2.2.6.1.1.4 ADPWC Audited FS - 2022 - Signed.pdf 2.2.6.1.1.1 ADPWC Audited FS -2021-Signed.pdf 2.2.6.1.1.3 ADPWC Audited FS - 2023 - Signed.pdf



AL DUR POWER & WATER COMPANY B.S.C. (C) AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022



REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS



Commercial registration number	69733
Chairman	Mr. Meshary M A M Al-Judaimi
Vice Chairman	Mr. Frederic Michel Nicolas Claux (up to 1 September 2022) Mr. Tomaz Henrique Guadagnin (from 1 September 2022)
Directors	Mr. Willem August Beatrice Van den Abeele Mr. Antonio Di Cecca (up to 28 January 2022) Mr. Sharjeel Arshad Sheikh Ms. Anwar Al-Ajeel Mr. Mohammed Kazim Surve Mr. Masashi Mizoguchi Ms. Kyoko Okuhara (up to 22 November 2022) Mr. Laurent Raymond Louis Furedi (from 28 January 2022) Mr. Hiroshi Atakawa (from 22 November 2022)
Registered Office	Flat 1203. Building 2795, Road 2635, Block 428 Al Seef, Maxiama, Kingdom of Banram.
Blankers	Standard Chartered Bank PLC - Bahrain Slandard Chartered Bank PLC - London Avat Banking Corporation B.S.C Bahrain
Auctor	Deloitte & Touche Meddle East, P.O. Box 421, Manama, Kingdom of Bahrain.

CONTENTS

	<u>Pege</u>
Directors' report	1-2
Independent auditor's report	3 - 5
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	8
Statement of cash flows	9
Statement of changes in equity Statement of cash flows Notes to the financial statements Notes to the financial statements	10 - 39
MCCaCM20L3	
Feld "	

AL DUR POWER AND WATER COMPANY 8.S.C. (c) DIRECTORS' REPORT

The Board of Directors has pleasure in submitting its annual report and the sudited financial statements of Al Dur

Power and Water Company B.S.C.(c) ("the Company") as of and for the year ended 31 December 2022.

Principal activities

The Company is engaged in the private generation of electrical power from its 1,234 MW power plant and production of desafinated water from its 48 MIGD weter desafination factify located in Al Dur, Kingdom of Bahrain.

The Company commenced its commercial operations in February 2012 and contracted to supply electricity and water to the Electricity and Water Authority ("EWA"), Kingdom of Bahrain, under a long-lerm Power and Water Purchase Agreement ("PWPA").

Operating Highlights

In 2022 the Al Our Plant supplied a total of 5,404 GWh electricity and 77.2 million cubic maters of water to EWA and achieved a power technical evaluability of 93.63% and a water technical evaluability of 98.20%.

The results for the year are set out on page 7 of the financial statements.

Disclosure of remuneration to members of Board of Directors and Executive Management.

Reference to the provisions of Commercial Companies Law No. (21) of 2001 and its amendments, and pursuant to the provisions of Article No. (188) of the Commercial Companies Law and Article No. (125) of the Executive Regulations of Resolution No. (3) for the year 2022, minumeration and shifting fees and other benefits to Board of Directors and selaries and benefits peld to members of Executive Management has been disclosed as follows;

Board of Directors remuneration / sliting face and other benefits:

	1999		1.76		Est	<u> (</u>		L. dl	<u>0.70</u>		. T	1000	. M
Marcia I.	Berninseritons of the challman	Tetra alconarias in allending Bounding and confilture meetings	And Stranger			Annual and a branch	Contract in the second	· · · · · · · · · · · · · · · · · · ·	China	E TOPIC TOPIC	And the second second	The second	The support of the second
First: Independent Directors	la.	6		b									
None	-	- 🔊	15	-	-	•	-	· •	1.1	Ľ	· ·		-
Second: Non-Executive Directore			2							_			
1. Mr. Meshary M A M Al-Judaimi	12.Q	\mathbb{N}^{2}	-	· .	1.	E.	· ·	-	•	-	· -	-	-
2. Mr. Frederict M. N. Caster (III)	\mathbb{Z}		-].	•	•	•	•	-	-	-	-	-
3. Mr. Tomaz Henrague Guedegnin (M)	-	-				-	-			-		-	
4. Mr. Villem Van den Abgele	,	,	•			•							-
5. Mr. Antenio Di Cecca (i)							-	-					
8. Mr. Bharjeel Arshed Sheikh	<u>.</u>	1.			-		-	-		-	•		•
7. Ma. Aniwer Al-Ajael										-			·
Mr. Mohammad Kasim Surve					-		-		-				
9. Mr. Massehi Mizoguchi				-	-		-	-					
10. Ms. Kycko Okuhara (v)	-			-	-	•				·. ·			
11. Mr. Lourent R. L. Foredi (il)													
12. Mr. Miroshi Arakawa (vi)	-				•								
Third: Executive Directore							_						
Noné				_	. 1	. 1							<u> </u>
Total manual and and and	1.	1	15.0	(10.0	1.00	1.0	1.8	10.0	1.8	I A B	1.1	1.1
Note: All empurits are stated in Bahral	ni Dina	0							-	-	_		
 (i) Resigned W e 1, 28 January 2022 (ii) Appointed w.e.f. 28 January 2022 (iii) Hasigned w.e.f. 1 September 2022 					(v) R	ppointe: esigned ppointe:	i wasi.	22 Nov	osmber	2022			

AL DUR POWER AND WATER COMPANY B.S.C. (c) DIRECTORS' REPORT

Remuneration and benefits paid to Executive Menagement: b.

Salaties, banefits and other allowance paid to executive management are disclosed as follows;

l) Éxe-cutive méliagérirem	Total paid salaring	Totel part mitographia (Hanba)	Anv Silter Calability Tand namerical Silts Por 2022	Amount
Remuneration of top executives (Chap) Executive Officer and Chiel Financial Officer) *	139,003	15,436	3,000	157,441
Note: All amounts are stated in Bahraini Dina	175			

Executive management consist of Chief Executive Officer & Chief Financial Officer only

Signed on behalf of the Board of Directors

Meshary M A M Al-Judgrol Chairman

6 February 2023

- def Kendekia Mcendekia Mcendek

Tomaz Henrique Guadagnin Vice-Chairman

2

Deloitte.

Detoite & Touche Militie East United Tower, Ranneth Bay Variants, A. († Box 421 Kingdom of Bahram

160 49731721 4298 7-8: (1771723 4559 www.doi.org/+.com

C R 13673

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Al Dur Power and Water Company B.S.C. (c) Manama, Kingdom of Bahrain

Report on the audit of the financial statements

Opinion.

We have audited the accompanying financial statements of Al Dur Power and Water Company B.S.C. (c) ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statements of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended m 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 teather described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the standard of Bahrain, and we have fulfilled our other ethical responsibilities. We believe that the audit endence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the linancial statements and our auditor's report thereon.

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

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

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

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of the Board of Directors for the financial statements

Deloitte.

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

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

Those charged with governance are responsible to overseeing the company's reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 the one resulting from error,
 as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of
 internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of the Board of Director'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 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; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (continued)



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

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

Report on other legal and regulatory requirements

We report that.

- As required by the Bahrain Commercial Companies Law of 2001 (and subsequent amendments) ("BCCL"), we report that:
 - a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
- b) the Company has carried out physical verification of inventories at the year end in accordance with property established procedures;
- c) the financial information contained in the Director's report is consistent with the financial statements;
- d) nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Commercial Companies Law of 2001 (and subsequent amendments), or the terms of its Memorandum and Articles of Association that would have a material adverse effect on its business or its memoral position at 31 December 2022; and
- e) satisfactory explanations and information have been provided to us by the Board of Directors in response to all our requests
- 2) As required by the Minister (a) inductor, Commerce and Tourism in their letter dated 30 January 2020 in respect of Article (8) of Section (2) of Chapter (1) of the Bahrain Corporate Governance Code, we report that the Company has a section of the Company has a section of
 - a] a Corporate Governance Officer and
 - b) a board approved writter guidance and procedures for corporate governance.

Delotte A. Toula.

Delotte & Touche - Middle East Registration Number: 256 Manama, Kingdom of Bahrain 16 February 2023

STATEMENT OF FINANCIAL POSITION

At 31 December 2022

		2022	5704
	Noles	80	2021 8D
ABSETS			
Non-current asset			
Finance lasse receivables	6	599.649,267	525.206,384
Investment in a joint venture	6	5,000	5,000
Derivative financial instruments	13	10,338,992	1,431,835
Total non-current equet		598,993,159	626,642,999
Current exects			
Financa lease receivables	5	25,557,097	24,995,319
Inventories	3	2,443,060	2,\$39.482
Accounts and other receivables	8	10,692,054	13,583,203
Due from a related party	8	1,626	640
Derivative financial instruments	13	3,183,849	-
Bank belances, cash and deposits	10	23,860,272	20,660,232
Total current esset		73,738,160	61,876,876
TOTAL ASSETS		683,731,319	658,521,875
EQUITY AND LIABILITIES			
Equility		6 Bran	
Share cepital	1 1 S 12	23,000,000	25.000,000
Additional shareholder contribution	ALL BOC	178,959,945	- //
Statutory reserve		B,841,700	7,599,368
Retained earnings	S March	58,997,022	50,615,967
Hedging reserve	A NO ROOM	(639,780)	(47,608,561)
Share capital Additional shareholder contribution Statutory reserve Retained earnings Hedging reserve Total equity Liabilities Non-current liabilities Derivative financial matuments	13 NC 43 C 10 NC 43 C 10 NC 43 C 13 C 14	271,977,929	35.606,774
Liabilities			
Non-current liebijities	OL		
Dorivative Snanclal matruments	13	3,849,072	28,192,334
Borrowings	14	339,515,722	372,426,606
N())	9	-	169,309,949
Demobilisation provision	15	9,745,498	9,352,780
Provision for disputer margins	16	7,854,940	5,468,155
Employees' and of service banefils	17	46,608	40,246
Total non-current liabilities		361,012,840	804,790,070
Current lieblittles			
Accounts payables and accruats	18	9,415,355	8,693,835
Amounts due to related parties	8	7,821,152	1,356,902
Derivative financial instruments	13	584,159	8,639,439
Borrowings.	34	32,909,884	29,434,864
Total current llabilities		50,740,550	48.125,031
Total fieldities		411,753,390	652,915,101
TOTAL EQUITY AND LIABILITIES	-	653,731,319	668.521.675
and the second			- N

متشبقة تتركحن

Meshery M A M Al-Judain/ Chairman

hunder

Tomaz Henrique Guadagnin Vice-Chairman The allached notes 1 to 26 form part of these finances eletements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2022

	Notes	3022 BD	2021 BD
Revenue and lease income	19	135,849,299	141,814,247
Operations and maintenance costs	20	(96,277,816)	(84,372,679)
Gross profil		39,571,483	47,441,568
General, administrative and other expenses	21	(1,109,490)	(1,171,855)
Allowance for disputed and unpaid receivables	22	(262,052)	(1,843,71D)
Provision for disputed margins	16	(648,445)	(\$2,266)
Provision for demobilisation	15	(392,718)	(291,670)
Other income - Insurance claim impact	8.1	4,512,000	-
Net operating profit for the year		41,670,778	44,042,167
Finance costs - net	23	(30,994,882)	(33,306,285)
Fareign exchange laases - nat		(252,501)	(225,813)
Profit for the year		10,423,385	10,510,069
Other comprehensive income that may be reclassified		8	
to profit or loss in subsequent periods:	No.		~~ ~~~
to profil or loss in subsequent penods: Net fair value gain on cash flow hedges Total comprehensive income for the year	andre.	45,977,811	29,089,939
to profit or loss in subsequent penods: Net fair value gain on cash flow hedges Total comprehensive income for the year fill with		\$7,401,205	39,600,008
CONFIGN			-1
Total comprehensive income for the year fillen		trat	2
	- to		
Meshary M A M ALJudarni	Tomar He	nrique Guadagré	0
Chelman Fell		-Chairman	

The attached notes 1 to 26 form part of these financial statements.

AL DUR POWER AND WATER COMPANY B.S.C. (c) STATEMENT OF CHANGES IN EQUITY

Yeer anded 31 December 2022

ferdying Total reserve BD BD	500) (3.993,234) - 10.510,069 339 29.069,333	939 39.600,00B	2	561) 35.606,774	- 10.423.395 811 48.977,611	811 57,401,206	2 189.308.949 (10,340 000)	750) 271,977,929	
- -	(76,688,500) - 29.089,939	28.069,939		(47.608.561)	46,977,811	46,977,811		(eau,760)	
Rəfaiməd Əsırmiryı: BD	41,158,905 10.510,068	10,510,068	(1.051.007)	50,615,967	10.423.395 -	10,423 395	(1,042,340)	69,997,022	
Statutory roserve BD	8.548,361 -	Ŧ	1.051,007	2 599,368	• 83		1,042.340	8,641,708	
Artational Sharaholder Contribution ED	н н <u>ж</u>		•		- Million	96	1000-0000	Contractions	5
Share capifar BD	25,000,000		-	25,800.000	SCN.		25 25	25.000.00	
Notes			12	610	M less u		24.00		
	At 01 January 2021 Profit for the year Other comprehensiv¢ income for the year	Total comprehensive income for the year	Transfer to statutory reserve	At 31 December 2021	Profit for the year Other comprehensive income for the year	Total comprehensive income for the year	Transfer to statutory reserve Transfer of subordimated loan from shareholders Repsyment of additional shareholder contribution	Al 31 December 2022	

The attached notes 1 to 26 form part of those financial statements.

ω

STATEMENT OF CASH FLOWS

_

Year ended 31 December 2022

		2022	2021
	Notes	<u>BD</u>	5D
OPERATING ACTIVITIES			
Profil for the year		10.423,395	10,510,069
Adjustmenta (or.			
Imputed finance income	19	(31,817,010)	(33,032,851)
Amortisation of deferred linence costs	23	832,082	832,062
Amortisation of discontinued hedging reserve	13	2,868,715	2,979,328
Provision for demobilisation	15	392,718	291,570
Provision for amployees' end-of-service benefits	17	6,362	21,830
Allowance for disputed and unpaid receivables	22	259,855	1,840,858
Provision for disputed and paid gas margin	16	548,445	92,266
Allowance for expected credit losses	22	2,097	2,652
Insurance claim	8	(4,512,000)	
Interast on bank borrowings	23	20,900,016	15,762,518
Net loss on interest rate swaps	23	6,512,248	13,292,211
Other finance (income) / costs	23	(118,158)	440.166
Operating profit before working capital changes		6,398,844	13,033,079
Working capital changes:			
		96,422	(145,590)
Accounts and other receivable	III YEK	(2,317,847)	35,552,906
Due from related parties		(1387)	23.208
Accounts payable and accrueis	C. OII	34,479	(37 190,709)
Due to related parties		11,248,903	230.845
Inventories Accounts and other receivable Due from related parties Accounts poyable and accruais Dire to related parties Net cash flows from operating activities NVESTING ACTIVITY Proceeds from finance tasse principal Increase in fixed deposits Proceeds from insurance claim	9.3I	15,459,604	11,503.739
	1 Be		
Property from theory leave neighbor		56,812,329	58 800 201
Introductors in fixed denosits		(11,280,000)	58,899,201
Proceeds from insurance claim		8,299,361	-
		·	
Net cash flows from investing activities.		48,831,710	56,699,201
FINANCING ACTIVITIES			
Repayment of borrowings	14	(30,266,946)	(27,348 532)
Repayment of subordinatod loans from shareholders	9		(10,716,000)
Repayment of additional shareholder contribution	9	(10,340,000)	-
Finance costs paid		(26,987,587)	(29,940,478)
Fuel demand model reserve account	10	(1,221,073)	(1,353)
Not cash used in financing activities		(58,815,606)	(68.006,373)
Net (decrease) / increase in cash and cash equivalents	5	(4,524,292)	396,567
Cash and cash equivalents, at the beginning of the year	ar	13,199,567	12.803.000
Cash and cash equivalents, at the end of the year	10	8,675,275	13, 199, 567

The attached notes 1 to 26 form (xirt of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Al Dut Power and Water Company B.S.C. (cl. ("the Company") is a Bahraini Closed Joint Stock Company incorporated in the Kingdom of Bahrain and registered with the kinistry of Industry and Commance under Commercial Registration (CR) number \$9733 on 27 August 2008. The address of the Company's registered office address is Flat 1203, Building 2795, Road 2835, Block 428, Al Seef, Kingdom of Bahrain.

The Company is engaged in the privato generation of electrical power using 1234MW power plant and production of desalinated water using 48 MIGD water desalination facility located in Al Dur, Kingdom of Bahrain, The Company commoniced its commercial operations in February 2012 and is contracted to supply electricity and water to the Electricity and Water Authority ("EWA"). Kingdom of Bahrain under a tong-term Power and Water Purchase Agreement ("PWPA").

The Company's majority shareholder is Al Dur Holding Company Limited ("the Parent Company"), a limited liability company registered in United Arab Emirates.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 16 February 2023.

2 BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in conformity with applicable requirements of the Bahran Commercial Companies Law of 2001 (and subsequent amendments).

The financial statements have been presented in Bahram Dinars ("BD"), being the presentation and functional currency of the Company.

The financial statements have been prepared on a historical cost basis, except the derivative financial instruments, which have been measured at all value. The parrying values of recognised liabilities that are designated as findiged items in cash flow hedges and are otherwise cannot at cost, are adjusted to record changes in the fair values attributable to he risks that are being hedged.

New and emended standards and interpretations

In the current year, the Company has applied the below amendments to International Financial Reporting Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 1, 2022. Their adoption has pounded any material impact on the disclosures or on the amounts reported in these financial statements.

Amendmonts to IFRS 3 Business Combinations: Reference to the Conceptual Framework:

The Company has adopted the amendments to IFRS 3 Business Combinations for the first time in the current year. The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37 Provisions, Contrigent Liabilities and Contingent Assots an acquirer applies IAS 37 to determine whather at the acquisition date a present obligation exters as a result of past events. For a levy that would be within the scope of IFRIC 21 Lovies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition

Amendmenis k: IAS 16 Property, Plant and Equipment related to proceeds before intended use:

The Company has adopted the amordments to IAS 16 *Property, Plant and Equipment* for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and onupment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

2 BASIS OF PREPARATION (continued)

The amendments also clarify the meaning of "testing whether an asset is functioning property" TAS 16 new specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprohensive income, the financial statements shall disclose the amounts of proceeds and cost included in profil or loss that relate to items produced that are not an output of the entity's ordinary activities, and which time item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assats related to Onerous Contracts-Cost of Fulfilling a Contract.

The Company has adopted the amendments to IAS 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct taboor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Annual Improvements to IFRS Accounting Standards 2018-2020 Gicle The Annual Improvements include amondments to IFRS 1, IFRS 9, IFRS 16 and JAS 41.

There has been no meterial impact on the financial statements of the Company upon adoption of the above amended standards.

New and revised standards issued but not yet offer involved

At the date of authorization of these consolidated financial statements, the Company has not applied the following new and revised IFRS Standards that have been as used but are not yet effective:

- IFRS 17 Insurance Contracts (effective from sangary 3, 2023)
- Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Salo or Contribution of Salets between an Investor and its Associate or Joint Venture (effective date not yet decided)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies - effective from January 1, 2023
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors Definition of Accounting Estimates - effective from January 1, 2023
- Amendments to IAS 12 Income Texes Deferred Tax related to Assets and Liabilities arising from a Single Transaction - effective from January 1, 2023.
- Amandmenis to IFRS 16 Leases Lease Liability in a Sale and Leaseback effective from January 1, 2024

The Directors do not expect that the edoption of the above Standards will have a material impact on the Company's financial statements in future periods

NOTES TO THE FINANCIAL STATEMENTS

Year orded 31 December 2022

3 SUMMARY OF SKINIFICANT ACCOUNTING POLICIES

Current versue non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification.

An asset is classified as current when it is.

- expected to be realised or intendexl to sold or consumed in the normal operating cycle;
- hold primarily for the purpose of trading;
- expected to be realised within twelvo months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a tability for all reast twelve months after the reporting period.

All other assets are classified as non-current.

A liability is correct when:

- it is expected to be setviad 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 period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Leases

The Company assesses all each contract incoption whether a contract is or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease saturates to make lease payments and right-of-use assets representing the right to use the underfying assets.

Short-term leaves and leaves of low-value assels.

The Company applies the short-term loase recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less term the continencement date and do not contain a purchase option) it also applies the lease of low-value assets recognition exemption to leases of long-term agreements for land leases and lease agreement for office premises that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Company as a lessor

JFRS 16 applies to the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey a right to the customer / supplier to use an asset or a group of assets in rotum for a payment or a sense of fixed payments. Cummadis meeting these criteria should be identified as either operating leases or finance leases. Contractual provisions in the Company's PWPA with EWA fall within the requirements of IFRS 15.

Inventories

Involtorios are stated at the lower of cost or net realisable value using the first-re, first-out method. Casts comprise purchase costs and, where applicable, credity attributable cost that have then incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated setting price less any further costs expected to be incurred to completion and disposal.

