that were developed and implemented for all major functional areas.
- A robust financial risk management system has been developed aimed at identifying, assessing and managing key company's financial risks.

From a capital structuring perspective and in order to support sustainable growth, the long-term financing strategy has been developed and incorporated into the 10-year business plan approved by the Board of Directors. Nebras Power targets to have non-recourse financing to fund its development projects. The company also utilizes corporate financing to optimize cost of capital, secure long-term growth and maximize shareholders value. The targeted level of corporate debt is consistent with maintaining an internally assessed stand-alone investment grade credit rating. This assessment is performed in accordance with the methodologies adopted by major credit rating agencies.

Nebras has continued to actively establish and develop solid relationships with domestic and international banking institutions, ECAs and multilateral agencies across the Middle East, Africa, Asia, Europe, and the United States. These activities are essential to promoting the company's image and appeal in the local and international financial markets as well as getting visibility on banks' capabilities and service offerings in support of Nebras's international business development efforts. One of the highlights of 2017 has been the incorporation of Minejesa Capital B.V. and arrangement and execution of its first successful debt financing. Minejesa Capital B.V. is a joint venture owned 35% by Nebras Power with three other partners. The objective of this joint venture is to invest in power projects internationally and to raise financing in the global financial markets for such projects. In August 2017, Minejesa Capital B.V. achieved successful financial close in respect of $2.75 billion multi sourced non recourse debt financing package, which consisted of $900 million 20 year amortizing bond, $1.2 billion 13 year amortizing bond and a 6 year $650 million corporate loan facility. Moody's and Fitch both assigned investment grade ratings to the bonds. This benchmark transaction represents the first project bond for an Asian credit in the international debt capital markets for more than a decade and is one of the largest transactions in recent times in the project bond space. The bonds have received unprecedented levels of interest from investors internationally, resulting in very competitive pricing. On the basis of a US$ 9.4 billion order book (4.7 times oversubscription) comprising of over 400 investors globally, the bonds were priced at the tight end of final price guidance, 4.625% and 5.625% for the 13 year and 20 year instruments respectively.

This transaction has been recognised and awarded by a number of the leading project finance bodies including PFI's "Asia Pacific Bond Deal of the Year, 2017".

The company recognizes the importance of managing its tax affairs in a prudent, socially responsible and effective manner. One of the goals is to ensure a positive reputation of the Company as a taxpayer and foster a constructive relationship with the tax authorities and communities in all jurisdictions where the company operates. With this aim a comprehensive tax policy has been developed and implemented in 2017.

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

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

Organization and Corporate Structure

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

In 2017, Nebras Power has appointed a number of highly skilled business professionals in Finance, Business Development, Asset Management, and Business Support Services, further strengthening its workforce's diversity and core competencies. Furthermore, Nebras Power has continued its focus on Qatarization and development of Qatari expertise in the international energy market, filling management positions with Qatari nationals. We have a clear framework for reaching 25% Qatarization in permanent positions in the next 5 years.

Information Technology and Communication

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

In 2017, we have successfully implemented our corporate ERP platform for various modules which provided automation and integration of all key business processes.

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

Corporate Social Responsibility

General Overview

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

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

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

Commitment to People and Society

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

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

Commitment to the Environment

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

In this respect:

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

Implementation of Corporate Social Responsibility Principles across our Investments

Paiton Energy (Indonesia)

- Supported and funded multiple initiatives within the educational system. This includes providing improvement to existing infrastructure and constructing new facilities. Also we have implemented the Paiton Energy Indonesian Young Leaders Scholarship Program. This is a unique program that provides financial support and leadership development training for accomplished second-year undergraduate students from recognized institutions. In addition initiatives have been funded to improve content and create new educational programs concerning HIV and AIDS and preserve traditional heritage crafts.

- Multiple initiatives conducted within the immediate region around the plant to introduce waste recycling and the development of Methane production infrastructure to produce small scale biogas for community use. Other energy initiatives include installation of PV solar panels at high schools in Malang and Madura.

- Supported multiple socio-economic programs in the areas of food production from the sea and land. Facilitated and contributed to cloth dying and Batik printing, and re-cycled Paper production.

- Conducted mangrove conservation and coastal livelihood improvement program at Banyuglugur. Contributed to local environmental conservation by developing a Biodiversity project at one of the staff communities, as well as Carbon Capture Storage program by planting 140,000 teak trees in the Selobanteng area

Phoenix Power Company (Oman)

- Granted support focusing on the local community at Sur in the areas of education, health and safety and environmental care.

