ACWA Power Uzbekistan Wind Project Holding Company Ltd

SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ACWA POWER UZBEKISTAN WIND PROJECT HOLDING COMPANY LTD

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of ACWA Power Uzbekistan Wind Project Holding Company Ltd (the "Company"), which comprise the separate statement of financial position as at 31 December 2021, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year ended 31 December 2021, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year ended 31 December 2021 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 Separate Financial Statements* section of our report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholder of the Company, for our audit work, for this report, or for the opinions we have formed. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code")* together with the ethical requirements that are relevant to our audit of the financial statements in the Dubai International Financial Centre ("DIFC"), 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.

Responsibilities of Management and the Board of Directors for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, and in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF ACWA POWER UZBEKISTAN WIND PROJECT HOLDING COMPANY LTD

Report on the Audit of the Separate Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDER OF
ACWA POWER UZBEKISTAN WIND PROJECT HOLDING COMPANY LTD

Report on Other Legal and Regulatory Requirements

We also confirm that, in our opinion, the financial statements include, in all material respects, the applicable requirements of the Companies Law pursuant to DIFC Law No. 5 of 2018. We have obtained all the information and explanations which we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the Companies Law pursuant to DIFC Law No. 5 of 2018 have occurred during the year which would have had a material effect on the business of the Company or on its financial position.

Ernst & Young

1 March 2023

Dubai, United Arab Emirates

SEPARATE STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	***31 December 2021 USD***	*7 May 2020 to 31 December 2020 USD*
General and administrative expenses	5	**(52,806)**	(47,922)
GROSS LOSS		**(52,806)**	(47,922)
Interest income	7	**33,640**	4,586
LOSS FOR THE PERIOD		**(19,166)**	(43,336)
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(19,166)**	(43,336)

SEPARATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	*2021* *USD*	*2020* *USD*
ASSETS			
Non-current assets			
Investment in subsidiaries	4	**76,382**	76,382
Loan to related parties	7	**923,618**	923,618
		1,000,000	1,000,000
Current asset			
Value added tax receivable		**1,634**	-
Amount due from related parties	7	**89,084**	61,586
		90,718	61,586
TOTAL ASSETS		**1,090,718**	1,061,586
EQUITY AND LIABILITIES			
Equity			
Share capital	6	**25,000**	25,000
Accumulated losses		**(62,502)**	(43,336)
Deficiency of assets		**(37,502)**	(18,336)
Non-current liability			
Loan from a related party	7	**1,000,000**	1,000,000
		1,000,000	1,000,000
Current liabilities			
Accrued expenses		**20,390**	6,400
Amount due to related parties	7	**107,830**	73,522
Total liabilities		**1,128,220**	1,079,922
TOTAL EQUITY AND LIABILITIES		**1,090,718**	1,061,586

SEPARATE STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Share capital USD	***Accumulated losses USD***	***Total USD***
Share capital issued	25,000	-	25,000
Total comprehensive loss for the period	-	(43,336)	(43,336)
Balance at 31 December 2020	25,000	(43,336)	(18,336)
Total comprehensive loss for the year	-	(19,166)	(19,166)
Balance at 31 December 2021	**25,000**	**(62,502)**	**(37,502)**

SEPARATE STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	***31 December 2021 USD***	*7 May 2020 to 31 December 2020 USD*
OPERATING ACTIVITIES			
Loss for the year / period		**(19,166)**	(43,336)
Working capital changes:			
Amount due from related parties		**(27,498)**	(61,586)
Value added tax receivable		**(1,634)**	-
Accrued expenses		**13,990**	6,400
Amount due to related parties		**34,308**	73,522
Net cash flows used in operating activities		-	(25,000)
INVESTING ACTIVITIES			
Investment in a subsidiary	4	-	(76,382)
Loan to related parties	7	-	(923,618)
Cash flows used in investing activities		-	(1,000,000)
FINANCING ACTIVITIES			
Share capital issued	6	-	25,000
Loan from a related party	7	-	1,000,000
Cash flows from financing activities		-	1,025,000
BANK BALANCES AS AT 31 DECEMBER 2020		-	-

The Company does not have a bank account.
All cash and bank payments are made and cash and bank receipts are taken by a related party on behalf of the Company.