NOTES TO THE FINANCIAL STATEMENTS

Year anded 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments - recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(I) Financial aseets

Initial recognition

Financial assets are classified, all initial rocognition, as subsequently measured at amonised cost, fair value through other comprehensive vicome (OCI) and fair value through profit or loss.

The classification of Anancial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, 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. Trade receivables that do not contain a significant Enancing component or for which the Company has applied the practical expedient are measured at the transaction price.

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

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

Subsequent measurement

For purposes of subsequent measurement, Spancial assets are plassified in Your categories:

- (a) Friencial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with methodog of cumulative gams and losses (debt instruments);
- (c) Financial essets designated a fair value arough QCI with no recycling of cumulative gains and losses upon derecognition (equily instruments); and
- (d) Financial assets at fair value through profit or loss.

Financial easest at amortised cost 🖉

This category is the most relevant to the Company. The Company measures financiar 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

Financial assals at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, inciding or impaired.

The Company's financial assets at amortised cost include finance lease receivable, accounts receivable and uthers, amounts due from related parties and bank balances and deposits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments - recognition and measurement (continued)

(i) Financial assets (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debi instruments not held at fair value linkough 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 preside 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, trespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when internal or oxtomal 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.

Derecognition of linancial assets

A financial esset (in whole or in part) is derecognized where

- the Company has transferred its rights to see the transferred substantially all the risks and rewards of ownership or by when it has meither transferred or relained substantially all the risks and rewards and when it no writer has control over the financial asset, but has transferred control of the asset.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial tabilities at lan value through profit or loss, loans and borrowings, payables or as derival was designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of bans and borrowings and payables, net of directly attributable messaction costs.

Subsequent meesurement

The measurement of financial liabilities depends on their described takwing

The Company's financial liabilities comprise of accounts and other payables, subordinated loans from shareholders, term loans, amounts due to related parties and derivative financial instruments.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company After initial recognition, profit/ Interest-boaring loans and borrowings are subsequently measured at amortised cost using the effective interest / profit rate (EIR/ EPR) method. Gains and loases are recognised in profit or loss when the liabilities are derecognised as well as linexigh the EIR/ EPR emortisation process.

Amortised cost is calculated by taking into account any discount or pramium on acquisition and fees or costs that are an integral part of the EIA/ EPR. The EIR/ EPR amortisation is included as furance costs in the atelement of profit or loss and comprehensive income. This category generally applies to interest-beering loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments - recognition and measurement (continued)

(i) Financial (lab)lites (continued)

Derecognition of financial Rebilities

A financial hability 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 hability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of Roanciel Instruments

Financial assets and financial liabilities are offset and the net amount reported in the 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 softle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest rate nak. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assots when the fair value is positive and as financial habities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as

- Fair value hedges whon hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised final committing().
- Cash flow hedges when hedging the exposure to variability or cash flows that is either attributable to a
 particular nek associated with a recognised asset of liability or a highly probable forecast transaction.

The Company's derivative financial instruments quality as cash flow hedges.

At the inception of a hedge relationship the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the needed item, the nature of the risk being hedged and how the Company will assess whether the hedge relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge relationship qualifies for hedge accounting if includes all of the following effectiveness requirements;

- There is an economic relationship' between the hodged item and the hedging instrument.
- The effect of credit risk does not 'denominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged flem that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income "OCI" in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profil or loss and other comprehensive income

The Company uses interest rate swap contracts as hedges of its exposure to interest rate risk. The ineffective perion relating to interest rate swaps contracts is recognised in finance costs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

Cash flow hedges (continued)

If the hedging instrument expires or is terminated or exercised without replanement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer megis the orders for nedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the interest rate firm commitment is met.

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 baxed on the presumption that the transaction to sell the asset or transfer the (lability takes place either:

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

The principal or the most edvanlageous market must be accessible 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, essuming that market participants act in their according best interest.

A fair value measurement of a non-linancial assol takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use

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 unobservable inputs and reminiang the use of unobservable inputs.

The Company enters into interest rate was acceptents with certain counterparties, principally financial institutions with investment grade credit ratings. The most frequently applied valuation techniques, which employ the use of market observable courts. The most frequently applied valuation techniques include forward princing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying herdged item. All derivative contracts are fully cash collateralised, theraby aliminating both counterparty risk and the Company's two non-performance ast. As at 31 December 2022, the marked to market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value herarchy, 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 lechniques for which the lowest level input that is significant to the fair value measurement (6 directly or indirectly observable; and

Level 3 : Valuation techniques for which the lowest level logul that is significant to the fair value measurement is unotservable.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

Employees' and of service benefite

Non-Bahraini employees

Non-Batrain employees of the Company are paid an end of service indemnity. The emittement to end of service indemnity is based upon the experience employee's final setary and length of service. The expected costs of these banefilis are account over the period of the employment.

Balveiro employees

With respect to Bahraini employees, the Company makes contributions to the Secial Insurance Organisation calculated as a percentage of the employees' salaries in accordance with the relevant Law. The Company's obligations are limited to these contributions, which are expensed when due As per the Company policy, company make provisions for termination benefits for Bahraim employees based on the length of the service.

The entitlement to leave pay and passage is based upon the terms of employment contract with the employees and length of service. The expected costs of these benefits are accrued at the end of each reporting period and carried forward until they are utlesed.

Provisions

Provisions are recognised when the Company has a present obligation (regal or constructive) as a result of a pesi event, it is probable that an outflow of resources embodying economic banefits will be required to saitle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some of all of a provision to be reimbursed, for example, under any neuronal contract, the reimbursement is recognised as a separate ease!, but only when the reimbursement is streageneed as a separate ease!, but only when the reimbursement is streageneed in the statement of comprehensive many of environment.

Revenue recognition

Imputed finance income

Imputed finance income is recognised in the statement of profit or loss and other comprehensive income under the effective interest rate method and indisclosed as part of revenue. This is recognized over the term as described in the PWPA.

020

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer or services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be onlitted in exchange for those goods or services (oxcluding any emounts cultected on bothalf of third parties such as value arkied tax, etc.). The Company has concluded that it acts as principal in majority of its revenue arrangements, because a typically controls the goods or services before transferring them to the customer.

The recognition onteria for various types of revenue as follows,

Operations and meintenance revenue

The operations and maintenance revenue mainly compreses fixed and variable operations and maintenance charges. Operations and maintenance revenue are based on the PWPA with EWA, and is presented net of schedulind and forced unavailability's, and recognised over time, using an input method to measure progress towards complete satisfaction of the solvices, as the customer simultaneously receives and utilises the services provided by the Company.

Energy revenue

The energy revenue is mainly based on the consumption of the natural gas and fuel uit are based on the PWPA agreement.

Operations and maintenance revenue and energy revenue are recognised over time based on an output method as and when the services are randered.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 Decompar 2022

3 SUMMARY OF SIGMIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are initially rocorded in Bahram Dinars at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities demoninated in foreign currencies are retranslated into Bahram Dinars at exchange rate ruling at the statement of financial position date. All exchange gains and losses are taken to the statement of comprehensive income

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange roles at the data 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or safe, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or safe. Investment income earned on the temporary investment of specific borrowings perioding their expenditure on qualifying assets is deducted from the borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the year in which they are incurred.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the Board of Directors to make judgements, estimates and essumptions that affect the reported amounts of reversions, expenses assets and labilities, and the accompanying disclosures, and the disclosure of contrigent fiberilities uncertainly about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets on liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, the Board of Directors has made the following judgements, which have the most significant effective the amounts recognised in the financial statements:

Going concern

The Company's Board of Directors has made at assessment of the Company's ability to continue as a going concern and is satisfied that dire Company has the resources to continue the business for the foresenable lature. Furthormore, the Board of Directors is not aware of any material uncertainties, that may cast significant doubt about the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

Amongement that contains a lease

The Company's Board of Directors determined that the contractual provisions in the Company's Power and Water Purchase Agreement PWPA with EWA fail within IFRIC 4 "Determining whether an Arrangement contains a Lease", hence as per IAS 17 "Leases" (now superseded by IFRS 16 "Leases"), PWPA transfers all the substantial risks and rewards relating to the power & water plant to the off-taker (EWA) and hence qualifies as a finance lease (note 5).

Estimates

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 camping amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing orcumstances and assumptions about fittune 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 Decembor 2022

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates (continued)

Provision for expected credit losses of trade and other receivebles.

The Company sets its provision initially based on the Company's historical observed default rates. The Company updates the rates to adjust the historical crodit loss experience with forward-looking information.

The Company's historical credit loss expensive and forecast of economic conditions may also not be representative of customer's actual default in the future. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The emount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's frade receivables is disclosed in note 8.

The information about the ECLs on the Company's related party receivables is disclosed in note 9, and the ECLs provided for the bank balances, cash and deposits are disclosed in note 10 accordingly.

Provision for demobilisation costs

Based on the historical expenence and contractual obligation as per the Operations and Maintenance Agreement with Al Ezzel Operation and Maintenance Company Will, the Company has recognised a provision for decommissioning obligation associated with its power plant and water desaination facilities. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to design the and remove the plant from the site and the expected limiting of those costs. Most suitable industry index for power sector under the United States Fraducer Pictuation for been used in determining the present value of the demobilisation as the remangement expects to incur significant portion of these costs in US Dolars. The information about the demobilisation about the demobilisation provision is disclosed in note 15.

If the astimated United States Producer Price (name used in the calculation had been 1% higher at the year end, the carrying amount of the provision would have been higher by 80 97,455 (2021, BD 93.528).

Provision for disputed and paid full margin and disputed and unpact feel margin and non-conforming water deductions by EWA

First margin and non-conforming water disputes were referred to the Arbitration with EWA. The disputed fuel margins up to September 2015, and soluted non-conforming water deductions up to August 2014 were considered in the International Chamber of Commerce (ICC) Award issued on 17 November 2016, and addendum to the Award issued on 03 March 2017. The resulting impact has been recorded in the financial statements.

During November 2021, the Company and EWA agreed on the Award implementation Protocol (AIP) to resolve Revised Fuel Demand model and non- conforming water issues, and reconcillal disputed fuel charges and nonconforming water amounts subsequent to the periods considered in the ICC Award. Disputed non- conforming water deductions remain unpaid and EWA pays but disputes the fuel charges. Until the matter is resolved as agreed with EWA in the AIP, the Company makes full provision for the disputed fuel charges and nonconforming water amounts based on best estimate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 Decomber 2022

5 FINANCE LEASE RECEIVABLES

The substance of the Company's PWPA with EWA is to curistalict, own and operate the Al Dur Power & Water plant over 25 years starting from the Comminical Operation date (February 2012). The agreement conveys the hgM to use the facility to EWA.

The Company also doesn't provide ECL allowances for the finance lease receivables as there is no history of default and the receivable from EWA is secured by a government guarantee issued by the Government of Bahram.

	-	82 2021 80 80
Balanco as at January Less: payments received during the year	650,201.6 (24,995,3	
Balance al end of the year	625,206,3	650,201,683
ດຜູ້ກາງການກາງ ໃຫ້		value of chinumym se receipts
2022 BO	2021 20	2021 BD 80
Within one year 56,107,384 in 2 to 5 years (inclusive) 225,273,656 After 5 years 622,863,900	56,612.329 25,557,0 224,917 850 115,743,3 (179,327 290 482,905,9	59 110.750.054
904.244.940 Loss: Unearned finance income {279.038,376}	(310,855,556) (525,206,3	64 650.201,683
Present value of minimum lease receipts	N 650.209.653 625,205,3	650,201,683
Current Nor-current		
Fer	825,208,3	

The fand on which the power station, seawater desalination facilities and related buildings are constructed, is leased from the Government of Bohrain for a period of 30 years from the schoduled commercial operation data (1 June 2011) at a nominal rent of BD 1,000 per annum.

6 INVESTMENT IN A JOINT VENTURE

	D	80
50% share of BD 10,000 stated share capital of		
Al Dur Shared Facilities Company W.L.L. 5,04	Q	5,000

NOTES TO THE FINANCIAL STATEMENTS

Year anded 31 December 2022

INVESTMENT IN A JOINT VENTURE (continued)

Under the PWPA with the EWA, it is a requirement to establish a new company and to transfer the Seawater Intake / Outfal' Facilities. For this purpose, the Company entered into a Shared Facilities Shareholder Agreement dated 15 May 2019 with Haya Power and Desalination Company B.S.C. (Closed) (Al Dur - 2 Project Company), and established Al Dur Shared Facilities Company W.L.L on 26 December 2019 with a 50% ownership. Al Dur Shared Facilities Company W.L.L will be operated in accordance with the terms and conditions stated in the Shared Facilities Shareholder Agreement. Al Dur - 2 Project Company stated its commercial Operations during June 2022 and as at 31 December 2022, formal procedures to transfer the Seawster Intake / Outfal' Facilities were not completed. The Company's Interest in Al Dur Shared Facilities Company W.L.L is accounted for using the equity method in the linaucial statements.

Summarised financial information of Al Dur Shared Facilities Company W.L.L.

	2022 BD	2021 80
Total essets	10,000	10,000
Equily	10,000	10.000
Company's share in equily	5,000	5,000
7 INVENTORIES	2022 BD	2021 BD
Diesel Elder Cellon	2,443,060	2,539,482
ACCOUNTS AND OTHER RECEIVABLES	· · · · · · · · · · · · · · · · · · ·	
ACCOUNTS AND OTHER RECEIVABLES	2022 80	2021 BD
Trade receivablos Allowance for expected credit losses	23,782,305 (8,702,690)	23,336,682 (10,181,275)
Frepald expenses VAT recoverable Staff loans and other receivables (note 6.1)	15,079,415 276,297 1,111,288 2,225,064	13.155,407 283.172 234,278 10,348
	18,692,054	13,663,203

Trade receivables represent amounts receivable from EWA. Amounts receivable from EWA have a credit period of 45 days and are non-interest bearing.

As explained in note 4, the Company makes full provision for the disputed and unpaid fuel charges and the disputed and unpaid non-conforming water deductions relating to the periods subsequent to the period covered in the ICC Award. Accordingly, BD 7.752,361 (2021; BD 7.695,568) has been provided as disputed and unpaid non-conforming water deductions and BD 75.640 (2021; 1,738,340) has been provided as disputed and unpaid fuel charges. Please refer Note 16 for provision for disputed, and paid fuel charges.

The Company doesn't make ECL allowances for the trade receivable balances from EWA, as the Board of Directors believe that the receivable from EWA is secured by a government guarantee issued by the Government of Bahram. Hence any potential risk of certault is transferred to the Government.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

8 ACCOUNTS AND OTHER RECEIVABLES (continued)

Movement in allowance for disputed and unpaid receivable are as follows.

	Non- conforming water	Un-paid lue! margin	Olher disputes	Total
	50	80	80	<u>BD</u>
At 1 January 2021 Charge for the year 2021 (note 22) Transfer front provision for disputed	7,327,180 368,400	1,311,4D1	586,298 161,049	7,913,478 1,840,858
margins (note 16)		426.939		426,939
AL31 December 2021 Charge for the year 2022 (note 22) Transfer to provision for disputed	7.695,588 \$6.773	1.738.340 75.640	747,347 127,542	10, 1 81,275 259,955
margins (note 16)		(1,738,340)		(1,738,340)
At 31 December 2022	7,752,361	75,640	874,689	8.702,890

As at 31 December, the againg analysis of accounts receivables are, as follows:

2022 Midential dek	NEST ED	Neither pag dus nor impaired 80
Trade receivables - riol Staff and other receivables	16,079,415 2,225,054	15,079,419 2,225,054
a NCEL a Nie 25	17,304,469	17,304,469
Feb AA	Totel BD	Nailhor past due sor impaved BD
2021		
Trade receivables - net Staff and other receivables	13,155,407 10,348	13. 155,407 10,348
	13,165,755	13,165,755

8.1 During the year, one of the four ges turbines (GT -12) was demaged due to generator compressor casing quenching incident and the Company incurred total of BD 7.2 million to repair the damage. The Company made an intervn insurance datin of BO 4.512,000 (USD 12 million) which was approved by the insurance prices. During the year the Company received 9D 3.3 million and the balance was received autoequant to the year end. As at the year end that insurance claim was under process. Total revenue loss due to the incident was 9D 3.3 million and no business interruption insurance claim was submitted since the revenue loss period is less than the minimum deductibles under Insurance policies.

During the year 2022, after receiving relevant consents, the Company extended the natural gas involong mothanism egreed with EWA for further period up to 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

Year onded 31 December 2022

9 RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, circolors and key management personnel of the Company and entities controlled, juintly controlled or significantly influenced by such parties. Priorig colldies and terms of these transactions are approved by the Company's management.

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

Balances:

Due from a related party

Entities related to shareholders	2022 BD	2021 BD
Haya Power & Desaination Company B.S.C. (c)	1,642	645
	1.842	645
Allowance for expected credit losses	(14)	(5)
	1,828	640

As at 31 December 2022, the Company has recognised allowance for EOLs of BD 14 (2021; BD 5) for related party receivables considering the credit quality of the related parties. Movement in the ECL of the related party receivables during the year is as follows:

tial delar 512022	2021 BD
Balance at the beginning of the year 5 Expected credit loss allowance charged / (reversed) during the year 5	726 (721)
Balance at 31 December Collin No. 3	5
The againg analysis of due from related parties are as follows:	
	Current BD
Emilies related to shareholders	1,842
Total BD	Current BD
Entities related to sharpholders 645	645

NOTES TO THE FINANCIAL STATEMENTS

Year anded 31 Dacember 2022

9 RELATED PARTY TRANSACTIONS (continued)

Due to related parties

	2022 80	2021 BD
Shareholders		
Gat Investment Corporation G S.C.	17,853	15.057
Al Dur Energy Investment Company		12,917
Social Insurance Organisation	11,492	9,034
Al Dur Investop		4BC
Kyuden International	22,983	18.058
Enlities related to shareholders		
Al Ezzel Operations and Maintenance W.L.L.	7,575,982	7,165,959
Al Ezzel Power Company B.S.C.(s)	91,913	108,284
Englis Invest International SA - 8	101,129	27,103
	7,821,152	1.356.902

Amounts due from and due to related parties are interest free and have no pro-determined repayment period. The Brian of Directors consider these balances to be current assets and current tabilities, as appropriate

. .

Subordinated loans from shareholders

-	Sixy In	2022	2021
	Hidu Her	DB	BD
Balance at the neglinning of the year	1 en en en en	189,309,040	200,025,949
Transfer to additional shareholder cont	noutine and a contraction of the	(189,3D9.040)	
	ON BREAK OF	-	200,025,949
Repayment during the year	Con Kienne 3	•	(10,715,000)
Balance at 31 December	ender by		189,309,949

During the year, the A' Dur Holding Company Cirned agreed to transfer the balance in Subordinated Shareholder Loan and consider as additional Shareholder contribution under the Shareholders' equily. Board of Directors Repolution was passed to Implement the proposal with effect from 1 January 2022.

Related party transactions:

Transactions with related parties included in the statement of profil or loss and other comprehensive income are as follows:

 \mathcal{O}

Shareholders:	2022 8D	2021 80
Finance costs Settlement of Trabivilies on behalf of other related parties Shareholder loan repayment	71,411 1.500 10,340,000	54,838 10,718.000
Entities related to shareholders: Finance costs Operations and maintenance costs Settlement of Tiabilitios on behalf of other related parties	257,080 19,563,752 59,350	178,146 19,223,125 45,974
	30,293,093	30.218.083

NOTES TO THE FINANCIAL STATEMENTS

Year anded 31 December 2022

9 RELATED PARTY TRANSACTIONS (continued)

Companyation of key management personnel.

Key management personnel of the Company comprise the Board of Directors and the key members of management having authority and responsibility for planning, directing and controlling the activities of the Company During the year, no remuneration was paid to the Board of Directors. Remunerations of other members of management are as follows:

	2022 BD	2021 BD
Short term benefits Eucliof service benefits	154,441 10,102	158,126 8,958
	164,543	167,064

Short term benefits were in the form of salaries, bonuses and allowances.

10 BANK BALANCES, CASH AND DEPOSITS

	2022 80	2021 80
Cash and cash oquivalents "tred deposits with original maturity exceeding 3 months Liability reserve account cash deposits (a) Evol demand model reserve account (0)	B,675,275 11,280,000 - 3,910,606	13,199,567 4,784,653 2.689,533
Allowence for expected credit losses	23,865,881 (18,809) 23,850,272	20,673,753 (13,521) 20,660,232

(a) Amounts in the liability reserve account more and the reserve account of the service of t

(b) Amounts in fuel demand model reserve account represents the restricted deposits made by the Company for compliance with certain debt covenants. This amount is not considered as cash and cesh equivalents.