- Provided contributions to the local Royal Oman Police traffic week, providing child car seats to promote safety.

- Supported Health care practitioners by provision of medical equipment for the Ministry of Health.

IPP4 and Amman East (Jordan)

- Supported social engagement and natural resources assessment by signing landmark agreement with the International Union for Conservation of Nature Regional office for West Asia. This partnership is to focus upon the Stakeholder needs and how learning from project delivery can be leveraged. Amongst the many initiatives a socio-economic study is to be conducted to assess the investments in this region. The objective of the study is to define environmental, social and economic factors having impact within our local communities.

- Provided consultation sessions and information support for new Solar PV projects to Al Manaker, Al Baida and Al Khashafya villages.

- Supported Al Quds College by leading two awareness sessions for HSE students on the subject of Power Plant Engineering.

Shams Ma'an (Jordan)

- Donated services and equipment for the rehabilitations and re-equipment of the Shams Ma'an Orphanage center.

- Funded the supply and installation of 18 Bus stops in the Ma'an Region providing shelter from the sun and wind.

- Provided leadership of, and materials to Taghyeer Organization workshop sessions supporting the "We Love Reading" program.

- Purchased equipment and supported newly established Nashama Ma'an indoor Football Club to encourage sports in the community through 5-a-side.

- Supported the Martyr Saleh Shafiq Salah/ Charity Association which focuses upon Hearing and Vision Clinics, Dental Clinic, Dialysis Unit and many other Community services by providing physical therapy equipment for handicapped members of the Ma'an community.

Corporate Governance

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

The Chief Executive Officer of Nebras has ultimate responsibility for the day-to-day management, direction and operation of the company, and oversees the operational decisions affecting the business.
In 2016, Nebras had laid the foundations of a well-structured, world class corporate governance framework- in 2017 policies were further enhanced and a solid internal control system implemented enabling us to monitor our compliance with these policies.

In line with our continuing commitment to sound corporate governance, we developed a code of conduct and a conflict of interest policy that were released in 2017.

Our Corporate Governance Approach

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

The Shareholders' Meeting

The shareholders meeting adopts the most relevant decisions concerning the company, such as the appointment of the corporate bodies, the approval of the annual financial statements and the allocation of net income.

The Board of Directors

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

Four Board of Directors' meetings were held during 2017.

Board Committees

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

The Audit Committee

The Audit Committee activity is focused on monitoring the integrity, completeness and accuracy of the financial statements, reviewing the reliability and effectiveness of the internal control and risk management systems and safeguarding the independence of the external auditors. The Audit Committee also advises the Board of Directors regarding compliance with law, regulations and internal policies. The members of the Audit Committee are appointed by the Board of Directors and the duration of their office is of three years. The charter of the Audit Committee sets out professional and experience requirements applicable to the Committee members, and stipulates that at least one member of the Audit Committee .

The Investment Committee

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

The Remuneration Committee

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

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

Internal Controls

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

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

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

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

External Auditors

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

At the general assembly meeting of July 12, 2017 and based on the recommendation of the Board of Directors, the shareholders have resolved upon the appointment of Ernst & Young as Nebras' external auditors for year 2017, and approved their annual audit fees of QAR 145,000.

No company other than Ernst & Young and its affiliates has provided external audit services to Nebras in relation to year 2017. In addition to fees for audit work, Ernst & Young and/or its affiliates were paid QAR 109,880.

Financial Review

Total Assets

QR 6.1BN

Shareholder's Equity

QR 4.2BN

Net Income

QR 327M

Year-on-Year Net Income Growth

182%

Total Liquidity

QR 4.6BN

In 2017 the company has delivered a strong financial performance underpinned by a high-quality asset portfolio providing stable and visible earnings and cash flows as well as a solid base for future growth.

As a result of the expansion and consolidation of the asset portfolio, in 2017 Nebras Power's key income metrics have shown a triple digit year-on-year growth. At the year end, our Balance Sheet shows a robust financial position, a well-balanced capital structure and strong liquidity which gives Nebras Power a comfortable head room to fuel future growth.