1 CORPORATE INFORMATION

ACWA Power Uzbekistan Wind Project Holding Company Limited (the "Company") is a company registered under the laws and regulations of the Dubai International Financial Centre (DIFC Law No. 5 of 2018) in United Arab Emirates ("UAE") under registration number CL3822 dated 7 May 2020.

The objective of the Company is to hold investments within or outside the UAE in the form of shares of or equity interest in or shareholder loans to the companies engaged in the business of power generation, distribution or transmission, water desalination and distribution or other business related to or ancillary thereto, the development and management of such companies and the provision of technical, commercial, administrative services out of UAE. The Company's registered address is Unit 811B, Level 8, Liberty House, Dubai International Financial Centre, Dubai, UAE.

The Parent Company is ACWA Power Green Energy Holding Limited (the "Parent Company"), registered in Dubai International Financial Center, Dubai, United Arab Emirate, which owns 100% equity interest in the Company. The Ultimate Parent of the Company is ACWA Power Company (Saudi Listed Joint Stock Company) (formerly known as International Company for Water and Power Projects) ("Ultimate Parent Company"), a company registered in Kingdom of Saudi Arabia, which indirectly owns 100% equity interest in the Company through its subsidiaries.

The separate financial statements present information about the Company as an individual undertaking and not about its Group. As permitted under IFRS 10, Consolidated Financial Statements, the Company has elected not to present consolidated financial statements. The results of the Company and its subsidiaries are consolidated in the financial statements of the Ultimate Parent Company, which are available and can be obtained from the Ultimate Parent Company's office, which is located at Kingdom of Saudi Arabia.

These separate financial statements are authorised for issue by the Board of Directors on 2 February 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

2.1 Basis of preparation and statement of compliance

These separate financial statements are prepared on a historical cost basis. These separate financial statements are presented in United States Dollars (USD), which is the functional and presentation currency of the Company.

These separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB") and the applicable provisions of the Companies Law pursuant to the DIFC Law No. 5 of 2018.

These separate financial statements only represent the financial performance of the Company and the financial performance of the subsidiaries have not been consolidated or equity accounted in these separate financial statements.

As these are the first separate financial statements of the Company, no comparative information is presented in the separate financial statements.

2.2 Fundamental accounting concept

The Company incurred losses of USD 19,166 during the year ended 31 December 2021 (2020: USD 43,336) and as of that date, its current liabilities exceeded its current assets by USD 37,502 (2020: USD 18,336) and has deficiency of assets of USD 37,502 (2020: USD 18,336). This condition indicates that there is a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

However, ACWA Power Green Energy Holding Limited, the Parent Company, has confirmed it will continue to provide adequate financial support to the Company to enable it to continue its operations and settle its obligations as and when they fall due. The Company, therefore, continues to adopt the going concern basis in preparing these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.3 New and amended standards and interpretations effective for annual periods beginning on or after 1 January 2021

Several amendments and interpretations apply for the first time in 2021, but do not have an impact on the separate financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

New and amended standards and interpretations
The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 as noted below:

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4; and
- Amendments to IFRS 16: Covid-19 Related Rent Concessions

These amendments and interpretations apply for the first time in 2021, but do not have any material impact on the financial statements of the Company.

2.4 Standards issued but not yet effective

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

- IFRS 17 Insurance Contracts (effective for reporting periods beginning on or after 1 January 2023 and apply prospectively).
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1(effective from annual periods beginning on or after 1 January 2023 and must be applied retrospectively).
- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective from annual periods beginning on or after 1 January 2022. The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards (March 2018)).
- Property, Plant and Equipment: In May 2020, the IASB issued Property, Plant and Equipment - Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
- The amendment is effective for reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Company early applied the requirements effective from 1 July 2021 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective from annual periods beginning on or after 1 January 2022. The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.).
- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective from annual periods beginning on or after 1 January 2022. The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.).
- Definition of Accounting Estimates - Amendments to IAS 8 (effective from annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.).
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective from annual periods beginning on or after 1 January 2023with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method. The amendments must be applied prospectively. Early application is permitted and must be disclosed).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.4 Standards issued but not yet effective (continued)

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (effective for annual periods beginning on or after 1 January 2023).