Movement in the ECL provision of cash at bank belances during the year is as follows:

	2022 BD	2021 80
Balance et the beginning of the year Provided during the year	13,521 2,068	9.948 3.573
Balance at 31 December	15,609	*3.521

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

11 SHARE CAPITAL

The authonsed, issued and fully paid share captal of the Company consists of 250,000 ordinary shares with a nominal value of BD 100 each. The legal shareholding structure of the Company is as follows:

	_	2	2022 eved 2021	
	Country of incorporation	Percarifago ownership	Number of shmes	Articunt BD
Al Dur Holding Company Limited Kahrabel FZE Sulf Investment Corporation G.S.C.	U.A.E. U.A.E. Kowait	99.0% 0.5% 0.5%	247.500 1.250 1,250	24,750 000 125,000 125,000
		100.0%	250,000	25,000,000

12 STATUTORY RESERVE

In accordance with the Bahrain Commercial Companies Law of 2001 of 2001 (and subsequent amendments) and the Company's articles of association, 10% of the annual profits has been transferred to statutory reserve. The Company may elect to discontinue such transfer when the reserve reaches 50% of the paid-up share capital. This reserve is not available for distribution except in such circumstances as supulated in the Bahrain Convinencial Companies law of 2001 (and subsequent amendments).

13 **DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial assats

Derwatives that are designated and effective as hedger@hsirun@hs carried of far value are as follows.

	CONTIG MEL 31 PM	2022 BD	2021 80
Interestinate swape.	ender 25	13,532,741	1 431,635

Derivative financie: Nabilities 🛛 🐟

Derivative financial Nabilities Derivatives that are designated and effective as hedging instruments camed at fair value are as follows.

	N A ATI	2022 BD	2021 BD
	FED		
Interest rate swaps:		4,443,231	36,831,773

The Company did not enter into any enforceable netting arrangements for inforcest rate swaps.

Asset	2022 80	2021 BD
Current	3,193,848	
Non-current	10,336,692	1.431,635
	13,632,741	1,431,635
	13,832,141	Ma1,095
	2022	2021
Liphilings	BD	6D
Current	594,159	8,639 439
Non-current	3,849,072	26, 192, 334
	4,443,231	36.831,773

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

13 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Park Rawhadaaa	2022 BD	2021 BD
Cash flow hedges Effective portion of the cash flow hedges nelfective portion of the cash flow hedges	(9,128,798) 39,288	34.950.296 419,840
	(9.089,510)	35,400,138

The Company uses interest rate swaps as part of its interest rate risk managament. These derivatives qualify for hedge accounting and have been designated as cash flow hodges according to IFRS 9: Financial instruments. Recognition and Measurament. Fair value of interest rate swaps is estimated based on the prevailing interest rates.

As at 31 December 2022, notional amounts outstanding for interest rate swaps was BD 358.9 million (USD 954.4 million) (2021: BD 386 million (USD 1,031 million)).

The form bans (note 14) beers interest at USD-LIBOR plus applicable margins. The Company has entered into "pay fixed, receive variable" IRS agreements with various counter panios

The interest rate swaps settle on a semi annual basis. The floating rate on the interest rate swaps is 6-month LIBOR

The Company will settle the difference between the fixed and thorizing interest rate on a nal boxis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Company's cash flow exposure resulting from variable interest rates on bonowings. The interest rate swaps and the interest parments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the pariod that this floating rate interest payments on debt affect profit or loss.

Upon completion of refutancing during November 2016 the Company voluntanty terminated a portion of the existing IRS agrooments which were observed on the fracture on 1 April 2027. As part of the termination process, the Company paid net swap breakage cost of SD 24.2 million or USD 54.36 million and terminated a portion of the existing IRSs agreements effective from 29 November 2018. The corresponding hedging reservation the terminated IRSs at 29 November 2018 agreements of the terminated and terminated in the terminated IRSs at 29 November 2018 agreements of terminated IRSs at 29 November 2018 agreements of terminated IRSs at 29 November 2018 agreements of terminated IRSs at 29 November

Movement in the hedging reserve of the terminated IRSs during the year is as follows.

R.C.	2022 8D	2021 80
Balarics at the beginning of the year Amortisation (note 23)	12,628,263 {2,868,715}	15,607 591 (2 ,979,528)
Balance at the end of the year (a)	9,759,548	12,628,263

(a) Balance in the bedging reserve for the ferminated IRSs will be amortised until 1 April 2027, which is the original maturity data of the terminated IRSs.

As part of the new financing, the Company orfered into new IRSs agreements with new counter parties up to 1 April 2030, to cover the minimum 75% of the new term loans profile as per the new refinancing facility agreement (note 14). With offect from 1 April 2021, the hedge cover has been increased to 95% of the loan profile.

NOTES TO THE FINANCIAL STATEMENTS

Year enced 31 December 2022

13 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Movement in hedging reserve during the year.

	2022 BD	2021 80
Balance at the beginning of the year Nativatue gain on IRS (i) Amortisatrum of discontinued hedging reserves (i) (note 23)	47,608,561 (44,109,096) (2,668,715)	76,698,500 (26,110,611) (2,979,328)
Balance at the end of the year	630,750	47.608,561
(i) other comprehensive income	(46,977,811)	{29,089,939}
Movement in nedging liabilities during the year.		
	2022 80	2021 BD
Balance all the tregonging of the year Net value gain on IRS	35,400,135 (44,469.646)	61,343,345 (25,943,207)
Balance at the end of the year	(9,089,510)	35,400.138
Movement in hedging loss recognised in profit or loss (ineffecting portion) Balance at the boginning of the year Ineffective portion of cash flow hedge (gain) Uses (ineffective portion of cash flow hedge (gain) Uses (ineffective portion) racognized during the year (nois 23) Balance at the end of the year Malurity date:	ES 2022 BD	2021 80
Balance withologinning of the year Ineffective portion of cash flow hedge (gain) Obes (10) NC - 31 racognized during the year (note 23)	(380,952)	252,435 157,40 5
Balance of the year	38,288	
Malurity date:	30,200	419,840
	Nominal A	
eelo "	2022 BD	2021 BD
1 April 2027 1 October 2029 1 April 2030	115,396,620 71,396,602 172,078,587	122.556,291 77.717,055 187.942,062
Balance at the end of the year	358,871,809	387,625,408
14 BORROWINGS		
	2022 6D	2021 80
Current Non-current	32,909,884 339,516,722	29.434,664 372,426,606
	372,426,805	401,861,490
Par Finner Frederic		

Re-Financing Facilities

During November 2018, the Company obtained 8D 487 million (USD 1,295 million) re-financing facilities from a syndicate of banks. The purpose of the re-financing facilities is to satile the milial financing facilities. The re-financing facilities are denominated in United States Doffars and the appregate amount is repayable on semiannual instalments starting from 1 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

14 BORROWINGS (continued)

Securilles

All the financing facilities are secured by a comprehensive legal and commercial mortgage over all of the assets of the Company

Covenents

The financing facility agreements contain certain covenants pertaining to, amongst other items, project finance ratios, liquidation and merger, entering into material new egreements, negative pledge, change of business, loans and guarantees. During the year, the Company complied with these covenants.

toeve)ni

The rolinancing facilities are required to carry interest at a Coaling rate of USD-LIBOR plus applicable margins.

Faas

The Company is required to pay lagency fees, security agent fees and all utilier bank fees.

Movements in the net borrowings:

	2022 BD	2021 BD
Loan Balance: Balance of the cegiming of the year Repayments curing the year	408,026,745 (30,286,946)	435.375,277 (27.348,532)
Less: Un-amortised Loan Origination faes:	377,759,799	400,025,745
Balance at the beginning of line year Amortisation during the year (note 23)	6,185,255 (\$32,052)	6.997.317 (832,062)
CO, Will Mer. 3	5,333,193	6,165,255
Net loan balance	372,428,806	401,861,490
Hep JAN JORS		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

14 BORROWINGS (continued)

Borrowing Schedule

Tota Commitment /	hilemational Feculies 50	ljare A Fecilities BD	ljora B Facībes BO	Murabaha Facilitias 80	Total BD
ublisation	168,876,942	129,934,475	112.800,000	75,200,000	486,813,417
Sank Borrowings: At 1 January 2022 Repayments	127,934,243 (15,879,687)	95.431.862 (12,217,739)	108,995,384 (1,301,712)	72,664.255 (6 67,808)	408,026,745 (30,266,946)
At 31 December 2022	112,054,555	86,214,123	107,894,672	71,796,448	377,759,799
Un-amodised loan origin At 1 January 2022 Amortisation	tation felos: 1,242,984	956.342	2,378,557	1,586,372	6,165,265
during the year	(198.725)	(152,898)	(268.264)	(192,175)	(832,062)
At 31 December 2022	1,044.259	803,444	2,091,293	1,394,197	5,333,193
Net bank borrowings: At 31 December 2022	111.010.297	85,410,579	00B,602379	70,402,251	372,426,606
Al 31 December 2021	126,697,259	97 475 526	106,618,827	71,077.684	401,861,490
Interestinate as per agreement	LIBOR + 3.3%			UBOR + 3.7%	
Weighted everage interest / profit rates	5.16%	I SHE'S	5.54%	5.63%	
Matunty date	· Apr 2028	Apr 2028	1 Oct 203*	1 Oct 2031	
Interest/ profit for the year 2022	6,128,108	4,714,930	6,034,787	4,022,791	20,900,016
	PO.				

All the above faoilbes are in United States Collars.

15 DEMOBILISATION PROVISION

	2022 BD	2921 BD
Balance at the beginning of the year Unwinding of discount and affect of the change in discount rate	9,352.780 392,718	9,061 210 291,570
Balance at the end of the year	9,745,498	9,352,760

The provision for demobilisation costs represents the present value of the management's best estimates of the luture outflow of accoronic benefits that will be required to demobilise the plant at the end of the Power & Water Purchase Agreement ('PWPA') period. Management uses the United States Producer Price Index to determine the discount rate and periodic unwinding of the discount has been recognised in profit or loss. Unexpired term of the PWPA is 14.5 years as at the reporting data ending in May 2036.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

16 PROVISION FOR DISPUTED FUEL MARGINS

	2022 80	2021 80
Balance at the beginning of the year Charge during the year Transfer from/ (to) allowance for expected credit losses (Note B)	5,469,155 648,445 1,738,340	5,802,828 92,268 (426,939)
Balance at the and of the year	7,854,940	5,468,155

Provision for disputed fuel margins are related to amounts disputed and paid by EWA from October 2015 (subsequent to the periods considered in the EWA Arbitration). As per the IOC (International Chamber of Commonce) Award, the Company's Fuel Demand Model need to be revised; and fuel charges disputed by EWA are required to be recalculated. During November 2021, the Company entered into an Award Implementation Protocol (AVP) with EWA to implement Revised Fuel Demand Model. Once the Revised Fuel Demand Model Interest, all the disputed fuel margins are required to be recalculated and reconciled. On conservative basis, until the reconciliation process completed, the Company's Management make full provision for disputed end paid fuel margins.

17 EMPLOYEES' END OF SERVICE BENEFITS

II EMPEUTES ENDER SENTING DEMERTING		
otial deki	2022 BD	262 (80
Balance at the laginning of the year Charge for the year	40.246 6,362	18,416 21,830
Bolance at the end of the year	46,608	40.246
18 ACCOUNTS PAYABLE AND ACCOUNTS PAYABLE AND ACCOUNTS	2022 80	2021 80
Trade payebles Other payebles Accrued interest	1,849,244 21,518 7,544,593	1,815,074 21,209 6,857 523
-	9,415,355	8.693,806

Trade payables are non-interest bearing and are normally settled within 45-90 days terms.

19 REVENUE AND LEASE INCOME

	2022 80	2021 8D
mputed finance income	31,817,010	33,032,651
Revenue from contracts with a customer		
Ерегду гехелье	70,767,752	75,578,921
Operations and maintenance revenue	33,264,537	33,202.675
	104,032,289	108.781,595
	135,849,299	141,814,247
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 Donombar 2022

20 OPERATIONS AND MAINTENANCE COSTS

Energy cmil 69,964,931 74,167,003 Operations and maintenance costs 26,293,485 20,255,676 95,277,816 94,372,679 21 GENERAL, ADMINISTRATIVE & OTHER EXPENSES 20 20,022 2,021 80 80 80 95,277,816 94,372,679 21 GENERAL, ADMINISTRATIVE & OTHER EXPENSES 20 20,022 2,021 80 80 80 80 95,277,816 94,372,679 94,372,679 91 94,372,679 94,372,679 20 80 80 80 95,277,816 94,372,679 94,372,679 91 92,975 644,908 80,935 92,073 80,935 80,935 80,935 92,095 91,093 1,1171,855 80,935 92 90 80 80 80 92 92 2,097 2,852 1,343,710 93 Provision for disputeol and unpaid receivablies (note 13) 200		2022 80	2021 BD
21 GENERAL, ADMINISTRATIVE & OTHER EXPENSES 2.022 2,021 50 ED Yisuffande 547,355 644,908 Staff costs 285,445 358,239 General administrative costs 64,795 80,905 Professional loss 108,495 67,003 1,108,495 1,171,865 2 PROVISION FOR DISPUTED RECEIVABLES 282,985 Provision for disputed and unpaid receivables (note 3) 2,897 2,892 Allowance for expected credit losses (note 3) 2,897 2,892 2,021 23 FINANCE COSTS - NET 2022 2021 80 80 Met loss on interest rate exaps - cash flow hedges (note 13) 2,862,715 2,922,21 1,343,710 23 FINANCE COSTS - NET 20,900,015 15,762,518 13,292,211 Net loss on interest rate exaps - cash flow hedges (note 13) 2,862,715 2,973,323 2,973,323 Amortisation of discrition distination of discrition wings (note 14) 332,052 632,052 157,405 Cther finance costs 252,393 <t< td=""><td></td><td></td><td></td></t<>			
2,022 2,021 Maurance 547,355 644,900 Staff costs 285,445 358,239 General administrative costs 68,195 80,905 Protessional fees 108,495 80,905 Protessional fees 108,495 80,905 Provision FOR DISPUTED RECEIVABLES 1,109,495 1,171,855 22 PROVISION FOR DISPUTED RECEIVABLES 2022 2.021 Provision for disputed and unpaid receivables (note 3) 259,955 1,840,858 Allowance for expected credit losses (note 3) 262,052 1,843,710 23 FINANCE COSTS - NET 2022 2021 Net loss on interest rate exers rousings (note 14) 20,900,0115 15,762,518 Net loss on interest rate exers rousis (note 13) 2,867,715 2,978,238 Amortisation of discriticity of dist (bas necoginged (note 13) 2,978,238 13,292,211 Amortisation of discriticity of dist (bas necoginged (note 13) 2,978,238 33,292,211 Amortisation of distribution of discriticity of distribution of discriticity of distribution of discriticity of distribution of discrity of distrot 13) 2,978,238 3		95,277,816	94.372.679
Std ED Insurance 547,355 644,906 Staff costs 285,445 358,239 General administrative costs 68,195 80,905 Protessional fees 108,495 97,603 1,109,490 1,171,855 22 PROVISION FOR DISPUTED RECEIVABLES 2022 2.021 Provision for disputed and unpaid receivables (rate 3) 2,097 2.652 1,840,858 Allowance for expected credit losses (rate 3) 2,097 2.652 1,843,710 23 FINANCE COSTS - NET 20,202 2021 80 80 Interest on bank borrowings (note 14) 2,868,715 2,979,528 1,3292,211 2,979,528 Amortisation of discontroued cash flow hedges (note 13) 2,360,552 157,62,518 157,62,518 Amortisation of discontroued cash flow hedges (note 13) 2,368,715 2,379,528 832,062 832,062 Amortisation of discontroued cash flow hedges (note 13) 2,360,5552 157,405 217,405 Char finance costs 262,390 272,781 27,781	21 GENERAL, ADMINISTRATIVE & OTHER EXPENSES		
Staff costs 201,005 358,239 General administrative costs 265,445 358,239 Professional fees 108,495 80,905 Professional fees 108,495 67,003 1,109,490 1,171,855 22 PROVISION FOR DISPUTED RECEIVABLES 108,495 Provision for disputed and unpaid receivables (note 0) 1,109,490 1,171,855 23 PROVISION FOR DISPUTED RECEIVABLES 2022 2.021 Provision for disputed and unpaid receivables (note 0) 258,955 1,840,958 Allowance for expected credit losses (note 0) 262,052 1,843,710 23 FINANCE COSTS - NET 2022 2021 Mul loss on interest rate awaps – cash flow hedges 6,512,248 13,292,211 Amortisation of discontrued cash flow hedges (note 13) 2,960,015 15,762,518 Nul loss on interest rate awaps – cash flow hedges 6,512,248 13,292,211 Amortisation of discontrued cash flow hedges (note 13) 2,960,015 15,762,518 Cher finance costs 2,979,328 632,062 632,062 Ineflective port on of cash f		•	
22 PROVISION FOR DISPUTED RECEIVABLES Provision for disputed and unpaid receivables (afte d) Provision for disputed and unpaid receivables (afte d) Allowance for expected credit losses (mile g and pose (a)) 259,955 1,840,858 20 2,097 2,097 21 FINANCE COSTS - NET 2022 2021 Net loss on interest rate evaps - cash flow hedges 6,512,248 13,292,211 Amortisation of discritrued cash flow hedges (note 13) 2,868,715 2,979,328 Amortisation of defined linance costs (note 14) 832,062 832,062 1effective port on of cash flow hedge (gain) / kess recognized (note 13) 282,092 167,405 Cther finance costs 262,092 167,405 297,22,781	Steff costs General administrative costs	285,445 68,195	358,239 80,905
Provision for disputed and unpaid receivables (role 3) Allowance for expected credit losses (role 3) Allowance for expected credit losses (role 3) 259,955 2,097 2		1,109,490	1,171,855
2022 2021 BD BD BD Interest on bank borrowings (note 14) 20,900,015 15,762,518 Net loss on interest rate awaps - cash flow hedges 6,912,248 13,292,211 Amortisation of discontinued cash flow hedges (note 13) 2,868,715 2,979,828 Amortisation of deterred finance costs (note 14) 832,062 632,062 Ineffective portion of cash flow hedge (gain) / kiss recognized (note 13) (360,552) 167,405 Cther finance costs 262,393 272,781		259,955	80 1,840,858
Interest on bank borrowings (note 14) 20,900,015 15,762.518 Net loss on interest rate awaps - cash flow hedges 6,512,248 13,292,211 Amortisation of discontrued cash flow hedges (note 13) 2,868,715 2,979,828 Amortisation of defarred finance costs (note 14) 832,062 832,062 Ineffective port on of cash flow hedge (gain) / kiss recognized (note 13) (380,552) 167,405 Other finance costs 262,303 272,781			
30,994,882 33,306,265	Interest on bank borrowings (note 14) Net loss on interest rate awaps – cash flow hedges Amortisation of discontinued cash flow hedges (note 13) Amortisation of defarred finance costs (note 14) Ineffective portion of cash flow hedge (gain) / kess recognized (note 13)	20,900,015 6.512,248 2,868,715 832,062 (380,552)	15,762,518 13,292,211 2,979,328 832,062 167,405
		30,994,882	33,306,285

24 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

e) Commitments under Operations and Maintanance Agreement.

The Company has entered into an Operations and Mainfeliance Agreement with Al Ezzel Operations and Maintenance Company ("the operation") under which it is committed to pay cartain fores to the Operation of the Plant as fixed and variable tees, with relevant indexation adjustments, as specified in the operation and maintenance agreement.

b) Capital expenditure commitments.

There were no capital expenditure contracted for at the repurling data.

NOTES TO THE FINANCIAL STATEMENTS

Year anded 31 December 2022

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's financial instruments expose it to a variety of financial risks. Those include foreign exchange nak, Interest rate risk, credit risk and equidity risk. The Board of Directors monitors these risks to minimize potential adverse effects on the Company's financial performance.

The Company's financial assets include finance lease receivables, accounts and other receivable, due from related parties and bank balances, cash and deposits. Financial liabilities include derivative financial instruments, accounts payables and accruais, due to related parties, suburdinated loans from shareholders and term loans.

The summary of financial assets and financial liabilities are follows:

	Amorhsed cost		Fair value through OCI	
	2022	2021	2022	2021
	BD	80	90	BD
Financial exacts				
Finance lease receivables	625,206,364	650,201,683		
Dorivative financial instruments			13,532,741	1,431,635
Due from a related party	1,828	640	-	-
Accounts and other receivable	17,304,469	13,785.755		-
Bank balances, cash end deposits	23,850,272	20,660,232	•	-
	666,362,933	684,028310	13,542,741	1,431,635
- Financial RabilGen	1 CIU	a Marina	<u> </u>	
Derivativo financial instruments	FIO. N	C CO.	4,443.231	36,831,773
Accounts payable and accruais	9.415,855	8.693.906	-	-
Due to related parties (7 021 152	1,356,902	-	-
Subordinated loans from Shareholders		169.309,949	-	-
Borrowings	(A11, 108, 139	408,025,745		-
MCs	394,995,308	607,387,402	4,443,231	35.831,773
Board of Directors	An			

Board of Directory

The Board of Directors is responsible for the overall risk management approach and for approving the nak strategies and principles

The risk associated with financial instruments and the Company's approaches to managing such risks are described below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Please refer to notes 5, 6 and 9 for concentration of medit risk. The Company's exposure to credit risk is limited as it has only one customer, the EWA of the Kingdom of Bahrain, a government entry.