One of the key corporate achievements in 2017 has been the successful arrangement and execution of a multibillion dollar financing by Minejesa Capital B.V. a joint venture owned 35% by Nebras Power. The objective of this joint venture is to invest in power projects internationally and to raise financing in the global financial markets for such projects. In 2017, Minejesa Capital B.V. raised a$2.75 billion multi sourced non-recourse debt financing. The financing package consisted of $900 million 20-year amortizing bond, $1.2 billion 13-year amortizing bond and a 6-year $650 million corporate loan facility. Moody's and Fitch assigned investment grade ratings to the bonds.

This benchmark transaction represents the first project bond for an Asian credit in the international debt capital markets for more than a decade and is one of the largest transactions in recent times in the project bond space. The bonds have received unprecedented levels of interest from investors internationally, resulting in very competitive pricing. This transaction has been recognized and awarded by a number of the leading project finance bodies including PFI's "Asia Pacific Bond Deal of the Year, 2017".

Income Statement

Operating Income

Operating income for the year 2017 was QAR 476.9 million compared to QAR 173.3 million in 2016. The significant year-on-year growth is explained by higher income from Associates and Joint Ventures and primarily driven by the first full year contribution of Paiton Energy after its acquisition in December 2016. Besides that, Nebras Power has experienced higher interest income on shareholders' loans (put in place as part of Paiton Energy acquisition), offset by lower interest income on term deposits due to lower average deposits balance in 2017.

Total Assets

QR Billions

2017	**6.1**
2016	5.8
2015	4.0

Operating Income

QR Millions

2017	**477**
2016	173
2015	81

Net Income

QR Millions

2017	**327**
2016	116
2015	54

Operating Profit

In 2017 Operating Profit was QAR 382.8 million as compared to QAR 121.4 million in 2016 (+215%). The remarkable year-on-year growth is mostly explained by the increase in Operating Income.

Finance Cost

Finance cost in 2017 was QAR 56.3 million compared to QAR 5.7 million in 2016. The increase of QAR 50.6 million is primarily driven by higher average debt balance (QAR 1,887.2 million in 2017 compared to QAR 959.2 million in 2016) and higher LIBOR rate (average 3 months USD LIBOR 1.3% in 2017 compared to 0.7% in 2016).

Net Income

Net Income for the year 2017 was QAR 326.5 million compared to QAR 115.7 million in 2016 showing an increase of QAR 210.8 million (+182%). Basic and diluted earnings per share attributable to equity holders were QAR 0.89 in 2017 compared to QAR 0.32 in 2016, showing an increase of 2.8 times.

Balance Sheet

Assets

Total assets at the end of 2017 were QAR 6,098.2 million, showing a 5% increase compared to 2016.

Non-Current Assets

At the end of 2017 non-current assets were QAR 2,855.9 million. The 43% year-on-year decrease is mainly due to dividends received from Associates and Joint Ventures in excess of the share of profits and early repayment of shareholder’s loan from Paiton Energy.

Current Assets

Current assets were QAR 3,242.3 million at the end of 2017 compared to QAR 789.7 million at the end of 2016. The 311% increase is primarily attributable to the placement of surplus cash generated from operations into term deposits.

Liabilities

Total liabilities have stayed at the same level as previous year (QAR 1,926.9 in 2017 compared to QAR 1,946.9 in 2016, -1% change).

Shareholders’ Equity

Total equity in 2017 was QAR 4,171.3 million, this is QAR 333.4 million higher than previous year. The positive change is mainly attributable to the Net Income for the year.

Liquidity Position

At the end of 2017 total liquidity (cash and available credit facilities) was QAR 4,671 million compared to QAR 1,433 million at the end of 2016.

Cash Flow

Cash flow from operating activities

Net cash from operating activities in 2017 was QAR 1,866.1 million compared to QAR 70.8 million in 2016. The significant year-on-year increase is due to higher cash distributions received from Associates and Joint Ventures in the form of regular dividends (QAR 510.1 million) and one-off distributions (QAR 1,303.6 million).

Cash flow from investing activities

In 2017 Net cash flow from investing activities was QAR 1,861.3 million and it comprised of placement of excess cash in term deposits (QAR 2,507.4 million), offset by early repayment of shareholders' loan (QAR 744.1 million) primarily by Paiton Energy.

In 2016, cash flow from investing activities was QAR 1,789.2 million and was mostly related to the acquisition of a 35.51% stake in Pation Energy, the acquisition of a 24% stake in IPP4, as well as to shareholder's loans provided to Associates and Joint ventures. This has been partially offset by the redemption of bank deposits to partially fund the acquisitions.