Annual Improvements 2018-2020 cycle (issued in May 2020)

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (effective from annual periods beginning on or after 1 January 2022 with earlier application permitted).
- IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities (effective from annual periods beginning on or after 1 January 2022 with earlier application permitted).
- IAS 41 Agriculture – Taxation in fair value measurements (effective from annual periods beginning on or after 1 January 2022 with earlier application permitted).

The Company has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective. The Company is in the process of assessing the impact of the above to its financial statements.

2.5 Significant accounting policies

Value added tax
Expenses, and assets are recognised net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and/or
- When receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the separate statement of financial position.

Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Investments
Subsidiary companies are those companies which are controlled by the Company.

The Company’s investments are accounted for at cost with provision for any permanent decline in value, where necessary.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.5 Significant accounting policies (continued)

Investments (continued)
The Company determines whether it is necessary to recognise an impairment loss on its investment in subsidiaries. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiaries is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries and its carrying value, then recognises the loss within separate statement of comprehensive income.

Impairment of non-financial assets
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available and an appropriate valuation model is used if no such transactions can be identified. These calculations are corroborated by other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment of inventories, are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGUs recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Financial instruments - initial recognition and subsequent measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument at another entity.

i. Financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.5 Significant accounting policies (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

i. Financial assets (continued)

Initial recognition and measurement (continued)
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

The Company's financial assets include amount due from related parties, loan to related parties and other receivables.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;
- Financial assets at amortised cost;
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments); and
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

The Company has no financial assets at fair value through profit or loss, financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments) and financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost (debt instruments)
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets include amount due from related parties, loan to related parties and other receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.5 Significant accounting policies (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

i. Financial assets (continued)

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For amount due from a related party and other receivables, the Company applies a simplified approach in calculating ECLs based on lifetime expected credit losses at each reporting date. The Company reviews internal and external information available for each bank balances, amount due from a related party and other receivables to assess expected credit loss and the likelihood to receive the outstanding contractual amount. The expected credit losses are recognised in the separate statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.5 Significant accounting policies (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

ii. Financial liabilities

Initial recognition and measurement
Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

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

The Company's financial liabilities include amount due to related parties, loan from a related party and accrued expenses. The Company has not designated any financial liability as at fair value through profit or loss.

Subsequent measurement
The measurement of financial liabilities depends on their classification.

Borrowings
Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs

After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR"). Gains and losses are recognised in the separate statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the separate statement of comprehensive income.

Installments due within one year are shown as a current liability. Interest is charged as an expense as it accrues with unpaid amounts included in "Accrued expenses".

Accrued expenses
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the separate statement of comprehensive income.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the separate statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts; and
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.5 Significant accounting policies (continued)

Financial instruments - initial recognition and subsequent measurement (continued)

iv Fair value of financial instruments

The Company measures financial instruments at each reporting date. Also, fair values of financial instruments are disclosed in Note 9.

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 to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable;

For assets and liabilities that are recognised in the separate financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Provisions
Provisions are recognised in the separate statement of comprehensive income when the Company has a present obligation as a result of a past event from which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currencies
Transactions in foreign currencies are initially recorded by the Company at the currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES (continued)

2.5 Significant accounting policies (continued)

Contingencies
Contingent liabilities are not recognised in the separate financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the separate financial statements but disclosed when an inflow of economic benefits is probable.