An impairment analysis is performed at each reporting date to measure expected credit losses. Based on the Company's management review, an allowance for ECLs amounting to BD 14 (2021; BD 5) has been recognised for the Company's due from a related party as of 31 December 2022 and 31 December 2021.

The credit risk on liquid funds is limited as the counterparties are financial institutions regulated by the Central Bank of Bahrain and other regulators in the United Kingdom and France. All these financial institutions have acceptable credit ratings assigned by International rating agencies.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit risk (continued)

As per the Company's management assessment, allowance for expected credit losses on its bank balances as at 31 December 2022 amounting to 8D 15,609 (2021, BD 13,521).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fuctuate as a result of changes in market prices.

The Company's activities expose it primary to the financial risks of changes in foreign currency exchange rates and interest rates (see below).

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.

The Company's financial assets and financial liabilities are denominated primarily in Bahrain Dinars, United States Collars and Euros. As the Bahrain Dinar is pegged to the United States Collars, balances in the US Collars are not considered to represent a significant currency risk and a change in the Euro rate against BD is not expected to have a material impact on the Company's profit for the year.

The carrying amounts of the Company's monetary financial assals, and monetary financial liabilities cenominated in foreign sumency at the reporting date are as follows:

	TK	NON NEN	EUR	
	3032	2923	2022	2021
	CEO 3		BD	80
Financial assets	ON S I		Ø.	
Bank balances, cash and deposits	15,223,857	0 13,803,480	1,282	1,385
	15,221,157	13.BO3,48D	1,282	1,365
Financial disbligge	C. N. N.	2		
Botrāwings 🛛	377,759,789	408.026,745		
Shareholder Joans	A A -	189,309,949	-	-
Accounts payables and accruais	1,910,243	25,692	-	-
Dué lo related parties	7.383,573	1,147 718	-	•
R -	367,053,555	598,511,104		25

interest/ profit rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates

The Company is exposed to interest rate risk on its interest boaring liabilities (term loans).

The Company reviews the markot analysis and expectations for interest/ profit rate movements as the basis on which the Company decides to utilise floating or fixed rates for its interest/ profit bearing itabilities. The Company has hedged its interest/ profit rate rate on its tean facilities by entering into interest rate swap Yansections (note 13).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was

	Carrying amount	
	2022	2021
Variable rate instruments	80	80
Borrowings Derivative financial instruments	377,759,799 (9,089,510)	406,026,745 35,400,138
	368,670,289	443.426,883

Interest/ profit rate sensibivity intelysis:

The following interest profit rate sensitivity analysis has been calculated considering the expressine to variation in market interest rates for the un-hedged portion of the term loans as at the reporting date. A 50 basis point increase or decrease has been considered for the average toan batance when reporting interest/ profit rate risk internetly to key management personnel and represents management's assessment of the reasonably possible change in Interest/ profit rates.

	Profit	or loss
	ncrease	50 bp decrease
December 31, 2022	antial delse for so	BD
Borrowings	CALCE OT A (1,982 362)	1,992,362
Derivative financial instruments	1,892,744	(1,892,744)
	C Kic Ne 3	99.518
December 31, 2021		
Borrowings	(2,139.650)	2.139,650
Derwative financial instruments	2,032,668	(2,032,668)
	(1G6,9B2)	106,982

The Company is exposed to the following interest rate bonchmarks within its hodge accounting relationships, which are subject to interest rate benchmark reform: USD LIBOR. As fisted in note 13, the hedged items include ficating rate debt issued in United States Dullars.

The Company is currently working with ralevant parties to implement the transition from LIBOR to SOPR, with relevant Credit Adjustment Spreads and plan is to complete the transition process before 30 June 2023.

Refer note 13 for details of the hodging instruments and hedged sems in scope of the IFRS 9 amendments due to interest rate bonchmark reform, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments.

The Company will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark informs with respect to the limiting and the amount of the underlying cash flows that the company is exposed to ends. The Company heal assumed that this uncertainty will not end until the Company's contracts that reference LIBORs are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the attemative benchmark rate and the relevant spread eductment.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in ineeting obligations associated with financial fabilities. Ultimate responsibility for liquidity risk management rests with the Company's management, which has established an appropriate liquidity risk management framework for the Company's short, madium and long-term finding and tiquidity requirements. The Company limit its liquidity risk by ensuring bank facilities are available.

9	i
PANY B.S.C.	
ž	12
AN.	E
COMP	Ľ
ğ	STATE
TER	2
D WA	S
	FINAN
Z.	Ē
Į	뿓
POW	TO TH
DUR	8
ALD	5
<	Z

Year ended 31 December 2022

FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued) 90 101

Liquidity Hsk (continued) The table below summanses the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

519 519 519 519 519 519 519 519 519 519	- - 182.292.251	1 62,292,261 189,309,949 274,280,589	463.600 548
.09 5леви с-1	257.213.030	257,213,030 222,578,127	222.576 127
3.months to 1.yeer BD	7.544,593 - 42,811,324	60,366,917 8,253,978 48,637,522	54,891,500
Less than 3 months 0 B	1,870,782 7,821,152	9,691,914	10986,730
Contractual cash Rows BD	8.415.355 7621152 482348.669	4394,443)1112 1,355,912 1,355,912 1,951,348 543,504,248 543,504,248	742 1864 996
Cerrywry Amcwrri Be	217. 755. 755 217. 755. 755	334,336,306 8,693.806 1,358,902 189,308 849 408,026.745	BD7.387 402
Weighted average effective rate	5 38%	3.69%	
2022	Accounts payable and accruals Uve to related parties Subordinated loans from sharaholders Borrowings	2021 Accounts peyable and accruals Due to related parties Subordinated loans from shareholders Borrowings	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

25 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity dak (continued)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and cutilows on derivative instruments that are sattled on a net basis. When the amount peyable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The undiscrimined contractual cash flows are based on the contractual maturities of the derivatives.

2027	3 months for 1 year BD	1-5 years BD	5+ yeers BD	Total BD
Nel settled Interestinate swaps	2,699,689	E ALE DAD		
Interest rate swaps	2,099,009	5,845,215	644,805	9,089,510
2021				
Net settled				
Interest rate swaps	(8,639,439)	(30,294,202)	2,101,868	(36,831,773)
A 1.4				

Capital management

The Company manages its capital to ensure that the Company will be able to captimue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the Directives, polloge or processes during the year.

Gearing ratio

The Company's Board of Directors review the capital structure on a regular basis. As part of this review, the Board considers, the cost of capital and the risks associated with each class of capital

The gearing ratio at the year and was as follow:

Felp "	2022 80	2021 BD
Dobt (i) Cash and cash equivatents	377,759,799 (8,675,275)	408,026,745 (13,199,567)
Net debt	369,054,524	394.827.178
Equity (4)	271,977,928	224,916,723
Not debt to equity ratio	1 : 0.74	1.057

Debt is defined as term loen (note 14).

(ii) Equity includes all capital, retained comings, reserves and additional shareholder contribution / Subordinated loans from shareholders (note 9) of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

26 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, contail materially the scale of its operations or undertake a transaction on adverse terms.

The Board of Directors believe that the fair values of the Company's financial instruments carried at emortised cost approximated their carrying amounts as at the reporting dates

Set out below is an overview of financial instruments, other than derivative financial instruments, held by the Company as at 31 December:

		Amortised cost	
		2022	2021
		80	80
Financial assets:			
Finance lease receivables	5	625,206,364	650,201,683
Accounts and other receivable	8	17,304,469	13,165,755
Due from a related party	9	1,828	640
Bank balances, cash and deposits	10	23,850,272	20.660,232
	Sixton la	665,362,933	684,028.310
Financial Itabilities:	en ole	ES	
	CO IN	9,415,355	8.693,806
		7,821,152	1,356,902
	C° AN	-	789.309,949
FROMOWINGE	1 of a	377,758,799	408,026.745
ACCI NOT	Þ	394,996,306	607,387,402
Due from a related party Bank batances, cash and deposits	9	1,828 23,850,272 565,362,933 9,415,355 7,821,152 377,759,799	640 20,660,232 684,028.310 8.693,806 1,356,902 789.309,949 408,026.745

Feir value measurements recognised in the statement of financial position

The following mothods and assumptions water used to optimate the fair values:

- a) Bank balances, cash and deposits, cartain portion of accounts and other receivables and certain portion of accounts and other payables approximate their carrying amounts largely due to the shortterm maturities of these instruments:
- b) Term loans are evaluated by the Company based on parameters such as interest rates. As at 31 December 2022, the carrying amounts are not materially different from their fair values (2021: carrying amounts are not materially different from their fair values).
- c) The Company enters into derivative financial instruments with certain counterparties, principality financial institutions with invostment grade credit ratings. Fair values of interest rate swap contracts remeasured to fair value as disclosed in the accounting policy described on fair value measurement. These are Level 2 as per the fair value hierarchy for the year onded 31 December 2022 and year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2022

26 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurements recognized in the statement of financial position (continued).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levals 1 to 3 based on the degree to which the fair value is observable

- Level ? fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are trace derived from inputs other than quoted prices included within Level 1 that are observable for the esset or itability, eithor directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements recognised in the statement of financial position (continued)

The table below analyses assets and **liabilities, measured** at fair value as at the end of the year, by lovel in the fair value therarchy into which the fair value measurement is categorized.

2022	2021
Lavel 2	Level 2
Financial assets measured at fair value	60
Infortust гаца амар 13,532,741	1,431.635
CO Wild Ne 37 2022	2021
Level 2	Leval 2
Financial liabilities measured at fall value	BD
Interest rate swap	36,831,773

The Company does not have financial asymmetry qualifying for Level 1 or Level 3 classification

During the year ended 31 December 2022 and 31 December 2021, there were no transfers between Level 1, and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Valuation techniques and key inputs

Fair value of financial trabulates categorised under Level 2 have been determined using discounted cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curvus at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties



AL DUR POWER & WATER COMPANY B.S.C. (C) AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021



Deloitte

AL DUR POWER AND WATER COMPANY B.S.C. (c)

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS PMES

31 DECEMBER 2021



AL DUR POWER & WATER COMPANY B.S.C. (C)

0

Commercial registration number	69733
Chairman	Mr. Meshary M A M Al-Judaimi
Vice Chairman	Mr. Frederic Michel Nicolas Claux
Directors	Mr. Willem August Beatrice Van den Abeele Mr. Antonio Di Cecca Mr. Sharjeel Arshad Sheikh Ms. Anwar Al-Ajeel Mr. Muhammad F.S. Shelot (up to 18 August 2021) Mr. Nabeel Kazarooni (up to 18 August 2021) Mr. Mohamed Al Khan (up to 18 August 2021) Mr. Mohammed Kazim Surve (from 18 August 2021) Mr. Masashi Mizoguchi (from 18 August 2021) Ms. Kyoko Okuhara (from 18 August 2021)
Registered Office	Flat 1203, Building 2795, Road 2835, Block 428, Al Seef, Manama, Kingdom of Babitain,
Bankers	Standard Chartered Bank PLC - Bahrain Standard Chartered Bank PLC - London Arab Banking Corporation B.S.C Bahrain
Auditor	Deloitte & Touche Middle East, P.O. Box 421, Manama, Kingdom of Bahrain.

CONTENTS

	Page
Directors' report	1-2
Independent auditor's report	3 - 5
Statement of financial position	6
Statement of profit or loss and other comprehensive income	7
Statement of changes in equity	B
Statement of cash flows	PMES 9
Statement of profit or loss and other comprehensive income Statement of changes in equity Statement of cash flows Notes to the financial statements Notes to the financial statements Notes to the financial statements	10 - 41
F.C.	

AL DUR POWER AND WATER COMPANY B.S.C. (c) DIRECTORS' REPORT

The Board of Directors has pleasure in submitting its annual report and the audited financial statements of Al Dur Power and Water Company B.S.C.(c) ("the Company") as of and for the year ended 31 December 2021.

Principal activities

The Company is engaged in the private generation of electrical power from its 1,234 MW power plant and production of desalinated water from its 48 MIGD water desalination facility located in Al Dur, Kinodom of Bahrain.

The Company commenced its commercial operations in February 2012 and contracted to supply electricity and water to the Electricity and Water Authority ("EWA"), Kingdom of Bahrain, under a long-term Power and Water Purchase Agreement ("PWPA").

Operating Highlights

In 2021 the AI Dur Plant supplied a total of 6,194 GWh electricity and 76.86 million cubic meters of water to EWA and achieved a power technical availability of 93.34% and a water technical availability of 95.94%.

The results for the year are set out on page 7 of the financial statements.

Disclosure of remuneration to members of Board of Directors and Executive Management

Reference to the provisions of Commercial Companies Law No. (21) of 2001 and its amendments, and pursuant to the provisions of Article No. (188) of the Commercial Companies Law and Article No. (125) of the Executive Regulations of Resolution No. (3) for the year 2022, remuneration and sitting fees and other benefits to Board of Directors and salaries and benefits paid to members of Executive Management has been disclosed as follows;

Board of Directors remuneration / sitting fees and other benefits: а.

The second second second	Fixed remuneration Variable remuneration			Fixed /emuneration			Variable remuneration			1000	17.2.2	14,73	
Namo	Remunerations of the chairman and 800	Total substances for attending beard and columbra meetings	2 0 . C	50000 B		Remunerations of the chemican		Incentive place	Otes A	Total	End of service aread	Augmegate amount	Expenses Allowances
First: Independent Directors	NI	D	59	Q.	¥						Contraction of the local division of the loc	-	
None	-	-	Non 1	-									+
Second: Non-Executive Directors	1000	12	000	-			1		S				-
1. Mr. Meshary M A M Al-Judaimi	10	D+		+					+		14	1.	
2. Mr. Frederic Michel Nicholas Claux	PO							-	+) • · · ·	
3. Mr. Willem Van den Abeele	*	+			+				+				
4. Mr. Antonio Di Cecca	-		-	2									
5. Mr. Sharjeel Arshad Sheikh								+	-	-			
6. Ms. Anwar Al-Ajeel	1.2		4										1.
7. Mr. Muhammad F.S. Sheloi (i)			10										
8. Mr. Nabeel Kazarooni (i)	122		-	4	-	+		-					
9. Mr. Mohamed Al Khan (I)													1.
10. Mr. Mohammed Kazim Surve (ii)			4	4	-	-	+	-		4			
11. Mr. Masashi Mizoguchi (ii)			S. 1					- 1					
12. Ms. Kyoko Okuhara (il)						+				+	-		
Third: Executive Directors	100			-						-		1.1	
None					+		+			+	-		1.5
Total	+ -	8.5				10.5	-			14	1	5	12

AL DUR POWER AND WATER COMPANY B.S.C. (c) DIRECTORS' REPORT

Remuneration and benefits paid to Executive Management: b.

Salaries, benefits and other allowance paid to executive management are disclosed as follows;

Totel paid salaries and edowance	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2021	Appregate Amount
143,437	14,689	3,000	161,126
	and allowance	and elbwance (Bonus)	and elowance remuneration kind remuneration (Bonus) for 2021

Auditors

The auditors, Deloitte & Touche - Middle East, have expressed their willingness to be reappointed as auditors of the Company for the year ending 31 December 2022.

Signed on behall of the Board of Directors

Meshary M A M Al-Judaimi Chairman 9 March 2021

be re

Deloitte.

Deloitte & Touche Middle East Unded Toxer, Balfradt Bay Mariamu, P.D. Box 421 Kingdom of Bahram

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Al Dur Power and Water Company B.S.C. (c) Manama, Kingdom of Bahrain

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Al Dur Power and Water Company B.S.C. (c) ('the Company'), which comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 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 financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the Directors' report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

V 1720

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

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

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

Tel: +973 1 721 4490 Fax: +973 1 721 4550 www.defot5e.com E.R: 18570

Deloitte.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible to overseeing the company's reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material instatement of the 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 the one resulting from error,
 as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of
 internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- Conclude on the appropriateness of the Board of Director'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 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; and
- Evaluate the overall presentation, structure and content of the financial statements, including the
 disclosures, and whether the financial statements represent the underlying transactions and events
 in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (continued)

Deloitte.

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

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

Report on other legal and regulatory requirements

We report that:

- As required by the Bahrain Commercial Companies Law of 2001 (and subsequent amendments), we report that:
 - a) the Company has maintained proper accounting records and the financial statements are in agreement therewith;
 - b) the financial information contained in the Director's report is consistent with the financial statements;
 - c) Nothing has come to our attention which causes us to believe that the Company has, during the year, breached any of the applicable provisions of the Commercial Companies Law, or the terms of its Articles of Association that would have a material adverse effect on its business or its financial position at 31 December 2021; and
- d) satisfactory explanations and information have been provided to us by the Board of Directors in response to all our requests.
- 2) As required by the Ministry of Industry, Commerce and Tourism in their letter dated 30 January 2020 in respect of Article (8) of Section (2) of Chapter (1) of the Bahrain Corporate Governance Code, we report that the Company has:
 - a) a Corporate Governance Officer; and
 - b) a board approved written guidance and procedures for corporate governance.

NA.

felþ

Delotte & Touche

Deloitte & Touche - Middle East Partner Registration Number: 256 Manama, Kingdom of Bahrain 09 March 2022

STATEMENT OF FINANCIAL POSITION

Al 31 December 2021			
	20.1cm	2021 BD	2020 BD
ASSETS	Notes	00	60
Non-current asset			
Finance lease receivables	5	625,206,364	650.201 683
Investment in a joint venture	6	5,000	5 000
Derivative financial instruments	13	1,431,635	-
		626,642,999	650,206,683
Current assets			
Finance lease receivables	5	24,195,119	23,866,550
Inventories	7	2,539,482	2,393,892
Due from a related party	9	640	23,127
Accounts and other receivables	8	13,683,203	51,503,905
Bank balances, cash and deposits	10	20,660,232	25,875,010
		61,878,876	103,662,485
TOTAL ASSETS		688,621,875	753.869,168
EQUITY AND LIABILITIES		atterne setting to	-
Equity			
Share capital	11	25,000,000	25.000,000
Statutory reserve	12	7,599,368	6.548,361
Retained earnings		50,615,967	41,156,905
Hedging reserve	13	17,608,561)	(76,698,500)
Retained earnings Hedging reserve Total equity / (deficit) Liabilities Non-current liabilities Derivative financial instruments Borrowings	ntllon dle	35,606,714	(3.993,234)
Total equity / (deficit) Liabilities Non-current liabilities Derivative financial instruments Borrowings Subordinated loans from shareholders Demobilisation provision Provision for disputed margin Employees' end of service benefits		Mr. A Es	
Non-current liabilities	NUC	DII.	
Derivative financial instruments	A AR ANT	28,192,334	51,757,792
Borrowings	AN - 9142	372,426,606	401,861,489
Subordinated loans from shareholders, O		189,309,949	200,025.949
Demobilisation provision	5 15	0,352,780	9,061,210
Provision for disputed margina	16	5,468,155	5,802,828
Employees' end of service benefits	17	40,246	18,416
Employees' end of service benefits	NC CO NC (13) 140 15 15 15 17	604,790,070	668,527,684
Current liabilities			
Accounts payables and accruats	18	8,693,806	46,497,502
Amounts due to related parties	9	1,356,902	6,735,192
Derivative financial instruments	13	8,639,439	9,585,553
Borrowings	14	29,434,884	26,516,471
		48,125,031	89,334,718
Total liabilities		652,915,101	757,862,402
TOTAL EQUITY AND LIABILITIES		688,521,875	753,869,168
1 1 22	1	A	
1 5-	(-A-	-
Meshary M A M Al-Judaimi	Enert	Fric Mighet Nicola	s Claux
Chairman	1.100	Vce-Charman	

The attached notes 1 to 26 form part of these financial statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2021

	Notes	2021 BD	2020 BD
Revenue and lease income	19	141,814,247	140,492,422
Operations and maintenance costs	20	(94,372,679)	(90,718,896)
Gross profit		47,441,568	49,773,526
General, administrative and other expenses	21	(3,015,565)	(1.848.671)
Provision for disputed margins	16	(92,266)	(979,276)
Provision for demobilisation	15	(291,570)	(279,109)
Net operating profit for the year		44,042,167	46,666,470
Finance costs - net	22	(33,306,285)	(35,636,601)
Foreign exchange losses - net		(225,813)	(205,328)
Profit for the year		10,510,069	10,824,541
Other comprehensive income / (loss) that may be reclassifie to profit or loss in subsequent periods.	d		
Net fair value gain / (loss) on cash flow hedges	13	29,089,939	(13,567,121)
	Sitte		_
Total comprehensive income / (loss) for the year	1Chzr	39,600,008	(2,742,580)