Net cash flow from financing activities

Net cash flow from financing activities in 2017 was - QAR 62.2 million. The net change in cash from financing is explained by amortization and full repayment of existing debt facilities offset by drawdown on new debt facilities.

Net cash flow from financing activities in 2016 was QAR 1,677.2 million and is mainly explained by debt financing raised by the company (QAR 1,918.3 million) to partially fund acquisitions, offset by QAR 241.1 million payable to QEWC in respect of the two assets acquired in 2015 but for which the purchase consideration was settled in 2016.

Nebras Power Q.P.S.C.

Consolidated Financial Statements

31 December 2017

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Nebras Power Q.P.S.C. (the "Company"), and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Other information

Other information consists of the information included in the Group's 2017 Annual Report other than the consolidated financial statements and our auditor's report thereon. The Board of Directors are responsible for the other information. The Group's 2017 Annual Report is expected to be made available to us after the date of this auditor's report.

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

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

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

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

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

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

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

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

Report on legal and other regulatory requirements

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

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

ERNST & YOUNG
Doha
محاسبون قانونيون
الدوحة
22-2
ارنست ويونغ

Date: 14 March 2018
Doha

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

— For the year ended 31 December 2017

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

– For the year ended 31 December 2017

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

Mr. Fahad Hamad Al-Mohannadi, *Chairman*

Mr. Khalid Mohammed Jolo, *CEO*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

— For the year ended 31 December 2017

	Share capital QR	Hedge reserve QR	Retained earnings QR	Total QR
At 1 January 2016	3,650,000,000	(7,290,815)	69,952,142	3,712,661,327
Profit for the year	-	-	115,658,429	115,658,429
Other comprehensive income for the year	-	9,544,783	-	9,544,783
Total comprehensive income for the year	-	9,544,783	115,658,429	125,203,212
At 31 December 2016	3,650,000,00	2,253,968	185,610,571	3,837,864,539
Profit for the year	-	-	326,539,066	326,539,066
Other comprehensive income for the year	-	6,899,679	-	6,899,679
Total comprehensive income for the year	-	6,899,679	326,539,066	333,438,745
At 31 December 2017	**3,650,000,00**	**9,153,647**	**512,149,637**	**4,171,303,284**

1. ACTIVITIES

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

The Company's shareholding structure was as follows:

SHAREHOLDER	SHAREHOLDING %
Qatar Electricity and Water Company Q.S.C.	60%
Qatar Holding L.L.C.	20%
Qatar Petroleum International Limited	20%

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

The Company's shareholding structure was as follows:

SHAREHOLDER	SHAREHOLDING %
Qatar Electricity and Water Company Q.S.C.	60%
Qatar Holding L.L.C. Qatar Petroleum	40%

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

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

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

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

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

The Group invests in power generation across all technologies (conventional and renewable energy) with the exception of nuclear.

The Group constantly monitors sector trends including inter alia the environmental, social and regulatory implications on the business.

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

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

The consolidated financial statements of the Group as of and for the year ended 31 December 2017 have been authorized for issue by the Board of Directors on _____________.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

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

Basis of measurement

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

Functional and presentation currency

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of Nebras Power Q.P.S.C. and its subsidiaries as at 31 December 2017 (together referred to as the "Group"). Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

- The contractual arrangement with the other vote holders of the investee

- Rights arising from other contractual arrangements

- The Group's voting rights and potential voting rights

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

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

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

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

The consolidated financial statements of the Group include:

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

2.2 Changes in accounting policies and procedures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) interpretations effective as of 1 January 2017.

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

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

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

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

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

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

Topics	Effective date
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	1 January 2018
Transfers of Investment Property — Amendments to IAS 40	1 January 2018
IFRS 16 Leases	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
Annual Improvements 2016-2014 Cycle	
IAS 28 Investments in Associates and Joint Ventures – Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRIC Interpretation 23 Uncertainty over Income Tax Treatment	1 January 2019

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

IFRS 9 Financial Instruments

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

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

(a) Classification and measurement

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

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

(b) Impairment

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

(c) Hedge accounting

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

(d) Expected impact

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

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. During 2017, the Group has performed a preliminary assessment and determined that IFRS 15 will not have a significant impact on Group's financial statements. The actual impact of adopting the standards at 1 January 2018 may change.

IFRS 16 Leases

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

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

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

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

2.3 Summary of significant accounting policies

a) Investment in associates and joint ventures

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

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

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

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

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

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

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

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture.