Related party
A related party is defined as follows:

a) A person or a close member of that person's family is related to the Company if that person:
- has control or joint control over the Company;
- has significant influence over the Company; or
- is a member of the key management personnel of the Company or of a parent of the Company.

b) An entity is related to a Company if any of the following conditions applies:
- the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- the entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- both entities are joint ventures of the same third party;
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- the entity is controlled or jointly controlled by a person identified in (a); or a person identified in (a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3 USE OF ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments
Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

4 INVESTMENT IN SUBSIDIARIES

	Country of incorporation	*% held by the Company*		*Cost of investment*	
		2021	*2020*	***2021 USD***	*2020 USD*
ACWA Power Dzhankeldy Wind LLC	Uzbekistan	**100.00%**	100.00%	**38,191**	38,191
ACWA Power Bash Wind LLC	Uzbekistan	**100.00%**	100.00%	**38,191**	38,191
				76,382	76,382

5 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2021 USD	*7 May 2020 to 31 December 2020 USD*
Employee costs *	**26,142**	26,142
Legal and professional fees **	**20,130**	15,246
Short-term lease expense *	**4,182**	4,182
Utility costs *	**1,830**	1,830
Travel and transport expenses *	**65**	65
Miscellaneous expenses *	**457**	457
	52,806	47,922

* These expenses have been recognised as reimbursement of expenses from a related party (Note 7).

** This includes certain expenses recognised as reimbursement of expenses from a related party (Note 7).

6 SHARE CAPITAL

	2021 USD	*2020 USD*
Authorised, issued and fully paid-up capital		
25,000 shares of par value USD 1	**25,000**	25,000

The Company is fully owned by ACWA Power Green Energy Holding Limited.

7 TRANSACTIONS AND BALANCE WITH RELATED PARTIES

Related parties comprise the Parent Company, Ultimate Parent Company, directors, key management personnel and business entities in which they have the ability to control or exercise significant influence in financial and operating decisions.

The Company maintains balances with these related parties that arise in the normal course of business from commercial transactions. Transactions are entered into at terms and conditions that the management considers comparable with those adopted for arm's length transactions with third parties. Significant transactions and reporting date balances arising from transactions with related parties are as follows:

Related parties	*Relationship*	***2021 USD***	*2020 USD*
Loan to related parties (non-current)			
ACWA Power Dzhankeldy Wind LLC	Subsidiary	**461,809**	461,809
ACWA Power Bash Wind LLC	Subsidiary	**461,809**	461,809
		923,618	923,618

The amount represents loan provided by the Company to ACWA Power Dzhankeldy Wind LLC and ACWA Power Bash Wind LLC (“Subsidiaries”) with respect to funding commitments. The transfer of funds has been made directly by a related party (see below ‘Loan from a related party’), however the transfer has been structured through the Company and accordingly a corresponding loan to the subsidiaries has been recognised.

7 TRANSACTIONS AND BALANCE WITH RELATED PARTIES (continued)

The loan bears interest at the rate of 3.75%, it is unsecured and is repayable on the request of the Company or at the option of the subsidiaries. At least for the 12 months from the reporting date, the Company has not demanded for the repayment and accordingly the Company has disclosed the loan as a non-current asset.

Related parties	*Relationship*	***2021 USD***	*2020 USD*
Amount due from related parties			
ACWA Power Treasury Holding Company Limited	Affiliates	**50,858**	32,000
ACWA Power Green Energy Holding Limited	Parent Company	**-**	25,000
ACWA Power Dzhankeldy Wind LLC	Subsidiary	**20,072**	2,752
ACWA Power Bash Wind LLC	Subsidiary	**18,154**	1,834
		89,084	61,586
Amount due to related parties			
ACWA Power Global Services Limited	Affiliates	**40,846**	40,846
ACWA Power International LLC	Ultimate Parent	**66,984**	32,676
		107,830	73,522
Loan from a related party			
ACWA Power Green Energy Holding Limited	Parent Company	**1,000,000**	1,000,000

The related party has transferred USD 1,000,000 to the subsidiaries of the Company with respect to funding commitments pertaining to loan (see above 'Due from a related party (non-current)'). The transfer of funds has been made directly by the related party to the subsidiaries, however, the transfer has been structured through the Company and accordingly a corresponding loan from the related party has been recognised in the Company.