Comprehensive income / (loss) for the year of the search o

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

Profit for the year Other comprehensive loss for the year Total comprehensive incomel(loss) for the year Transfer to statutory reserve 12 At 31 December 2020 28	capital BD 5,000,000 - - - - - 5,000,000	785erve BD 5,465,907 - - 1,082,454	earnings BD 31,414,818 10,824,541 	(63,131,379) (13,567,121) (13,567,121)	8D (1,250,654) 10,824,541 (13,567,121) (2,742,580)
Profit for the year Other comprehensive loss for the year Total comprehensive income/(loss) for the year Transfer to statutory reserve 12 At 31 December 2020 28	: 		10,824,541 - 10,824,541	(13,567,121)	10,824,541 (13,567,121)
Transfer to statutory reserve 12 At 31 December 2020 28	-	1,082,454		(13,567,121)	(2,742,580)
At 31 December 2020 25	-		(1,082,454)		-
	5 000 000				
Des 61 for the second		6,648,361	41,156,905	(76,698,500)	(3,993,234)
Profit for the year Other comprehensive income for the year	htial d	elsi est	10,510,069	29,089,939	10,510,069 29,089,939
Total comprehensive income for the year	MC-C	Dig Maria	10,510,069	29,089,939	39,600,008
Transfer to statutory reserve At 31 December 2021	Nell.3	1,051,007	(1,051,007)	•	
Transfer to statutory reserve At 31 December 2021 MCERCH 207 A	5.000,000	7,599,368	50,615,967	(47,608,561)	35,606,774

The attached notes 1 to 26 form part of these financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 December 2021

19 22 13 15 17 1.1 16 1.1 22 22 22	BD 10,510,069 (33,032,651) 832,062 2,979,328 291,570 21,830 1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	BD 10,824,541 (34,186,959) 834,341 3,181,204 279,109 3,779 754,621 979,276 3,792 21,036,904 10,327,392 256,760
22 13 15 17 1.1 16 1.1 22 22	(33,032,651) 832,062 2,979,328 291,570 21,830 1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	(34,186,959) 834,341 3,181,204 279,109 3,779 754,621 979,276 3,792 21,036,904 10,327,392
22 13 15 17 1.1 16 1.1 22 22	(33,032,651) 832,062 2,979,328 291,570 21,830 1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	(34,186,959) 834,341 3,181,204 279,109 3,779 754,621 979,276 3,792 21,036,904 10,327,392
22 13 15 17 1.1 16 1.1 22 22	832,062 2,979,328 291,570 21,830 1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	834,341 3,181,204 279,109 3,779 754,621 979,276 3,792 21,036,904 10,327,392
22 13 15 17 1.1 16 1.1 22 22	832,062 2,979,328 291,570 21,830 1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	834,341 3,181,204 279,109 3,779 754,621 979,276 3,792 21,036,904 10,327,392
13 15 17 1.1 16 1.1 22 22	2,979,328 291,570 21,830 1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	3,181,204 279,109 3,779 754,621 979,276 3,792 21,036,904 10,327,392
15 17 1.1 16 1.1 22 22	291,570 21,830 1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	279,109 3,779 754,621 979,276 3,792 21,036,904 10,327,392
17 1.1 16 1.1 22 22	21,830 1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	3,779 754,621 979,276 3,792 21,036,904 10,327,392
1.1 16 1.1 22 22	1,840,858 92,266 2,852 15,762,518 13,292,211 440,166	754,621 979,276 3,792 21,036,904 10,327,392
16 1.1 22 22	92,266 2,852 15,762,518 13,292,211 440,166	979,276 3,792 21,036,904 10,327,392
1.1 22 22	2,852 15,762,518 13,292,211 440,166	3,792 21,036,904 10,327,392
22 22	15,762,518 13,292,211 440,166	21,036,904 10,327,392
22	13,292,211 440,166	10,327,392
	440,166	
22		256,760
	43 033 070	
	13,033,079	14,294,760
	(145,590)	82,215
1	35,552,906	(24,029,478)
Ole .	23,209	(19,699)
m	(37,190,710)	25,324,871
	230,845	(174,244)
31	11,503,739	15,478,425
0		
	56,899,201	56,586,555
6		(5,000)
	56,899,201	56,581,555
14	(27,348,532)	(27,455,586)
9	(10,716,000)	(6,580,000)
	(29,940,478)	(32,297,950)
10	(1,363)	(325,135)
	(68,006,373)	(66,658,671)
	396,567	5,401,309
	12,803,000	7,401,691
10	13,199,567	12,803,000
	6 14 9 10	56,899,201 14 (27,348,532) 9 (10,716,000) (29,940,478) 10 (1,363) (68,006,373) 396,567 12,803,000

The attached notes 1 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

1 INCORPORATION AND PRINCIPAL ACTIVITIES

Al Dur Power and Water Company B.S.C. (c) ("the Company") is a Bahraini Closed Joint Stock Company, incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry, Commerce and Tourism under Commercial Registration (CR) number 69733 on 27 August 2008. The address of the Company's registered office address is Flat 1203, Building 2795, Road 2835, Block 428, Al Seef, Kingdom of Bahrain.

The Company is engaged in the private generation of electrical power using 1234MW power plant and production of desalinated water using 48 MIGD water desalination facility located in Al Dur, Kingdom of Bahrain. The Company commenced its commercial operations in February 2012 and is contracted to supply electricity and water to the Electricity and Water Authority ("EWA"), Kingdom of Bahrain under a long-term Power and Water Purchase Agreement ("PWPA").

The Company's majority shareholder is Al Dur Holding Company Limited ("the Parent Company"), a limited liability company registered in United Arab Emirates.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 9 March 2022.

2 BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in conformity with applicable requirements of the Babrain Commercial Companies Law.

The financial statements have been presented in Babraini Dinars ("BD") being the presentation and functional currency of the Company.

The financial statements have been prepared on a flatorical cost basis, except for derivative financial instruments, which have been measured at fair value. The carrying values of recognised liabilities that are designated as hedged items in cash flow hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the resks that are being hedged.

New and amended standards and interpretations

in the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after January 01, 2021. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Phase 2 amendments to Interest Rate Benchmark Reform in IFRS 9, IFRS 7, IAS 39, IFRS 4 and IFRS 16:

These amendments enables the Company to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

 Amendments to IFRS 16 Leases relating to COVID-19-Related Rent Concessions beyond June 30, 2021:

In the prior year, the Company early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lesse payments effected payments originally due on or before June 30, 2021.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

2 BASIS OF PREPARATION (continued)

In March 2021, the Board Issued Covid-19-Related Rent Concessions beyond June 30, 2021 (Amendment to (FRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022.

In the current financial year, the Company has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date.

The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rant concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only it all of the following conditions are met:

 The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.

 Any reduction in lease payments affects only payments originally due on or before June 30, 2022 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2022 and increased lease payments that extend beyond June 30, 2022)

There is no substantive change to other terms and conditions of the lease.

There were no significant rent concessions received during the year.

New and revised standards issued but not yet effective

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued out any not yet effective?

- IFRS 17 Insurance Contracts (effective from January 1, 2023).
- Amendments to IFRS 10 Consolidated Filencial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective date not yet decided).
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective from January 1, 2023).
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (effective from January 1, 2022).
- Amendments to IAS 16 Property, Plant and Equipment related to proceeds before intended use (effective from January 1, 2022).
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets related to Onerous Contracts—Cost of Fulfilling a Contract (effective from January 1, 2022).
- Annual Improvements to IFRS Standards 2018-2020: The Annual Improvements include amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards (effective from January 1, 2022), IFRS 9 Financial Instruments (effective from January 1, 2022), IFRS 16 Leases (effective date not yet decided) and IAS 41 Agriculture (effective from January 1, 2022).
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements: Related to disclosure of accounting policies (effective from January 1, 2023).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

2 BASIS OF PREPARATION (continued)

- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates and Errors (effective from January 1, 2023).
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from January 1, 2023).

The Board of Directors is currently assessing the impact of the above standards and interpretations on the financial statements of the Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current / noncurrent classification.

An asset is classified as current when it is:

- expected to be realised or intended to 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 period of
- cash or cash equivalent unless restricted from being exchanged @ 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 the normal operating side
- 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 or defer the settlement of the liability for at least twelve months after the reporting period

Leases

The Company assesses at each contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lessee

The Company applies single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of long-term agreements for land leases and lease agreement for office premises that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company as a lessor

IFRS 16 applies to the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey a right to the customer / supplier to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases. Contractual provisions in the Company's PWPA with EWA fall within the requirements of IFRS 16.

Inventories

Inventories are stated at the lower of cost or net realisable value using the first-in, first-out method. Costs comprise purchase costs and, where applicable, directly attributable cost that have been incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Financial instruments - recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition

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.

The classification of financial assets at initial recognition depends on the financial asset a contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, 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. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price.

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.

Subsequent measurement

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

(a) Financial assets at amortised cost (debt instruments):

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments - recognition and measurement (continued) (I) Financial assets (continued)

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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include finance lease receivable, accounts receivable and others, amounts due from related parties and bank balances and deposits.

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 here 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 these 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, prespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when internal or external information indicates that the Company is unlikely to receive the outstanting 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.

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised where:

- the right to receive cash flows from the asset has expired;
- the Company has transferred its rights to cash flows from an asset and either (a) has transferred substantially all the risks and rewards of ownership or (b) when it has neither transferred or retained substantially all the risks and rewards and when it no longer has control over the financial asset, but has transferred control of the asset.

(ii) Financial liabilities

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued) 3

Financial instruments - recognition and measurement (continued)

Financial liabilities (continued) 0

Subsequent measurement

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

The Company's financial liabilities comprise of accounts and other payables, subordinated loans from shareholders, term loans, amounts due to related parties and derivative financial instruments.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Company. After initial recognition, profit/ interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest / profit rate (EIR/ EPR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR/ EPR 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/ EPR. The EIR/ EPR amortisation is included as finance costs in the statement of profit or loss and comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Derecognition of financial liabilities

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 statement of profit ocloss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset about reported in the 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. 120

A

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment,
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Company's derivative financial instruments qualify as cash flow hedges.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments and hedge accounting (continued)

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'denominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income "OCI" in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income.

The Company uses interest rate swap contracts as hedges of its exposure to interest rate risk. The ineffective portion relating to interest rate swaps contracts is recognised in finance costs.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged finance costs is recognised.

If the hedging instrument expires or is terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the interest rate from commitment is met.

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 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

The Company enters into interest rate swap agreements with certain counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying hedged item. All derivative contracts are fully cash collateralised, thereby eliminating both counterparty risk and the Company's own non-performance risk. As at 31 December 2021, the marked-to market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment.

All assets and liabilities for which fair value is measured or disclosed in the 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; and

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 financial statements 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.

Employees' end of service benefits

Non-Bahraini employees

Non-Bahraini employees of the Company are haid an end of service indemnity. The entitlement to end of service indemnity is based upon the expetitive employee's final salary and length of service. The expected costs of these benefits are accrued over the period of the employment.

Bahraini employees

With respect to Bahraini employees, the Company makes contributions to the Social Insurance Organisation, calculated as a percentage of the employees' salaries in accordance with the relevant Law. The Company's obligations are limited to these contributions, which are expensed when due. As per the Company policy, company make provisions for termination benefits for Bahraini employees based on the length of the service.

The entitlement to leave pay and passage is based upon the terms of employment contract with the employees and length of service. The expected costs of these benefits are accrued at the end of each reporting period and carried forward until they are utilised.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Imputed finance income

Imputed finance income is recognised in the statement of profit or loss and other comprehensive income under the effective interest rate method and is disclosed as part of revenue. This is recognized over the term as described in the PWPA.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services is transferred to the customer or services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services (excluding any amounts collected on behalf of third parties such as value added tax, etc.). The Company has concluded that it acts as principal in majority of its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The recognition criteria for various types of revenue as follows;

Operations and maintenance revenue

The operations and maintenance revenue mainly comprises fixed and variable operations and maintenance charges. Operations and maintenance revenue are based on the PWPA with EWA, and is presented net of scheduled and forced unavailability's, and recognised over time, using an input method to measure progress towards complete satisfaction of the services, as the customer simultaneously receives and utilises the services provided by the Company.

Energy revenue

The energy revenue is mainly based on the consumption of the natural gas and fuel oil are based on the PWPA agreement.

Operations and maintenance revenue and energy revenue are recognised over time based on an output method as and when the services are recognised

12/21

Foreign currencies

Transactions in foreign currencies are initially recorded in Bahraini Dinars at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into Bahraini Dinars at exchange rate ruling at the statement of financial position date. All exchange gains and losses are taken to the statement of comprehensive income.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date 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.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All the other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, the Board of Directors has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

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

Arrangement that contains a lease

The Company's Board of Directors determined that the contractual provisions in the Company's Power and Water Purchase Agreement PWPA with EWA fall within IFRIC 4 "Determining whether an Arrangement contains a Lease", hence as per IAS 17 'Leases' (now superseded by IFRS 16 'Leases'), PWPA transfers all the substantial risks and rewards relating to the power & water grant to the off-taker (EWA) and hence qualifies as a finance lease (note 5).

Estimates

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 labilities within the next financial year, are described 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.

Provision for expected credit losses of frade and other receivables

The Company sets its provision initially based on the Company's historical observed default rates. The Company updates the rates to adjust the historical credit loss experience with forward-looking information.

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 8.

The information about the ECLs on the Company's related party receivables is disclosed in note 9, and the ECLs provided for the bank balances, cash and deposits are disclosed in note 10 accordingly.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates (continued)

Provision for demobilisation costs

Based on the historical experience and contractual obligation as per the Operations and Maintenance Agreement with ALEzzel Operation and Maintenance Company W.L.L., the Company has recognised a provision for decommissioning obligation associated with its power plant and water desalination facilities. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. Most suitable industry index for power sector under the United States Producer Price Index has been used in determining the present value of the demobilisation provision as the management expects to incur significant portion of these costs in US Doltars. The information about the demobilisation provision is disclosed in note 15.

If the estimated United States Producer Price Index used in the calculation had been 1% higher at the year end, the carrying amount of the provision would have been higher by BD 93,528 (2020: BD 90,612).

Provision for disputed and paid fuel margin and disputed and unpaid fuel margin and non- conforming water deductions by EWA

Fuel margin and non- conforming water disputes were referred to the Arbitration with EWA. The disputed fuel margins up to September 2015, and disputed non-conforming water deductions up to August 2014 were considered in the International Chamber of Commerce (ICC) Award issued on 17 November 2016, and addendum to the Award issued on 03 March 2017. The resulting impact has been recorded in the financial statements.

During November 2021, the Company and EWA agreed on the Award Implementation Protocol (AIP) to resolve Revised Fuel Demand model and non-conforming water issues and reconcile disputed fuel charges and non-conforming water amounts subsequent to the periods considered in the ICC Award. Disputed non-conforming water deductions remain unpaid and EWA paid disputed fuel charges for certain period and for some months disputed fuel charges remain unpaid. Therefore, until the matter is resolved as agreed with EWA in the AIP, the Company makes full provision for the disputed fuel charges and non-conforming water amounts based on best estimate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

5 FINANCE LEASE RECEIVABLES

The substance of the Company's PWPA with EWA is to construct, own and operate the Al Dur Power & Water plant over 25 years starting from the Commercial Operation date (February 2012). The agreement conveys the right to use the facility to EWA.

The Company also doesn't provide ECL allowances for the finance lease receivables as there is no history of default and the receivable from EWA is secured by a government guarantee issued by the Government of Bahrain.

	2021 BD	2020 BD
Balance as at January Less: payments received during the year	674,068,233 (23,866,550)	696,467,829 (22,399,596)
Balance at end of the year	650,201,683	674,068,233

	Minimum le	ase receipts	Present value lease re	
	2021 BD	2020 BD	2021 BD	2020 BD
Within one year in 2 to 5 years (inclusive) After 5 years	56,812,329 224,917,650 679,327,290	56,899,201 225,266,589 735,790,680	24,995,319 110,750,054 514,456,310	23,866,550 105,724,314 544,477,369
ess: Unearned finance income	961,057,269 (310,855,586)	1,017,956,470 (343,888,237)	650,201,683	674,068,233
Present value of minimum lease receipts	650,201,683	674,068,233	650,201,683	674,068,233
included in the statement of financial po	action as; 130	25 10	2021 BD	2020 BD
Current A	510 V 1231		24,995,319 625,206,364	23,866,550 650,201,683
F	9		650,201,683	674,068,233

The land on which the power station, seawater desalination facilities and related buildings are constructed, is leased from the Government of Bahrain for a period of 30 years from the scheduled commercial operation date (1 June 2011) at a nominal rent of BD 1,000 per annum.

÷

6 INVESTMENT IN A JOINT VENTURE		
	2021	2020
	BD	BD
50% share of 8D 10,000 stated share capital of		
Al Dur Shared Facilities Company W.L.L.	5,000	5,000
	A Designation of the local division of the l	

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

6 INVESTMENT IN A JOINT VENTURE (continued)

Under the PWPA with the EWA, it is a requirement to establish a new company and to transfer the Seawater Intake / Outfall Facilities. For this purpose, the Company entered into a Shared Facilities Shareholder Agreement dated 15 May 2019 with Haya Power and Desalination Company B.S.C. (Closed) (Al Dur - 2 Project Company), and established Al Dur Shared Facilities Company W.L.L on 26 December 2019 with a 50% ownership. Al Dur Shared Facilities Company W.L.L will be operated in accordance with the terms and conditions stated in the Shared Facilities Shareholder Agreement. The Company's interest in Al Dur Shared Facilities Company W.L.L is accounted for using the equity method in the financial statements.

Summarised financial information of Al Dur Shared Facilities Company W.L.L.:

2021 BD	2020 BD
10,000	10,000
10,000	10,000
5,000	5,000
2021 BD	2020 BD
2,539,482	2,393,892
2021 BD 23,336,682 (10,181,275)	2020 BD 58,829,352 (7,913,478)
13,155,407 283,172 234,276 10,348	50,915,874 403,977 168,881 15,174 51,503,906
	BD 10,000 10,000 5,000 2021 BD 2,539,482 2021 BD 23,336,682 (10,181,275) 13,155,407 283,172 234,276

Trade receivables represent amounts receivable from EWA. Amounts receivable from EWA have a credit period of 45 days and are non-interest bearing.

As explained in note 4, the Company makes full provision for the disputed and unpaid fuel charges and the disputed and unpaid non-conforming water deductions relating to the periods subsequent to the period covered in the ICC Award. Accordingly, BD 7,965,588 (2020: BD 7,327,180) has been provided as disputed and unpaid non-conforming water deductions and BD 1,738,340 (2020: 426,939) has been provided as disputed and unpaid fuel charges.

The Company doesn't make ECL allowances for the trade receivable balances from EWA, as the Board of Directors believe that the receivable from EWA is secured by a government guarantee issued by the Government of Bahrain. Hence, any potential risk of default is transferred to the Government.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

8 ACCOUNTS AND OTHER RECEIVABLES (continued)

Movement in allowance for disputed and unpaid receivable are as follows:

	Non-contirming water	Un-paid fuel margin	Other disputes	Total
	BD	BD	BD	BD
At 1 January 2020	6,697,408		461,449	7,158,857
Charge for the year 2020 (note 21.1)	629,772	·	124,849	754,621
At 31 December 2020	7,327,180		586,298	7,913,478
Charge for the year 2021 (note 21.1)	368,408	1,311,401	161,049	1,840,858
Transfer from Provision for disputed margins (note 16)	4	426,939	2	426,939
At 31 December 2021	7,695,588	1,738,340	747,347	10,181,275

As at 31 December, the ageing analysis of accounts receivables are, as follows:

			Days past due	
	Total BD	Current BD ::	<90 days	91 - 120 days BD
2021 Trade receivables - net Staff and other receivables	13,155,407	13,155,407	AES.	
	10,348	10,348	Ma .	
	13,165,755	13,165,755	•	•
	MCencitate	//	Days past due	
	A DI	Current BD	<90 days BD	91 - 120 days BD
2020 Trade receivables - net Staff and other	FC ^{050,915,874}	21,671,929	21,488,655	7,755,290
receivables	15,174	15,174		S
	50,931,048	21,687,103	21,488,655	7,755,290

Receivable from EWA as at 31 December 2021 includes BD (nil) (2020: BD 38,893,647) natural gas revenue receivable amount. During the year 2021, EWA proposed a natural gas charge mechanism where EWA will directly settle natural gas invoices to Tatweer on behalf of the Company up to 31 December 2021 and proposed the Company to issue credit notes equivalent to Tatweer natural gas invoice amounts from July 2020 to 31 December 2021. After receiving the consent from Tatweer and lenders, the Company confirmed its consent to EWA and issued credit notes as proposed in the EWA natural gas charge mechanism.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

9 RELATED PARTY TRANSACTIONS

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

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

Balances:

Due from a related party		
	2021	2020
	BD	BD
Entities related to shareholders		
Haya Power & Desalination Company B.S.C.(c)	645	-
Al Dur Shared Facilities Company W.L.L.		23,853
	645	23,853
Allowance for expected credit losses	645	(726)
	640	23,127
	the second se	

As at 31 December 2021, the Company has recognised allowance for ECLs of BD 5 (2020: BD 726) for related party receivables considering the credit quality of the related parties. Movement the ECL of the related party receivables during the year is as follows:

a denter on a	2021 BD	2020 BD
Balance at the beginning of the year Expected credit loss allowance (reversed) / charged during the year	726 (721)	570 156
Balance at 31 December	5	726
The ageing analysis of due from related padles are as follows		
2021	Total BD	Current BD
2021 Entities related to shareholders	645	645
	Total BD	Current BD
2020 Entities related to shareholders	23,853	23,853
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

9 RELATED PARTY TRANSACTIONS (continued)

Due	to	relat	ted	part	ies
-----	----	-------	-----	------	-----

	2021	2020
	BD	BD
Shareholders		
Gulf Investment Corporation G.S.C.	15,057	38,846
Al Dur Energy Investment Company	12,917	4,136,154
Social Insurance Organisation	9,034	15,538
Al Dur Investco	480	1,504,058
Kyuden International	18,068	
Entities related to shareholders		
Al Ezzel Operations and Maintenance W.L.L.	1,165,959	915,631
Al Ezzel Power Company B.S.C.(c)	108,284	50,765
Al Dur Shared Facilities Company W.L.L.		4,277
Engle Invest International SA - B	27,103	69,923
	1,356,902	6,735,192
	No. of Concession, Name	and the second second

Amounts due from and due to related parties are interest free and have no pre-determined repayment period. The Board of Directors consider these balances to be current assets and current liabilities, as appropriate.