At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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

b) Current versus non-current classification

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

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

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

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

c) Foreign currencies

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

Transactions and balances

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

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

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

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

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

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

d) Revenue recognition

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

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

Revenue is recognized on the following basis:

Interest income

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

Fee income

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

e) Motor vehicles and equipment

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

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

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

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

An item of motor vehicles and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognized. The asset's residual values, useful lives and method of depreciation are reviewed, and adjusted if appropriate, at each reporting date.

f) Financial asset

Initial recognition and measurement

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset. The Group's financial assets include bank balances, term deposits, interest receivables, loans receivables and amounts due from related parties.

Subsequent measurement

Loans and receivables

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

Derecognition

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

g) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of interest bearing loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement

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

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

Derecognition

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

h) Offsetting of financial instruments

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

i) Impairment of non-financial assets

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

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

j) Cash and cash equivalents

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

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

k) Share capital

Ordinary shares are classified as equity.

l) Employees' end of service benefits

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

m) Provisions

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

n) Fair value measurement

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

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

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

2.4 Use of judgments and estimates

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

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

Operating leases – Group as a lessee

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

Existence of significant influence on associates and joint venture

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

Incidental costs incurred for the future acquisition of interest in other entities

The Group has recorded incidental costs incurred for the future acquisition of interest in other entities as other noncurrent assets and has determined that the probability of materialising of these investments is high. As at 31 Dec 2017, the Group has recorded incidental costs incurred for potential future acquisition of interest in investees amounting to QR 1,754,800 (2016: QR 1,416,356) as other non-current assets.

Useful lives of motor vehicles and equipment

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

Impairment of associates and joint venture

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

Going concern

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

3 BUSINESS COMBINATIONS

3.1 Acquisitions by the Group

Investment in IPM Indonesia BV

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

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

Assets acquired and liabilities

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

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

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

4 FEE INCOME

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

5 INTEREST INCOME

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

6 GENERAL AND ADMINISTRATIVE EXPENSES

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

7 OTHER OPERATING EXPENSES

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

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

8 EARNINGS PER SHARE

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

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

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

Diluted earnings per share

As the parent Company has no potential dilutive shares, the diluted EPS equals to the basic EPS

9 MOTOR VEHICLES AND EQUIPMENT

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

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

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE

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

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

10 NVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

Movement for 2016	Notes	% of ownership	Domicile	At 1 January 2017 QR	Additions QR	Share of profit QR	Dividends received QR	Share in cash flow hedge reserve QR	At 31 December 2016 QR
Associates									
Phoenix Power Company SAOG*	10.1	9.84%	Oman	135,217,269	218,976	17,199,620	(14,589,235)	8,787,378	**146,834,008**
Phoenix Operation and Maintenance Company LLC	10.1	15.00%	Oman	910,375	-	2,701,083	(2,731,125)	-	**880,333**
AES Oasis Ltd	10.2	38.89%	Cayman Islands	109,390,103	-	11,319,302	(8,023,244)	1,229,330	**113,915,491**
AES Baltic Holding BV	10.3	40.00%	Netherlands	-	77,408,348	18,723,346	(17,819,901)	-	**78,311,793**
PT Paiton Energy Pte Ltd	10.4	35.51%	Indonesia	-	3,635,379,365	12,521,881	-	(2,540,218)	**3,645,361,028**
IPM Asia Pte Ltd	10.5	35.00%	Singapore	-	175,141,584	371,035	-	-	**175,512,619**
Joint Venture									
Shams Maan Solar UK Limited	10.8	35.00%	United Kingdom	8,164,342	13,146,915	2,164,703	-	2,068,293	**25,544,253**
				253,682,089	**3,901,295,188**	**65,000,970**	**(43,163,505)**	**9,544,783**	**4,186,359,525**