The loan is interest-free from the related party and is repayable at any time on the request of the related party or at the option of the Company. At least for the 12 months from the reporting date, the related party has not demanded for the repayment and accordingly the Company has disclosed the loan as a non-current liability.

Reimbursement of expenses (general and administrative expenses) (Note 5)	***31 December 2021 USD***	*7 May 2020 to 31 December 2020 USD*
Ultimate Parent Company		
ACWA Power International LLC		
(formerly International Company for Water & Power Projects – Dubai Br.)	**32,676**	32,676

Reimbursement of legal and professional expenses (Note 5)	***31 December 2021 USD***	*7 May 2020 to 31 December 2020 USD*
Affiliate		
ACWA Power Global Services Limited	**-**	32,676

7 TRANSACTIONS AND BALANCE WITH RELATED PARTIES (continued)

	31 December 2021 USD	*7 May 2020 to 31 December 2020 USD*
Interest income		
Subsidiaries		
ACWA Power Dzhankeldy Wind LLC	**17,320**	2,752
ACWA Power Bash Wind LLC	**16,320**	1,834
	33,640	4,586

Outstanding balance at the year-end is unsecured and interest free, except as mentioned otherwise, and settlement occurs in cash. There have been no guarantees provided or received for any related party balances. For the year ended 31 December 2021, the Company has not recorded any impairment of due from related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel
There are no key management personnel of the Company as it is managed by a related party which do not charge any cost.

8 RISK MANAGEMENT

Financial assets carried on the statement of financial position comprise of amount due from a related party, other receivables and bank balances. Financial liabilities consist of amounts due to a related party, accrued expenses and dividend payable.

The Company has exposure to credit, risk, liquidity risk, foreign currency risk and market risk from its use of financial instruments

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The management provides written principles for overall risk management covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. Risk management is carried out by finance department under policies approved by the management. The finance department identifies, evaluates and hedges financial risks.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk principally arising from its amounts due from a related party and bank balances.

The carrying amount of financial assets represents the maximum credit exposure. The exposure to credit risk at the reporting date was on account of:

	2021 USD	*2020 USD*
Loan to related parties (non-current)	**923,618**	923,618
Amount due from related parties	**89,084**	61,586
	1,012,702	985,204

Amount due from related parties and loan to related parties
Management believes that amounts due from related parties and loan to related parties are subject to minimum credit risk and are recoverable.

8 RISK MANAGEMENT (continued)

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

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The tables below summarises the maturities of the Company's undiscounted financial liabilities at 31 December based on contractual payment dates and current market interest rates.

31 December 2021	***Total undiscounted liabilities Amount USD***	***Less than 1 year USD***	***More than 1 year USD***
Amount due to related parties	**107,830**	**107,830**	**-**
Loan from a related party	**1,000,000**	**-**	**1,000,000**
	1,107,830	**107,830**	**1,000,000**

31 December 2020	*Total undiscounted liabilities Amount USD*	*Less than 1 year USD*	*More than 1 year USD*
Amount due to related parties	73,522	73,522	-
Loan from a related party	1,000,000	-	1,000,000
	1,073,522	73,522	1,000,000

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

Foreign currency risk
The Company's functional and presentation currency is United States Dollars (USD) and the Company's performance is substantially independent of changes in foreign currency rates. The Company has transactional currency exposures. There are no significant financial instruments denominated in foreign currency, which are not pegged.

Capital management
The Company's objectives when managing capital are to safeguard the Company' ability to continue as a going concern and benefit other stake holders. Management's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

Management is confident of achieving profitability by enhancing top line growth and prudent cost management. The Company is not subject to externally imposed capital requirements.

9 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of amount due from related parties, loan to related parties and other receivables. Financial liabilities consist of accrued expenses, amount due to related parties and loan from a related party.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Management assessed that the fair values of financial assets and liabilities are expected to approximate their carrying value due to the short-term maturities of these instruments.