~

S & 3

Subordinated loans from shareholders

	all de Kie 2021 Fier i	2020 Tier I
FICE M	Subordinated Shareholder Loan (a)	Subordinated Shareholder
CONFIG	BD BD	Loan (a) BD
Balance at the beginning of the year Repayment during the year	200,025,949 (10,716,000)	206,605,949 (6,580,000)
Balance at 31 December	189,309,949	200,025,949

(a) Subordinated loan from Tier I Shareholders is an unsecured interest free Subordinated Shareholder Loan from AI Dur Holding Company Limited and have no pre-determined repayment period.

These loans are disclosed under non-current liabilities as they are not expected to be settled in full before 31 December 2022 and there is no predetermined repayment schedule.

During 2021, the Company repaid BD 10,716,000 (2020: BD 6,560,000) Tier I Subordinated Shareholder loan, upon receiving approval from the Board of Directors.

Related party transactions:

Transactions with related parties included in the statement of profit or loss and other comprehensive income are as follows:

	2021 BD	2020 BD
holders:	50	BD
e costs	54,838	52,846
related parties (entities related to shareholders):		
e costs	178,146	158,539
ting expenses	19,223,125	17,856,686
	19,456,109	18,068,071
	19,490,109	_

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

9 RELATED PARTY TRANSACTIONS (continued)

Related party transactions (continued):

Transactions with shareholders and other related parties relating to the liability reserve account and restricted deposits are disclosed under note 10 (b).

Compensation of key management personnel:

Key management personnel of the Company comprise the Board of Directors and the key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. During the year, no remuneration was paid to the Board of Directors. Remunerations of other members of management are as follows:

	167,084	161,811
Short term benefits End of service benefits	158,126 8,958	153,075 8,736
	2021 BD	2020 BD

Short term benefits were in the form of salaries, bonuses and allowances.

10 BANK BALANCES, CASH AND DEPOSITS

tial del	101 2021 BD	2020 BD
Cash and cash equivalents Liability reserve account cash deposits (a) Fuel demand model reserve account (b)	13,199,567 4,784,653 2,689,533	12,803,000 10,393,788 2,688,170
Allowance for expected credit losses	20,673,753 (13,521)	25,884,958 (9,948)
Mcc 3C3 20 kc	20,660,232	25,875,010

⁽a) Amounts in the liability reserve account in year 2021 represent BD 4,784,653 (USD 12,725,141) deposits made by the Company to meet debt service over obligations. (2020: BD 4,784,653 (USD 12,725,141) deposits made by the Company and BD 5,609,135 (USD 14,917,912) deposits made by Shareholders (Tier II shareholders) of AI Dur Holding Company Limited). These amounts are not considered as cash and cash equivalents in statement of cash flows.

(b) Amounts in fuel demand model reserve account represents the restricted deposits made by the Company for compliance with certain debt covenants. This amount is not considered as cash and cash equivalents.

Movement in the ECL provision of cash at bank balances during the year is as follows:

	2021 BD	2020 BD
Balance at the beginning of the year	9,948	6,312
Reversed during the year	3,573	3,636
Balance at 31 December	13,521	9,948

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

11 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company consists of 250,000 ordinary shares with a nominal value of BD 100 each. The legal shareholding structure of the Company is as follows:

		2	021 and 2020	
	Country of incorporation	Percentage ownership	Number of shares	Arnount BD
Al Dur Holding Company Limited Kahrabel FZE	U.A.E.	99.0% 0.5%	247,500 1,250	24,750,000
Gulf Investment Corporation G.S.C.	Kuwait	0.5%	1,250	125,000
		100.0%	250,000	25,000,000

12 STATUTORY RESERVE

In accordance with the Bahrain Commercial Companies Law of 2001 and the Company's articles of association, 10% of the annual profits has been transferred to statutory reserve. The Company may elect to discontinue such transfer when the reserve reaches 50% of the paid-up share capital. This reserve is not available for distribution except in such circumstances as stipulated in the Bahrain Commercial Companies law.

13 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial assets

Derivatives that are designated and effective as hedging (struments carried at fair value are as follows:

	Marco P	2021	2020
	CONVIA NEN 31	BD	BD
Interest rate swaps:	and 13 Por 1. Fre -	1,431,635	

Derivative financial liabilities

Derivatives that are designated and effective as hedging instruments carried at fair value are as follows:

Feb 1Air	2021 BD	2020 BD
Interest rate swaps:	36,831,773	61,343,345
The Company did not enter into any enforceable nettin	g arrangements for interest rate swaps.	
	2021	2020
	BD	BD
Asset		
Current	1,431,635	
Non-current	1,431,635	
	2021	2020
	BD	BD
Liabilities		
Current	8,639,439	9,585,553
Non-current	28,192,334	51,757,792
	36,831,773	61,343,345

The Company does not have current Derivative financial assets as of reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

13 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

	2021 BD	2020 BD
Cash flow hedges Effective portion of the cash flow hedges Ineffective portion of the cash flow hedges (note 22)	35,232,733 167,405	61,236,778 106,567
	35,400,138	61,343,345

The Company uses interest rate swaps as part of its interest rate risk management. These derivatives qualify for hedge accounting and have been designated as cash flow hedges according to IFRS 9: Financial Instruments- Recognition and Measurement. Fair value of interest rate swaps is estimated based on the prevailing interest rates.

As at 31 December 2021, notional amounts outstanding for interest rate swaps was BD 388 million (USD 1,031 million) (2020; BD 414 million (USD 1,101 million)).

The term loans (note 14) bears interest at USD-LIBOR plus applicable margins. The Company has entered into "pay fixed, receive variable" IRS agreements with various counter parties.

The interest rate swaps settle on a semi annual basis. The floating rate on the interest rate swaps is 6-month LIBOR.

The Company will settle the difference between the fixed and floating interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the Company's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

Upon completion of refinancing during Nevember 2018, the Company voluntarily terminated a portion of the existing IRS agreements which were otherwise due to mature on 1 April 2027. As part of the termination process, the Company paid net swap breakage cost of BD 24.2 million or USD 64.36 million and terminated a portion of the existing IRSs agreements effective from 29 November 2018. The corresponding hedging reserve for the terminated IRSs at 29 November 2018 is amortised until 1 April 2027.

Movement in the hedging reserve of the terminated IRSs during the year is as follows:

	2021 BD	2020 BD
Balance at the beginning of the year Amortisation	15,607,591 (2,979,328)	18,788,795 (3,181,204)
Balance at the end of the year (a)	12,628,263	15,607,591

(a) Balance in the hedging reserve for the terminated IRSs will be amortised until 1 April 2027, which is the original maturity date of the terminated IRSs.

As part of the new financing, the Company entered into new IRSs agreements with new counter parties up to 1 April 2030, to cover the minimum 76% of the new term loans profile as per the new refinancing facility agreement (note 14). With effect from 1 April 2020, the hedge cover has been increased to 95% of the loan profile.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

13 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Movement in hedging reserve during the year:

Movement in hedging reserve during the year:		
	2021 BD	2020 BD
Balance at the beginning of the year	76,698,500	63,131,379
Net value (gain) / loss on IRS (i)	(26,110,611)	16,748,325
Amortisation of discontinued hedging reserves (i) (note 22)	(2,979,328)	(3,181,204)
Balance at the end of the year	47,608,561	76,698,500
(i) other comprehensive (income)/ loss	(29,089,939)	13,567,121
Movement in hedging liabilities during the year:		
	2021	2020
	BD	BD
Balance at the beginning of the year	61,343,345	44,488,453
Net value (gain)/ loss on IRS	(25,943,207)	16,854,892
Balance at the end of the year	35,400,138	61,343,345
Movement in hedging loss recognised in profit or loss (ineffective portion)	Aller	
olle alle	2021	2020
	BD	BD
Movement in hedging loss recognised in profit or loss (ineffective particip) Balance at the beginning of the year ineffective portion of cash flow hedge loss recognized (10,000,000,000,000,000,000,000,000,000,	252,435	145,868
during the year (note 22)	167,405	106,567
Balance at the end of the year	419,840	252,435
Maturity date:	Nominal	Amounts
	2021	2020
Feld	BD	BD
1 April 2027	122,566,291	129,245,894
1 October 2029	77,117,055	82,285,927
1 April 2030	187,942,062	202,074,693
Balance at the end of the year	387,625,408	413,606,514
14 BORROWINGS		
	2021	2020
	BD	BD
Current	29,434,884	26,516,471
Non-current	372,426,606	401,861,489
	401,861,490	428,377,960
B. Stored Bridger		

Re-Financing Facilities

During November 2018, the Company obtained BD 487 million (USD 1,295 million) re-financing facilities from a syndicate of banks. The purpose of the re-financing facilities is to settle the initial financing facilities. The refinancing facilities are denominated in United States Dollars and the aggregate amount is repayable on semiannual instalments starting from 1 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

14 BORROWINGS (continued)

Securities

All the financing facilities are secured by a comprehensive legal and commercial mortgage over all of the assets of the Company.

Covenants

The financing facility agreements contain certain covenants pertaining to, amongst other items, project finance ratios, liquidation and merger, entering into material new agreements, negative pledge, change of business, loans and guarantees. During the year, the Company complied with these covenants.

Interest

The refinancing facilities are required to carry interest at a floating rate of USD-LIBOR plus applicable margins.

Fees

The Company is required to pay agency fees, security agent fees and all other bank fees.

Movements in the net borrowings:

	2021	2020
	BD	BD
Loan Balance:	101	100 000 000
Balance at the beginning of the year	435,375,277	462,830,863
Repayments during the year	(27,348,532)	(27,455,586)
FIDE NCE CON	408,026,745	435,375,277
Less: Un-amortised Loan Origination fees:		7 004 050
Balance at the beginning of the year	6,997,317	7,831,658 (834,341)
Amortisation during the year (note 22)	(832,062)	(034,341)
ACCI NOVED	6,165,255	6,997,317
Net loan balance	401,861,490	428,377,960
Net roan barance		1000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

14 BORROWINGS (continued)

Borrowing Schedule

	International Facilities	ljara A Facilities	ljera B Facilities	Murabaha Facilities	Total
	BD	BD	BD	BD	BD
Total Commitment / utilisation	168,878,942	129,934,475	112,800,000	75,200,000	486,813,417
Bank Borrowings: At 1 January 2021 Repayments	142,494,985 (14,560,742)	109,634,812 (11,202,950)	109,947,288 (950,904)	73,298,192 (633,936)	435,375,277 (27,348,532)
At 31 December 2021	127,934,243	98,431,862	108,996,384	72,664,256	408,026,745
Un-amortised loan origin	ation fees:		2	Sur.	
At 1 January 2021	1,441,709	1,109,240	2,667,821	1,778,547	6,997,317
Amortisation during the year	(198,725)	(152,898)	(288,264)	(192,175)	(832,062)
At 31 December 2021	1,242,984	956,342	2,379,557	1,586,372	6,165,255
Net bank borrowings: At 31 December 2021	126,691,259	97,475,520	106.616.827	71,077,884	401,861,490
At 31 December 2020	141,053,276	108,525,572	197,278,467	1,519,645	428,377,960
Interest rate as per agreement	LIBOR + 3.3%	LIBOR 3.3%	LIBOR 3.7%	LIBOR + 3.7%	
Weighted average interest / profit rates	3.51%	elling alt	3.91%	3.91%	
Maturity date	1 Apr 2028	1 Apr 2028	1 Oct 2031	1 Oct 2031	
Interest/ profit for the year 2021	4,820,763	3,709,067	4,339,613	2,893,075	15,762,518

All the above facilities are in United States Dollars.

15 DEMOBILISATION PROVISION

	2021 BD	2020 BD
Balance at the beginning of the year Unwinding of discount and effect of the change in discount rate	9,061,210 291,570	8,782,101 279,109
Balance at the end of the year	9,352,780	9,061,210

The provision for demobilisation costs represents the present value of the management's best estimates of the future outflow of economic benefits that will be required to demobilise the plant at the end of the Power & Water Purchase Agreement ("PWPA") period. Management uses the United States Producer Price Index to determine the discount rate and periodic unwinding of the discount has been recognised in profit or loss. Unexpired term of the PWPA is 14.5 years as at the reporting date ending in May 2036.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

16 PROVISION FOR DISPUTED FUEL MARGINS

	2021 BD	2020 BD
Balance at the beginning of the year Charge during the year Transfer to allowance for expected credit losses (Note 8)	5,802,828 92,266 (426,939)	4,823,552 979,276
Balance at the end of the year	5,468,155	5,802,828

Provision for disputed fuel margins are related to amounts disputed and paid by EWA from October 2015 (subsequent to the periods considered in the EWA Arbitration). As per the ICC (International Chamber of Commerce) Award, the Company's Fuel Demand Model need to be revised and fuel charges disputed by EWA are required to be recalculated. During November 2021, the Company entered into an Award Implementation Protocol (AIP) with EWA to implement Revised Fuel Demand Model. Once the Revised Fuel Demand Model finalised, all the disputed fuel margins are required to be recalculated and reconciled. On conservative basis, until the reconciliation process completed, the Company's Management make full provision for disputed and paid fuel margins.

17 EMPLOYEES' END OF SERVICE BENEFITS

	2021	2020
	Hiall delan BD	BD
Balance at the beginning of the year	20 20 18,416	14,637
Charge for the year	21,830 C	3,779
Balance at the end of the year	40,246	18,416
18 ACCOUNTS PAYABLE AND ACCRUALS	35	
Ma act of	2021	2020
	BD	BD
Trade payables	1,815,074	39,001,176
Other payables	21,209	25,815
Accrued interest	6,857,523	7,470,511
	8,693,806	46,497,502

Trade payables are non-interest bearing and are normally settled within 45-90 days terms.

19 REVENUE AND LEASE INCOME

	2021 BD	2020 BD
Imputed finance income	33,032,651	34,186,959
Revenue from contracts with a customer Energy revenue Operations and maintenance revenue	75,578,921 33,202,675	73,147,597 33,157,866
	108,781,596	106,305,463
	141,814,247	140,492,422

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

20 OPERATIONS AND MAINTENANCE COSTS

	2021 BD	2020 BD
Energy cost Operations and maintenance costs	74,107,003 20,265,676	72,117,726
	94,372,679	90,718,896
21 GENERAL, ADMINISTRATIVE & OTHER EXPENSES		
	2021	2020
	BD	BD
Provisions - net (21.1)	1,843,710	758,413
Insurance	644,908	587,942
Staff costs	358,239	268,702
General administrative costs	80,905	166,217
Professional fees	87,803	67,397
	3,015,565	1,848,671
Professional fees 21.1 Provisions - net Provision for disputed and unpaid receivables (note 8) Allowance for expected credit losses (note 9 and note 10) 22 FINANCE COSTS - NET Interest on bank borrowings 9note 14) Interest on bank borrowings 9note 14) Net loss on interest rate swaps - cash flow hedges (note 13) Amortisation of discontinued cash flow hedges (note 13) Amortisation of deferred finance costs (note 14)	1,840,858	754,621
Allowance for expected credit losses (note 9 and note 10)	2,852	3,792
ofice Mce col	1,843,710	758,413
22 FINANCE COSTS - NET	¥	
	2021	2020
NCC NO. 22	BD	BD
Interest on bank borrowings 9note 14	15,762,518	21,036,904
Net loss on interest rate swaps - cash flow hedges	13,292,211	10,327,392
Amortisation of discontinued cash flow hedges (note 13)	2,979,328	3,181,204
	832,062	834,341
Amortisation of deferred finance costs (rigte, 14)		
Amortisation of deferred finance costs (note 14) Ineffective portion of cash flow hedge loss recognized (note 13)	101,405	106,567
Amortisation of deferred finance costs (no@ \$4) Ineffective portion of cash flow hedge loss recognized (note 13) Other finance costs	167,405 272,761	106,567 150,193

23 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Commitments under Operations and Maintenance Agreement:

The Company has entered into an Operations and Maintenance Agreement with Al Ezzel Operations and Maintenance Company ("the operator") under which it is committed to pay certain fees to the Operator of the Plant as fixed and variable fees, with relevant indexation adjustments, as specified in the operation and maintenance agreement.

b) Capital expenditure commitments

There were no capital expenditure contracted for at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's financial instruments expose it to a variety of financial risks. These include foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board of Directors monitors these risks to minimize potential adverse effects on the Company's financial performance.

The Company's financial assets include finance lease receivables, accounts and other receivable, due from related parties and bank balances, cash and deposits. Financial liabilities include derivative financial instruments, accounts payables and accruals, due to related parties, subordinated loans from shareholders and term loans.

The summary of financial assets and financial liabilities are follows:

	Amortis	ed cost	Fair value the	rough OCI
	2021	2020	2021	2020
	BD	BD	BD	BD
Financial assets				
Finance lease receivables	650,201,683	674,068,233	•	
Derivative financial instruments		14	1,431,635	
Due from a related party	640	23,127	•	
Accounts and other receivable	13,165,755	51,099,929	· ·	
Bank balances, cash and deposits	20,660,232	25 875,010	JICu II	-
	684,028,310	751,066,299	1,431,635	1
Financial liabilities	FIOI	MC CON	M -	
Derivative financial instruments	OTTAR	Non of the	36,831,773	61,343,345
Accounts payable and accruais	8,693,805	46,497,502		
Due to related parties	1,356,902	6,735,192	•	
Subordinated loans from Shareholders	169,309,949	200,025,949	- C	10
Borrowings	408,026,745	435,375,277	•	
	607,387,402	688,633,920	36,831,773	61,343,345
			and the second second second	

Board of Directors

The Board of Directors is responsible for the overall risk management approach and for approving the risk strategies and principles.

The risk associated with financial instruments and the Company's approaches to managing such risks are described below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Please refer to notes 5, 8 and 9 for concentration of credit risk. The Company's exposure to credit risk is limited as it has only one customer, the EWA of the Kingdom of Bahrain, a government entity.

An impairment analysis is performed at each reporting date to measure expected credit losses. Based on the Company's management review, an allowance for ECLs amounting to BD 5 (2020: BD 726) has been recognised for the Company's due from a related party as of 31 December 2021 and 31 December 2020.

The credit risk on liquid funds is limited as the counterparties are financial institutions regulated by the Central Bank of Bahrain and other regulators in the United Kingdom and France. All these financial institutions have acceptable credit ratings assigned by international rating agencies.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit risk (continued)

As per the Company's management assessment, allowance for expected credit losses on its bank balances as at 31 December 2021 amounting to BD 13,521 (2020: BD 9,948).

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below).

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.

The Company's financial assets and financial liabilities are denominated primarily in Bahraini Dinars, United States Dollars and Euros. As the Bahraini Dinar is pegged to the United States Dollars, balances in the US Dollars are not considered to represent a significant currency risk and a change in the Euro rate against BD is not expected to have a material impact on the Company's profit for the year.

The carrying amounts of the Company's monetary financial assets and monetary financial liabilities denominated in foreign currency at the reporting date are as follows:

and the second second second second second second	2.05	D' CILIS MA	EUR	-300.001
	2021	2020	2021	2020
	COLLAD	Netopy	BD	BD
Financial assets Bank balances, cash and deposits	13,803,480	19,172,684	1,365	3,547
8	13,803,480	19,172,684	1,365	3,547
Financial liabilities	408,026,745	105 075 077	1.2	
Borrowings		435,375,277		-
Shareholder loans	189,309,949	200,025,949		
Accounts payables and accruals	26,692	529,545		
Due to related parties	1,147,718	6,743,265		
	598,511,104	642,674,036	-	
		the second se		

Interest/ profit rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk on its interest bearing liabilities (term loans).