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

10 NVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

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

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

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

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

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

Year ended 31 December 2017	*Phoenix Power Company SAOG QR*	*Phoenix Operation and Maintenance Company LLC QR*	*Total Phoenix QR*	*AES Oasis Ltd QR*	*AES Baltic Holding BV QR*	*PT Paiton Energy Pte Ltd QR*	*IPM Asia Pte Ltd QR*
Current assets	372,052,055	36,010,794		180,326,549	176,008,319	1,864,233,152	107,542,861
Non-current assets	5,536,948,090	-		783,194,870	1,002,101,586	14,025,018,760	-
Current liabilities	(596,310,191)	(14,718,943)		(66,118,782)	(55,935,073)	(715,420,015)	(49,030,006)
Non-current liabilities	(3,859,863,056)	(979,564)		(663,409,893)	(805,777,738)	(5,990,879,272)	(6,179,626)
Equity	1,452,826,898	20,312,287		233,992,744	316,397,094	9,182,952,625	52,333,229
Net assets of the investment in associates	142,934,922	3,046,843	145,981,765	54,599,867	75,935,303	3,260,866,477	18,316,630
Goodwill on acquisition			5,406,258	59,315,624	2,376,490	384,494,551	157,195,989
Carrying amount of investment			151,388,023	113,915,491	78,311,793	3,645,361,028	175,512,619

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

*Summarised statement of comprehensive income**	*Phoenix Power Company SAOG QR*	*Phoenix Operation and Maintenance Company LLC QR*	*AES Oasis Ltd QR*	*AES Baltic Holding BV QR*	*PT Paiton Energy Pte Ltd QR*	*IPM Asia Pte Ltd QR*
Revenue	1,110,926,97	74,246,544	63,427,370	49,785,658	3,148,531,938	111,939,710
Profit	174,832,057	18,007,218	48,660,687	100,793,715	1,460,223,293	44,729,982
Other comprehensive income	86,831,568	-	7,922,722	-	29,106,510	-
Total comprehensive income	261,663,625	18,007,218	56,583,409	100,793,715	1,489,329,803	44,729,982

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

10 INVESTMENT IN ASSOCIATES AND JOINT VENTURE (CONTINUED)

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

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

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

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

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

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

10..2 AES Oasis Ltd

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

10.3 AES Baltic Holding BV

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

10.4 PT Paiton Energy Pte Ltd

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

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

10.5 IPM Asia Pte Ltd

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

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

10.6 Minejesa Capital BV

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

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

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

10.7 AES Jordan Solar BV

AES Jordan Solar BV is a company registered in Netherlands and engaged in the engineering, procurement, construction, ownership, operation, maintenance, management, leasing and financing of AM Solar BV, a company registered in Jordan. On 31 October 2017, Nebras Power Netherlands BV, a fully owned subsidiary of the Company entered in to a shareholder's agreement with AES Horizons Holdings BV for governance and management of AES Jordan Solar BV. As per the shareholders' agreement, the Group owns 40% of the share capital of AES Jordan Solar BV.

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

10.8 Shams Maan Solar UK Limited

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

11 LOANS RECEIVABLE

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

Presented in the consolidated statement of financial position as follows:

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

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

12 OTHER NON-CURRENT ASSETS

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

(i) This consists of incidental costs incurred for potential future acquisition of interest in investees.
(ii) This represents cost of ERP implementation in 2016 and document management system implementation in 2017.

13 PREPAYMENTS AND OTHER RECEIVABLES

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

14 TERM DEPOSITS

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

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

15 CASH AND CASH EQUIVALENTS

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

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

16 SHARE CAPITAL

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

17 RESERVES

17.1 Hedge reserve

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

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

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

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

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

17.2 Legal reserve

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

18 INTEREST BEARING LOANS AND BORROWINGS

	Interest rate %	*Maturity*	2017 QR	2016 QR
Current interest-bearing loans and borrowings				
QR 182,075,000 Bank Loan (Note i)	LIBOR+0.9%	2018	**182,075,000**	182,075,000
QR 182,075,000 Bank Loan (Note ii)	LIBOR+0.35%	2017	**-**	182,075,000
QR 1,565,845,000 Bank Loan (Note iii)	LIBOR+1%	2018	**313,169,000**	156,584,500
Total interest-bearing loans and borrowings- current			**495,244,000**	520,734,500

	Interest rate %	Maturity	2017 QR	2016 QR
Non-current interest-bearing loans and borrowings				
QR 1,565,845,000 Bank Loan (Note iii)	LIBOR+1%	2020	**1,088,223,548**	1,397,560,028
QR 273,112,500 Bank Loan (Note iv)	LIBOR+1.8%	2020	**272,631,822**	-
Total interest-bearing loans and borrowings- non-current			**1,360,855,370**	1,397,560,028
Total interest-bearing loans and borrowings			**1,856,099,370**	1,918,294,528

Notes:

(i) The Group has entered into an unsecured revolving loan agreement with HSBC Bank Middle East Ltd for a credit facility amounting to QR 182 million (USD 50 million) to fund the working capital requirements. The total outstanding amount as at 31 December 2017 is QR 182 million (USD 50 million) (2016: QR 182 million (USD 50 million)). Interest is charged at a rate of LIBOR + 0.9% per annum as specified in the agreement. The loan is repayable at maturity, 12 months from the facility drawdown date.

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

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

(iv) The Group has entered into a revolving loan agreement with First Gulf Bank for a credit facility amounting to QR 273 million (USD 75 million) to fund the working capital requirements. The total outstanding amount as at 31 December 2017 is QR 273 million (USD 75 million) (2016: Nil). Interest is charged at a rate of LIBOR + 1.8% per annum as specified in the agreement. The loan is repayable at maturity, 3 years from the facility drawdown date.

19 EMPLOYEES' END OF SERVICE BENEFITS

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

20 ACCRUALS AND OTHER PAYABLES

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

21 RELATED PARTY DISCLOSURES

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

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

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

Compensation of key management personnel

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

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

22 COMMITMENTS AND CONTINGENCIES

At 31 December 2017, the Group had the following commitments:

(a) Based on the shareholders' loan agreement entered on 21 July 2014, between Nebras Power Q.P.S.C. and Shams Ma'an Power Generation PSC, the Group has committed to lend up to USD 17 million to Shams Ma'an Power Generation PSC. As of 31 December 2017, QR 23,530,126 (USD 6,461,659) (2016: QR 23,530,126 (USD 6,461,659)) has been lent by the Group (Note 21(i)).

(b) According to the shareholders' agreement entered on 26 June 2014, the Group along with other shareholders have agreed to contribute for the development of the joint venture entity (Shams Maan Solar UK Limited) USD 800,000. As of 31 December 2017, the Group's share of committed contributions for the development of the joint venture amounted to USD 280,000 (2016: USD 280,000).

(c) Based on the shareholders' agreement entered on 26 June 2014 between Nebras Power Q.P.S.C. and Shams Maan Solar UK Limited, the Group has committed to subscribe to the capital of Shams Maan Solar UK Limited in accordance with a Shareholder Financing Plan. As of the reporting date, the Group's equity subscription amounts to QR 28,180,309 (USD 7,732,672) (2016: QR 28,180,309 (USD 7,732,672)).

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

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

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

Operating lease commitments

The Group has entered into agreements for the commercial lease of the office buildings. The lease agreement for the building is for an initial period of 2 years and 8 months commencing on 1 August 2015.

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

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

23 FINANCIAL RISK MANAGEMENT

Objectives and policies

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

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

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

Credit risk

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

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

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

Credit risk on bank balances and term deposits is negligible as they are placed with local Qatari banks having strong long term credit ratings (Moody›s rating: Baa1 to Aa3, S&P rating: BBB+ to A and Fitch rating: A- to AA-).

Liquidity risk

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

The following are the contractual maturities of financial liabilities:

	Carrying amounts QR	*Less than 1 year QR*	*5 – 1 years QR*	*More than 5 years QR*
31 December 2017				
Interest bearing loans and borrowings	**1,856,099,370**	**495,244,000**	**1,360,855,370**	**-**
Accruals and other payables	**63,887,793**	**63,887,793**	**-**	**-**
Amounts due to a related party	**5,586,553**	**5,586,553**	**-**	**-**
	1,925,573,716	**564,718,346**	**1,360,855,370**	**-**
31 December 2016				
Interest bearing loans and borrowings	1,918,294,528	520,734,500	1,397,560,028	-
Accruals and other payables	27,773,206	27,773,206	-	-
	1,946,067,734	548,507,706	1,397,560,028	-

Interest rate risk

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

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

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

The effect of decreases in interest rates is expected to be equal and opposite to the effect of the increases shown below:

	Changes in basis points	*Effect on profit QR*
2017 - Floating rate instruments	**25+ bps**	4,640,248
2016 - Floating rate instruments	**25+ bps**	4,795,736

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

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

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

The management monitors the capital, which the Group defines as share capital and retained earnings and is measured at QR 4,162,149,637 (2016: QR 3,835,610,571).

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

24 FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities.
Financial assets consist of bank balances, term deposits, interest receivables, loans receivables and amounts due from related parties. Financial liabilities consist of interest bearing loans and borrowings, accruals and other payable and amounts due to a related party. The fair values of financial instruments at reporting date are not materially different from their carrying values.

25 COMPARATIVE FIGURES

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

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