The Company reviews the market analysis and expectations for interest/ profit rate movements as the basis on which the Company decides to utilise floating or fixed rates for its interest/ profit bearing liabilities. The Company has hedged its interest/ profit rate risk on its loan facilities by entering into interest rate swap transactions (note 13).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

	Carrying amount	
	2021	2020
	80	BD
Variable rate instruments		
Borrowings	408,026,745	435,375,277
Derivative financial instruments	35,400,138	61,343,345
	443,426,683	496,718,622

Interest/ profit rate sensitivity analysis:

The following interest/ profit rate sensitivity analysis has been calculated considering the exposure to variation in market interest rates for the un-hedged portion of the term loans as at the reporting date. A 50 basis point increase or decrease has been considered for the average loan balance when reporting interest/ profit rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest/ profit rates.

	Profit	or loss
	50 bp increase	50 bp decrease
	BD DE	BD
December 31, 2021	HEAN ACKED	
Borrowings	(2(139,650)	2,139,650
Derivative financial instruments	£10 ¹ (2.032.668	(2,032,668)
	(106,982)	106,982
December 31, 2020	C C C C C C C C C C C C C C C C C C C	
Borrowings	(2,282,591)	2,282,591
Derivative financial instruments	2,056,688	(2,056,688)
	(225,903) (225,903)	225,903

The Company is exposed to the following interest rate benchmarks within its hedge accounting relationships, which are subject to interest rate benchmark reform: USD LIBOR. As listed in note 14, the hedged items include floating rate debt issued in United States Dollars.

The Company and its Shareholders have closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the IBOR regulators. The regulators announced that the cut off date for transmission to alternative reference rate for contracts with 6 months LIBOR is 30 June 2023.

In response to the announcements, the Company coordinating with one of its major Shareholders has set up an IBOR transition programme comprised of the following work streams: risk management, treasury, legal, accounting and systems. The programme is let by a team of appointed at the Shareholder level in Coordination with the Chief Financial Officer who reports to the Board. The aim of the programme is to understand where IBOR exposures are within the business and prepare and deliver on an action plan to enable a smooth transition to alternative benchmark rates. The Company's aims to finalise its transition by the end of first half of 2023 before the end of cut off date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Interest/ profit rate risk (continued)

Refer note 13 for details of the hedging instruments and hedged items in scope of the IFRS 9 amendments due to interest rate benchmark reform, by hedge type. The terms of the hedged items listed match those of the corresponding hedging instruments.

The Company will continue to apply the amendments to IFRS 9 until the uncertainty arising from the interest rate benchmark reforms with respect to the timing and the amount of the underlying cash flows that the company is exposed to ends. The Company has assumed that this uncertainty will not end until the Company's contracts that reference LIBORs are amended to specify the date on which the interest rate benchmark will be replaced, the cash flows of the alternative benchmark rate and the relevant spread adjustment.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Ultimate responsibility for liquidity risk management rests with the Company's management, which has established an appropriate liquidity risk management framework for the Company's short, medium and longterm funding and liquidity requirements. The Company limit its liquidity risk by ensuring bank facilities are available.

npany's nsk by ensu nsk by ensu nsk by ensu nsk by ensu enderhændendelkið normalendelsendelkið Mcendelsendel

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Weighted average effective rate	Carrying amount BD	Contractual cash flows BD	Less than 3 months BD	3 months to 1 year BD	1-5 years BD	5+ years BD
2021 Accounts payable and accruals Due to related parties Subordinated loans from shareholder Borrowings	s 3.68%	8,693,806 1,356,902 189,309,949 408,026,745 607,387,402	8,693,806 1,356,902 189,309,949 543,504,248 742,864,905	1,836,283 1,358,902 	6,857,523 46,637,522 53,495,045	222,576,127	189,309,949 274,290,599 463,600,548
2020 Accounts payable and accruals Due to related parties Subordinated loans from shareholder Borrowings	s 4.62%	46,497,502 6,735,492 200,025,949 435,375,277 688,633,920	Mia ner	38,243,524 6,735,192 - - 44,978,716	8,253,978 - - 46,637,522 54,891,500	222,576,127	463,600,548 200,025,949 274,290,599 474,316,548

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

24 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk (continued)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that are settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The undiscounted contractual cash flows are based on the contractual maturities of the derivatives.

		BD	BD	BD
2021 Net settled Interest rate swaps	8,639,439	30,294,202	(2,101,868)	36,831,773
2020 Net settled Interest rate swaps	9,585,553	34,793,223	16,964,569	61,343,345

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year.

Gearing ratio

The Company's Board of Directors review the capital structure on a regular basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year end was as follows:

	2021 BD	2020 BD
Debt (i) Cash and cash equivalents	408,026,745 (13,199,567)	435,375,277 (12,803,000)
Net debt	394,827,178	422,572,277
Equity (ii)	224,916,723	196,032,715
Net debt to equity ratio	1 : 0.46	1:0.45
		_

(i) Debt is defined as term loan (note 14).

(ii) Equity includes all capital, retained earnings, reserves & Subordinated loans from shareholders (note 9) of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The Board of Directors believe that the fair values of the Company's financial instruments carried at amortised cost approximated their carrying amounts as at the reporting dates.

Set out below is an overview of financial instruments, other than derivative financial instruments, held by the Company as at 31 December:

		Amortis	ed cost
		2021	2020
		BD	BD
Financial assets:			
Inance lease receivables	5	650,201,683	674,068,233
Accounts and other receivable	8	13,165,755	51,099,929
Due from a related party	9	640	23,127
Bank balances, cash and deposits	10	20,660,232	25,875,010
	antial dek	684,028,310	751,066,299
Financial liabilities:	NCE ON	8,693,806	46,497,502
Accounts payable and accruals		1,356,902	6,735,192
Due to related parties Subordinated loans from Shareholders		189,309,949	200,025,949
	14	408,026,745	435,375,277
Borrowings	12	400,020,745	433,313,211
My act o	0 m	607,387,402	688.633.920

Fair value measurements recognised in the statement of financial position

The following methods and assumptions were used to estimate the fair values:

- Bank balances, cash and deposits, certain portion of accounts and other receivables and certain portion of accounts and other payables approximate their carrying amounts largely due to the shortterm maturities of these instruments;
- b) Term loans are evaluated by the Company based on parameters such as interest rates. As at 31 December 2021, the carrying amounts are not materially different from their fair values (2020: carrying amounts are not materially different from their fair values);
- c) The Company enters into derivative financial instruments with certain counterparties, principally financial institutions with investment grade credit ratings. Fair values of interest rate swap contracts remeasured to fair value as disclosed in the accounting policy described on fair value measurement. These are Level 2 as per the fair value hierarchy for the year ended 31 December 2021 and year ended 31 December 2020.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

 Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2021

25 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurements recognised in the statement of financial position (continued)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements recognised in the statement of financial position (continued)

The table below analyses assets and liabilities, measured at fair value as at the end of the year, by level in the fair value hierarchy into which the fair value measurement is categorized:

2021	2020
Level 2	Level 2
BD	BD
Financial assets measured at fair value	
Interest rate swap 1,431,635	
rial della 2021	2020
anthen a Level 2	Level 2
EIO CE OTT BD	BD
Financial liabilities measured at fair value 36,831,773	61,343,345

The Company does not have financial instruments qualifying for Level 1 or Level 3 classification.

During the year ended 31 December 2021 and 31 December 2020, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Valuation techniques and key inputs

Fair value of financial liabilities categorised under Level 2 have been determined using discounted cash flows. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

26 IMPACT OF COVID-19

During the period, the rapid outbreak and spread of coronavirus ("COVID-19") pandemic across various geographies globally has resulted in an alarming health crisis. In addition to the human impact, it is causing severe disruption to business and economic activities. COVID-19 has also brought about significant uncertainties in the global economic environment.

The Company has been closely monitoring the impact of the COVID-19 developments on the Company's operations and financial position; including possible loss of revenue, impact on asset valuations, impairment, outsourcing arrangements etc. The Company has also put in place contingency measures, which include but are not limited to enhancing and testing of business continuity plans. As a result, the Company was able to manage and minimise the COVID 19 impact its business activates. Therefore, the management and the Board of Directors have concluded that the Company will continue as a going concern entity.

Deloitte.



.

Commercial registration number	69733
Chairman	Mr. Meshary M A M Al Zudaimi
Vice Chairman	Mr. Tomaz Henrique Guadagrim
Directors	Mr. Willem Van den Abeele (up to 9 May 2023) Mr. Sharjeal A <i>rs</i> had Sheikh
	Ms. Arwai Al-Ajeel
	Mr. Mohammed Kazim Surve
	Mr. Masashi Mizoguchi
	Mr. Laurent Raymond Louis Fored
	Mr. Hiroshi Arakawa (up to 7 July 2023) Mr. Axel Henri J. De Ghellinck (from 9 May 2023)
	Mr. Takahiro Koga (from 7 July 2023)
	with takaning Koga (Hollin Floury 2020)
Registered Office	Flat 1203, Building 2795,
	Read 2835. Block 428,
	Al Soef, Manaroa Kingdom (PBahsain)
2	Allow May CO. D.M.
Bankers	OStandard Charlered Bank PLC - Bahrain
	Sandard Charlered Bank PLC - London
and the second sec	Arab Banking Corporation B.S.C Bahrain
Audrice	Delonte & Touche Middle East
Auditor	P.O. Box 421.
	Manama.
E. C.	Kingdom of Bahrain.
¥	-

CONTENTS

	<u>Pr</u>
Directors' repart	1
Independent auditor's report	31
Statement of financial position	
Statement of profit or loss and other comprehensive income	
Statement of changes in equity	
Statement of cash flows	
Statement of cash flows Notes to the financial statements Network and the financial statements Network 2025 12:37 PM EST	10
MCENCHAR25 1	
LED JAIN	

AL DUR POWER AND WATER COMPANY B.S.C. (c) DIRECTORS' REPORT

The Board of Directors has pleasure in submitting its annual report and the audited financial statements of Al Dur-Power and Water Company B.S.C.(c) ("the Company") as of and for the year ended 31 December 2023.

Principal activities

The Company is engaged in the private generation of electrical power from its 1,234 MW power plant and production of desatinated water from its 48 MIGD water dosalination facility located in Al Dur, Kingdom of Bahrain.

The Company commenced its commercial operations in February 2012 and contracted to supply electricity and water to the Electricity and Water Authority ("EWA"). Kingdom of Bahram, under a long-term Power and Water Purchase Agreement ("PWPA").

Operating Highlights

In 2023 the All Dur Plant supplied a total of 5,105 GWh electricity and 76 5 million cubic meters of water to EWA and achieved a power technical evaluability of 95.84% and a water technical availability of 95.43%.

The results for the year arc sot out on page 7 of the financial statements.

Disclosure of remuneration to members of Board of Directors and Executive Management

Reference to the provisions of Cummercial Companies Law No. (21) of 2001 and its ameniments, and pursuant to the provisions of Article No. (125) of the Executive Regulations of Resolution No. (3) for the year 2022, remuneration and sitting fees and other benefits to Board of Directors and salance and benefits paid to members of Executive Management has been disclosed as follows:

Board of Directors remuneration ! sitting fees and other benefits;

And a state of the second		And the second s	remune	ration	1	N	Variabi	s remur	eration	1	2	1000	100
Name	Remunerations of the phalmase and BOD	נכים פוטאפורכפו וזר פתפרו רק פרטוע פוע ברוורואש רושפורע		Choire St.	Crock B	Remunaralists of the charter	Barue	Stield evideoria	Others	Total	End-of-service anand	Aggingate amount	Expenses Allowaness
First: Independent Directors	20 C		6		_								
None	-			-	1.8			. •	+		1.1		
Second, Non-Executive Directors	100)										-	
1 Mr. Veshary M.A.M.Al-Judaim	Ka	*		(.e)					•	-			
2 Mr. Tomaz Henrique Guadagnin	-	•	-							-			
3. Mr. Willem Van den Aceele (I)		- 22	12	+	4				-	-			
4 Mr. Shaneel Arshad Sheikli				Cac -		-			-				
5. Ms. Anwar Al-Ayee		÷.		-	-		-	-					
6. Mr. Vohammed Kazim Surve					-	-	-		-			-	
7. Mr. Vasashi Mizoguchi							-	-	-3				
8 Min Laurem R. L. Fured:			-					-					
9 Min Himshi Arakawa (ii)		41	1	-	-	4			2	-	1		
10 Mr. Axel Hanr J. De Chellinck (iii)			-			-							
11. Mr. Takaturo Koga (iv)		+ :					-	-					
Third: Executive Directors	-		1	-									
None		-	÷	12		-		-		-	-	-	-
Total	1.	-	-	-	1.	- 1	- 1	-	-		2.0	See. 1	in.

DIRECTORS' REPORT

ь. Remunoration and benefils paid to Executive Management:

Salanes, benefits and other allowance paid to executive management are disclosed as follows;

Executive management	Total paid salaries and allowance	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration for 2023	Anyrogate Amorat
amuneration of top executives (Cheel Secutive Officer and Chiel Financial Officer) *	141,195	21,161	3,030	165,357

Signed on behalf of the Board of Directors.

Meshany M A M Al-Judaimi Chauman 13 February 2024

Tomaz Honriguo Vice-Chaiman 13 February 2024 IST Confidentien dekid Use-Chaiman 13 February 2024 Mandy

Tomaz Honriquo Guadegorn

Deloitte.

Defailte & Touche Middle Cast United Tower, Ochrain Day Manama P.O. Box 423 Kalofan of Bahrán

Tel. 1973 (3353930) Feet +973 (72)4550 mmv Celettel.com C-R (8679)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders Al Dui Power and Water Company B.S.C. (c) Manama, Kingdom of Bahrain

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Au Dur Power and Water Cumpany BLS.C. [c] ("the Company"), which compose the statement of financial position as all 31 December 2023, and the statements of prolition loss and other cumprehensive income, statement of tash flows and statement of changes in equity for the year then ended, and notes to the financial statements including a summary of material accounting policies information.

In our opinion, the accompanying financial statements prevent fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Report og Standards (FRS Accounting Standards) (FRSs).

Basis for opinion

We conducted our audit in accordance with International Standards or Applicing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in arC, dance with the International Ethics Standards Board for Accountents' Code of Ethics for Professioni Accountants (IESBA Code), together with the other othical requirements that are relevant to our audit of the Company's financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities. We beliefe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our option

Other Information

Management is responsible for the othe (information. The other information comprises the Directors' report, which we obtained print to the date of this auditor's report. The other information does not include the financial statements and out auditor's report, therefore, if the statements and out auditor's report therefore.

 \bigcirc

Our openion on the financial statements does not cuser the other information and we do not express any form of assurance or conclusion thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Anancial statements

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

In preparing the financial statements, Management is resonable 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 Figuidate the Company on to cease operations, or have no realistic alternative but to do so.

Those charged with governmence are responsible to oversening the company's reporting process.

INDEPENDEN'T AUDITOR'S REPORT (CONTINUED)

Auditor's responsibilities for the audit of the linancial statements

eloitte

Our objectives are in obtain reasonable assurance about whether the 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 inpinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted is accordance with ISAs will always detect a material misstatement when 't exists. Misstatements ran arise from fraud of 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 financial statements.

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

- Identify and assess the osks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit promotives responsive to those sixes, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material masstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intent onal control, mission, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design and/t procedures that are appropriate in the diffumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures maile by management.
- Currilude on the appropriateness of management's use of the point oppoen basis of accounting and based on the audit evidence obtained, whether a material uncertainty evists related to events in conditions that material uncertainty exists related to events in conditions that material uncertainty exists related to events in conditions that material uncertainty exists induced to the Conclude that a material uncertainty exists, we are required to draw alteration in our auditor's report to the related disclosures in the financial statements or induced 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 ause the company to cease to conside as a going concern, and



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

We communicate with the those charged with governance 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.

4

Deloitte.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on other legal and regulatory requirements

We report that:

- As required by the Bahrain Commercial Companies Law 2001 (and subsequent amendments), we report that: 1)
- a) the Company has maintained proper accounting records and the financial statements are in agreement. therewith:
- b) the financial information contained in the Director's report is consistent with the financial statements;
- c) we are not aware of any violations during the year of the Commercial Companies Law or the terms of the Company's memorandum and articles of association that would have had a material adverse effect on the business of the Company or on its financial position, and
- d) satisfactory explanations and information have light provided to us by the Board of Directors in response to all our requests.
- As required by the Ministry of Industry and Commerce in their letter dated 30 January 2020 in respect of 21 Article (8) of Section (2) of Chapter (1) of the Bahrain Corporate Governance Code, we report that the Company has:
 - a Corporate Governance Officer, and
- b) a hoard approved written guidance and procedures for corpurate governance.

Clotte & Touchell ential dekia 11 & Youche - Middle East tration Number: 256 pma, Kingdom Feb 14, 2025

Deloitte & Youche - Middle East Registration Number: 256 Mariama, Kingdom of Bahraio 7 March 2024

STATEMENT OF FINANCIAL POSITION

×

	Notes	2023 BD	7G2
ASSETS	PADVes	80	91
Non-current assol			
Finance lease receivables	5	573,043,217	599,649,261
rivestment in a joint venture	6	5,000	5,000
Derivative financial instruments	- 14	6,610,381	10,338,893
Folai non-อิสาสตรี สระค		\$79,558,595	600.903,15;
Current assets			
Pinançe lease receivables	5	26,606,050	25,567,09
nvantar as	7	2,582,451	2,443,06
Accounts and other receivables	в	16,867,357	18,892,05
Due Iram a related party	9	8,650	1,82
Derivative Inancial instruments	*4	3,220,451	3,193,64
Bank balances, cash and deposits	10	18.521,959	23.850,27
Total current asset		67,796,81B	73,738,16
TOTAL ASSETS		647,455,416	683,731,31
EQUITY AND LIABILITIES Equity		2	
Share capital	a Ale	26,000,000	25,000,00
Additional shareholder comitibution		16(673,949	1/8,968,94
Stalutory reserve		10,469,071	6,641,70
Retained earnings		76,443,307	59,997,02
Hedging reserve	N 0 714	(541,337)	(630,75
Equity Share capital Additional elvareholder contribution Statutory reserve Retained earnings Hedping reserve Total equity Liablifties Non-current fiabilities Ce ivstrie financiel instruments Borowings	·4 ·5	273,044,992	271,977,92
Liablities			
Non-current Habilibes			
Ce ivetve linanciel instruments	•4	3,078,839	3,949,07
Borowinga	-5	305,695,372	339,516,72
Demobilisation provision	* 6	10,208,463	9,745,49
Provision for disputed margins, and	-7	9,298,120	7,854,94
Employees and of service benañis	-8	48,426	46,60
Teta non-current Sabilities		328,407,219	361,012,84
Current liabritues			
Accounts payables and appruals	19	9,825,350	9,415,35
Amounts due to related parties	9	2.055,199	7,821,15
Derivative financial instruments Botrowings	14 15	291,306 33,821,360	594,15 32,909,68
Total current liabilities		48,003,205	50,740,65
Total linbleties		374,410,424	411,750,39
TOTAL EQUITY AND LIABILITIES		647,455,416	663,731,31
(At		The	13
		0 1	
Machens MAM M-Judam	Tanta	z Henrique Guadar	anin.

The allached notes 1 to 28 form part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2023

	Notes	2023 BD	2022 8D
Revenue and lease income	20	135,213,961	135,849,299
Operations and maintenance costs	21	{85,436,078}	(86,277,816)
Gross profit		49.777.885	39,671,483
Other income - net	22	2,618,637	4,465,229
General, administrative and other expenses	23	(1,256,869)	(1,109,490)
Allowance for disputed and unpaid receivables	24	(201,102)	(252,052)
Provision for dispeted margins	17	(1,368,540)	(848,445)
Provision for demobilization	18	(542.965)	(392.716)
Nel operating profil for the year		48,917.045	41,624,007
Finance costs	25	(30,643.396)	(31,200,612)
Profit for the year Other comprehensive mosme that may be reclassified		18,273,650	10,423 395
lu prote or loss in subsequent periods: Net fair value gair on cash flow liedges	dekia	89,413	46,977,911
Total comprehensive income for the year	ONN	18,363,063	57,401,206
A Trenderia wer:	31 .	the	

Meshary M A VI AI-Judaimi

Tomaz Henrique Guadagnin. Vice-Chairman

The attached notes 1 to 26 form part of these financial statements.

AL DUR POWER AND WATER COMPANY B.S.C. (c) STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2023

4

		Share cepital	Additional Shareholder	Statutory reserve	Retained 9arnings	альсал биброн	Total
	Notes	1 22	Contravian R.D	08 2	CH	្អ	0 8
At 01 January 2022 Profil for the year Other comprehensive income for the year	<	25,U00,000		7,599,568	50,015,967 10,423,395	(47 608,501) 46.977,811	35.606,774 10.423,305 46.977,811
Total comprehensive income for the year	Fe	AC	. 		10,423,395	46.977,811	57 401,206
Transfer to atatviory reserve Transfer of subordinated toan from shareholders Ropaymont of additional shareholder contribution	02° & 2	SUGG N	189,309,949 (10,340,000)	1,042.340	(1.042.)40)		180,309,949 (10,340,000)
At 31 December 2022		29.200000	173 960,94B	8,641,708	59,097,022	(630,750)	271,977,929
Profit for the year Other comprehensive income for the year		25 25	ntial MC ^e	• •	18 273,650	89,413	18,273,650 88,413
Total comprehensive income for the year		2000	00.		18,273,65D	81¢'58	18,303,063
Franster to statutory reserve Repayment of additional shareholder contribution	0 Q	5	17,296,000	1.527.365	(1.827.365)	• •	(17,296,000)
At 31 December 2023		25,000.000	161,673,949	10.469,073	76,443,307	(541,337)	273,044,992
			ST				

The attached notes 1 to 28 form part of these financial statements.

æ

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

Notes BD BD OPERATING ACTIVITIES Fronti for the year 18,273,650 10,423,395 Adjustments for: Impulsed finance income 20 (39,550,286) (31,917,010) Amorisation of descontinued heading reserve 25 832,062 832,062 832,062 Amorisation of descontinued heading reserve 25 2,667,280 2,968,715 8,987 Provision for demotolisation 16 542,965 392,718 8,987 6,362 Allowance for disputed and paid gas margin 17 1,368,540 269,955 20,901 16,464,445 (Revensel) / allowance for expected credit lesses 24 (3,438) 2,007 16,365,711 (4,512,000) 11,4512 0000 16,4512,000 11,4512,000 11,4512,000 11,4512,000 11,4512,000 12,451,203 16,4512,000 12,451,203 16,4512,000 12,451,204 12,612,404 12,612,404 12,612,404 12,612,404 12,612,404 12,612,404 12,612,404 12,612,404 12,612,404 12,612,404 12,612,404 12,612,404 12,612,414			2023	2022
Profit for the year 18,273,650 10,423,395 Adjustments for: Impuled finance income 20 (30,550,286) (31,817,010) Amorization of deformed finance costs 25 832,062 832,062 Amorization of descontinued redging reserve 25 2,667,290 2,966,716 Provision for demobilisation 16 542,965 392,718 Provision for disputed and unoaid receivables 24 204,540 259,955 Provision for disputed and pad gas margin 17 1,868,540 648,445 (Reversel) / allowance for expected credit lesses 24 (2,400,613) (4,512,000) Interest on bank borrowings 25 31,774,685 0,800,018 Net (gain) / loss on interest rate swaps 25 935,494 87,571 Operating profit before working capital changes 16,482,711 6,604,574 Working capital changes. 11,248,003 11,248,003 11,248,003 Invertoris 116,485,711 6,604,574 493,178 (2,317,847) Due transtance claim 22,677,932 16,665,334 11,248,003 11,248,003 Employee benefits pariles 4,810,110		Notes	BD	BD
Adjustments for:20(30,550,286)(31,817,010)Impulsed finance income20(30,550,286)(31,817,010)Amortisation of deferred finance costs25832,062832,062Amortisation of deferred finance costs252,667,2902,966,715Provision for employees' end-of-service benefits16542,965392,718Provision for disputed and paid gas margin171,968,540649,445(Reversal) / allowance for expected credit losses24204,540259,955Provision for disputed and paid gas margin171,988,540649,445(Reversal) / allowance for expected credit losses2420,900,613(4,512,000)Insurance claim22(2,000,613)(4,512,000)16,512,248Other finance costs255,566,335)6,512,2486,604,574Vorking capital changes16,485,7116,604,5746,604,574Working capital changes16,485,7116,604,574Ure trained parties(139,391)36,422Accounts and other receivable(13,391)36,422Due train related parties(6,771)(2,317,847)Due train related parties4,800,000(11,280,000)Proceeds from insurance claim3,213,2323,299,381Net cash flows from investing activities64,200,61548,31,710FINANCING ACTIVITIES6,600,61548,331,710Repayment of borrowings15(33,741,946)Repayment of additional shareholder contribution9(17,290,000)<				
Impuled finance income 20 (30,550,286) (31,517,010) Amortisation of deferred finance costs 25 832,062 832,062 Amortisation of descontinued hedging reserve 25 2,667,290 2,966,715 Provision for demobilisator 16 542,965 392,715 Provision for demobilisator 16 542,965 392,715 Provision for disputed and uncid receivables 24 204,540 259,955 Provision for disputed and paid gas margin 17 1,966,540 648,445 (Reversal) / allowance for expected credit losses 24 (2,000,613) (4.512,000) Interest on bank borrowings 25 31,774,685 20,900,018 Net (gain) / loss on interest rate swaps 25 935,494 87,571 Operating profil before working capital changes 16,485,711 6,604,574 Working capital changes. (1,197) (2,317,847) 6,642,248 Operating profil before working capital changes 16,485,711 6,604,574 493,178 Working capital changes. (1,197,932) 15,665,334 11,248,003	-		18,273,650	10,423,395
Amortisation of deferred finance costs 25 \$32,062 832,062 Amortisation of demobilisation 16 542,965 392,718 Provision for demobilisation 16 542,965 392,718 Provision for demobilisation 16 542,965 392,718 Provision for disputed and unoaid receivables 24 204,540 259,955 Provision for disputed and paid gas margin 17 1,365,540 648,445 (Reversel) allowance for expected credit lesses 24 (3,438) 2.097 Insurance claim 22 (2,000,613) (4,512,000) 16,512,243 Insurance claim 25 (5,566,335) 65,122,434 87,571 Operating profil before working capital changes 16,425,711 6,104,574 Working capital changes. (139,391) 96,422 Accounts payable and accruals (4,771) (2,117,847) Due tran related parties (6,771) (2,173,947) Accounts payable and accruals (5,754,932) 11,248,003 Employee benefits paid 11,248,003 11,248,003 Proceeds from insurance claim 3,213,232 3,299,311	•	20		
Amoriaation of discontinued hedging reserve252,667,2802.968,715Provision for disputed and uncal-service benefits16542,965392,718Provision for disputed and uncal receivables24204,540259,955Provision for disputed and paid gas margin171,368,540648,445(Reversal) / allowance for expected credit lesses24(3,436)2.097Insurance claim22(2,00,613)(4,512,000)Inderest on bank borrowings2531,774,88520,900,018Net (gain) / loss on interest rate swaps25(5,566,335)6,512,248Obraing profil before working capital changes10,485,7116,604,574Working capital changes10,485,7116,604,574Working capital changes10,485,7116,604,574Working capital changes(139,391)36,422Accounts and other receivable(139,391)36,422Accounts and other receivable(11,248,003)(5,775,953)Due to related parties(137,460)-Net cash flows from operating activities48,80,000(11,248,003)Proceeds from insurance claim3,223,229,3814860,000(11,248,003)Proceeds from insurance claim3,233,2323,299,381Net cash flows from insurance claim3,213,2233,299,381Net cash flows from insurance claim3,213,2233,299,381Net cash flows from insurance claim(32,741,946)(30,266,945)Repayment of additional shareholder contribution9(17,289,000)	• • • • • • • • • • • • • • • • • • • •	-		
Provision for demobilisation16542,965392,718Provision for employees' end-ol-service benefits186,5876.362Allowance for disputed and unoaid receivables24204,540259,955Provision for disputed and paid gas margin171,368,540648,445(Reversel) / allowance for expected credit losses24(3,438)2.097Insurance claim22(2,000,613)(4.512,000)Inferest on bank borrowings2531,774,68520.900.018Net (gain) / loss on interest rate swaps25(5,568,339)6.512,248Operating profil before working capital changes16,485,7116.604,574Working capital changes16,485,7116.604,574Working capital changes(139,391)36,422Accounts and other receivable(139,391)36,422Due transited parties(11,197)Accounts payable and accruals(139,391)36,422Cash flows from operating activities4.644.80,000Proceeds from insurance claim4.644.80,000Proceeds from insurance claim4.80,000Proceeds from insurance claim4.80,000Proceeds from insurance claim4.840,000Proceeds from insurance claim4.80,000Proceeds from insurance claim4.80,000Proceeds from insurance claim4.80,000Proceeds from insurance claim64,200,615Repayment of borrowings15Repayment of borrowings15Repayment of borrowings15 <t< td=""><td></td><td></td><td>-</td><td></td></t<>			-	
Provision for employees' end-of-service benefits 18 6,957 6,362 Allowance for disputed and uncaid receivables 24 204,540 259,956 Provision for disputed and paid gas margin 17 1,368,540 649,445 (Reversal) / allowance for expected credit lesses 24 204,540 259,956 Provision for disputed and paid gas margin 17 1,368,540 649,445 (Reversal) / allowance claim 22 (2,000,613) (4.512.000) Interest on bask borrowings 25 31,774,886 20.900.018 Net (gain) / loss on interest rate swaps 25 935,494 87,571 Operating profil before working capital changes 18,485,711 6,1604,574 Working capital changes. Inventoriss 18,485,711 6,1604,574 Net cosh flows from operating activities 16,471 (139,391) 96,422 Accounts physible and accruals (1,127) (1,127) (1,127) Due tran related parties (1,124,003) (5,769,953) 11,248,003 Employee benefits paid (5,781,953) 15,665,334 INVESTING ACTIVITY S6,107,383 56,612,329 26,6	= =			_
Allowance for disputed and unoaid receivables 24 204,540 259,955 Provision for disputed and paid gas margin 17 1,368,540 648,445 (Ravarsal) / allowance for expected credit lesses 24 (2,000,613) (4,612,000) Insurance claim 22 (2,000,613) (4,612,000) Inlearest on bank borrowings 25 31,774,685 20,900,018 Net (gain) / loss on interest rate swaps 25 935,494 87,571 6,604,574 Operating profil before working capital changes 16,485,711 6,604,574 493,178 (2,317,847) Due from related parties (139,391) 96,422 493,178 (2,317,847) Due trans related parties (14,147) (4,5771) (1,197) Accounts and other receivable (374,602) 34,479 (2,517,632) Due transcated parties (4,771) (1,197) (4,574) - Net cash flows from operating activities 48,80,000 (11,280,000) - Proceeds from insurance claim 3,213,232 3,299,381 - NVESTING ACTIVITY Mark 4,860,000 (11,280,000) (11,280,000) - <			-	
Provision for disputed and paid gas margin 17 1,368,540 648,445 (Reversel) / allowance for expected credit losses 24 (3,436) 2.097 Insurance claim 22 (2,000,613) (4,512,000) Inderest on bank borrowings 25 31,774,865 20,900,018 Net (gain) / loss on interest rate swaps 25 (5,566,335) 6,512,248 Operating profit before working capital changes 16,485,711 6,604,574 Working capital changes. 119,485,711 6,604,574 Working capital changes. (139,391) 36,422 Accounts and other receivable (374,602) 34,479 Due from related parties (1374,602) 11,248,003 Employee benefits paid (11,127) (4,5140) NVESTING ACTIVITY 44 12,697,032 15,665,334 NVESTING ACTIVITY 488,0000 (11,280,000) (11,280,000) Proceeds from insurance claim 3,213,232 3,299,381 3,213,232 3,299,381 Net cash flows from insurance claim 64,200,615 48,831,710 11,280,000) (11,280,000) Proceeds from insurance claim 3,213,232<				
(Reversel) / allowance for expected credit lesses 24 (3,436) 2.097 Insurance claim 22 (2,000,613) (4,512,000) Inderest on bank borrowings 25 31,774,685 20,900,016 Net (gain)/ loss on interest rate swaps 25 935,494 87,571 Operating profit before working capital changes 18,485,711 6,604,574 Working capital changes. (139,391) 96,422 Accounts and other receivable (317,847) (2,317,847) Due from related parties (139,391) 96,422 Accounts and other receivable (317,6402) 34,479 Due to related parties (5,755,953) 11,248,003 Employee benefits paid (5,755,953) 11,248,003 INVESTING ACTIVITY Activities 4,880,000 Proceeds from finance losse 56,107,383 56,812,329 Decrease / (morease) in fixed deposits 4,880,000 3,213,232 3,299,381 Net cash flows from insurance claim 515 (33,741,946) (30,266,945) Proceeds from insurance claim 48,831,710 (11,280,000) (11,280,000) Proceeds from insurance clai	-	_		-
Insurance claim 22 (2,000,613) (4.512.000) Interest on bank borrowings 25 31,774,686 20.900.018 Net (gain) / loss on interest rate swaps 25 (5,566,339) 6.512,248 Other finance costs 25 935,494 87,571 Operating profil before working capital changes 18,485,711 6,604,574 Working capital changes. (139,391) 96,422 Inventories (4,512,000) 11,247,003 Accounts and other receivable (139,391) 96,422 Due trom related parties (6,771) (1,197) Accounts payable and accruals (374,602) 34,479 Due ta related parties (5,755,953) 11,248,003 Employee benefits paid (11,240,003) 12,697,032 15,665,334 INVESTING ACTIVITY Action 48,80,000 (11,240,003) Proceeds from insurance claim 3,213,232 3,299,381 3,243,232 Net cash flows from investing activities 64,200,615 48,831,710 FINANCING ACTIVITY Finance costs paid (12,21,073) (25,311,501) (27,193,317) Finance costs paid				
Interest on bank borrowings2531,774,88520,000,018Net (gain) / loss on interest rate swaps25(5,566,335)6.512,248Other finance costs25935,49487,571Operating profit before working capital changes16,485,7116,604,574Working capital changes.(139,391)96,422Accounts and other receivable(11,197)Due from related parties(6,771)(1,197)Accounts payable and accruals(6,771)(1,197)Due to related parties(6,771)(1,197)Accounts payable and accruals(5,755,553)11,248,003Employee benefits paid(5,140)-Net cash flows from operating activities56,107,38356,812,329Proceeds from insurance lease3,213,2323,299,381Net cash flows from investing activities15(33,741,946)(30,265,945)Proceeds from insurance claim9(17,296,000)(10,340,000)FinANCING ACTIVITIES15(33,741,946)(30,265,945)Repayment of additional shareholder contribution9(17,296,000)(10,340,000)Finance costs paid(57,135)(27,193,317)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,306)Net cash used in financing activities(508,321)(4,524,292)Cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,275 <t< td=""><td></td><td></td><td></td><td></td></t<>				
Net (gain) / loss on interest rate swaps25(5,566,335)6.512,248Other finance costs25935,49487,571Operating profil before working capital changes16,425,7116.604,574Working capital changes.118,425,7116.604,574Inventories(139,391)96,422Accounts and other recelvable(139,391)96,422Due from related parties(1,197)Accounts payable and accruals(37,4602)34,479Due to related parties(5,755,953)11,248,003Employee benefits paid(5,140)-Net ceah flows from operating activities56,107,38356,812,329Proceeds from insurance lease3,213,2323,299,381Net cash flows from insurance claim3,213,2323,299,381Net cash flows from insurance claim9(17,296,000)(10,340,000)Proceeds from insurance claim9(17,296,000)(10,340,000)Finance costs paid(26,311,501)(27,193,317)Fué demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(508,321)(4,524,292)Cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents50,675,27513,109,567	Interest on bank borrowings	25		
Other finance costs25935,49487,571Operating profit before working capital changes18,485,7116,604,574Working capital changes.Inventories(139,391)96,422Accounts and other receivable(139,391)96,422Due from related parties(139,391)96,422Constructions payable and accruals(139,391)96,422Due train related parties(11,197)Cocounts payable and accruals(11,197)Due train related parties(11,197)Cocounts payable and accruals(11,197)Due train related parties(11,248,003)Employee benefits paid(11,248,003)Employee benefits paid(11,280,000)Proceeds from insurance claim(11,280,000)Proceeds from insurance claim(13,741,946)Repayment of additional shareholder contribution9Pinance costs paid(26,311,501)Repayment of additional shareholder contribution9Pinance costs paid(26,311,501)Pinance costs paid(27,405,968)Repayment of additional shareholder contribution9P	•	25		
Working capital changes.Inventoriss(139,391)96,422Accounts and other receivable(119,391)96,422Due from related parties(2,317,847)Due to related parties(6,771)Counts payable and accruals(11,197)Oue to related parties(5,755,953)Employee benefits paid(11,248,003)Findows from operating activities(11,2697,032)INVESTING ACTIVITY(11,220,000)Proceeds from insurance lease(11,280,000)Decrease / (increase) in fixed deposits(11,280,000)Proceeds from insurance claim(30,265,945)PinANCING ACTIVITIES(30,265,945)Repayment of additional shareholder contribution9Finance costs paid(17,298,000)Finance costs paid(77,405,968)Repayment of additional shareholder contribution(508,321)Finance costs paid(69,021,306)Net cash used in financing activities(77,405,968)Repayment of additional shareholder contribution(11,221,073)Net cash used in financing activities(77,405,968)Repayment of additional shareholder contribution(69,021,306)Net cash used in financing activities(77,405,968)Repayment of additional shareholder contribution(508,321)Finance costs paid(77,405,968)Cash and cash equivalents(508,321)Cash and cash equivalents, at the beginning of the year(508,321)Cash and cash equivalents, at the beginning of the year(507,5275)Cash and cash equivalents <td< td=""><td>-</td><td>25</td><td></td><td></td></td<>	-	25		
Inventories(139,391)96,422Accounts and other receivable493,178(2,317,847)Due from related parties(6,771)(1,197)Accounts payable and accruals(374,602)34,479Due to related parties(5,759,553)11,248,003Employee benefits paid(5,140)(5,140)Net cash flows from operating activities(5,140)Proceeds from insurance lease56,107,383Decrease / (increase) in fixed deposits4,880,000Proceeds from insurance claim3,213,232Berpayment of additional shareholder contribution9FinANCing ACTIVITIES(30,265,946)Repayment of additional shareholder contribution9Finance costs paid(27,193,317)Fué demand model reserve account:(56,521)Fué demand model reserve account:(55,221)Net cash used in financing activities(77,405,968)Repayment of additional shareholder contribution9Finance costs paid(26,311,501)Fué demand model reserve account:(508,321)Ket cash used in financing activities(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,275Cash and cash equivalents, at the beginning of the year8,675,275Cash and cash equivalents, at the beginning of the year8,675,275	· -	8		6,604,574
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Working capital changes.	Sis.	(130 301)	96.427
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Accounts and other receivable	I OKSIIC	(139,391)	
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Due from related carries		16 771	• •
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Accounts payable and accruais	Mar Mo	(374.602)	
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Due tu related parties	S Plai	(5.755,953)	
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Employee benefits paid	31	(5,140)	
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Net cash flows from operating activities		12,697,032	15,665,334
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	INVESTING ACTIVITY			
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Proceeds from finance lease		56,107,383	
Net cash flows from investing activities64,200,61548,831,710FINANCING ACTIVITIESRepayment of additional shareholder contribution9(17,298,000)(10,340,000)Finance costs paid(25,311,501)(27,193,317)Fue demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,336)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567	Decrease / (increase) in fixed deposits		4,880,000	• •
FINANCING ACTIVITIES Repayment of borrowings 15 (33,741,946) (30,266,946) Repayment of additional shareholder contribution 9 (17,298,000) (10,340,000) Finance costs paid (26,311,501) (27,193,317) Fuel demand model reserve account: (56,521) (1,221,073) Net cash used in financing activities {77,405,968} (69,021,336) Net decrease in cash and cash equivalents (508,321) (4,524,292) Cash and cash equivalents, at the beginning of the year 8,675,275 13,199,567		1.9	3,213,232	3,299,381
Repayment of borrowings 15 (33,741,946) (30,266,946) Repayment of additional shareholder contribution 9 (17,298,000) (10,340,000) Finance costs paid (26,311,501) (27,193,317) Fuel demand model reserve account: (56,521) (1,221,073) Net cash used in financing activities (77,405,968) (69,021,336) Net decrease in cash and cash equivalents (508,321) (4,524,292) Cash and cash equivalents, at the beginning of the year 8,675,275 13,199,567	Net cash flows from investing activities	13	64,200,615	48,831,710
Repayment of additional shareholder contribution9(17,298,000)(10.340.000)Finance costs paid(26,311,501)(27,193.317)Fuel demand model reserve account(56,521)(1.221.073)Net cash used in financing activities(77,405,968)(69.021,306)Net decrease in cash and cash equivalents(508,321)(4.524,292)Cash and cash equivalents, at the beginning of the year8,675.27513,199,567				100 00- bir
Finance costs paid(26,311,501)(27,193,317)Fuel demand model reserve account:(56,521)(1,221,073)Net cash used in financing activities(77,405,968)(69,021,306)Net decrease in cash and cash equivalents(508,321)(4,524,292)Cash and cash equivalents, at the beginning of the year8,675,27513,199,567				
Fuel demand model reserve account(56,521)(1.221.073)Net cash used in financing activities(77,405,968)(69.021,336)Net decrease in cash and cash equivalents(508,321)(4.524,292)Cash and cash equivalents, at the beginning of the year8,675.27513,199,567		Э		
Net cash used in financing activities{77,405,968}(69.021,336)Net decrease in cash and cash equivalents{508,321}(4.524,292)Cash and cash equivalents, at the beginning of the year8,675.27513,199,567	· · ·			
Net decrease in cash and cash equivalents(508,321)(4.524,292)Cash and cash equivalents, at the beginning of the year8,675.27513,199,587				(1.221.073)
Cash and cash equivalents, at the beginning of the year 8,675.275 13,199,587	Net cash used in financing activities		{77,405,968}	(69.021,336)
	Net decrease in cash and cash equivalents		(508,321)	(4.524,292)
Cash and cash equivalents, at the end of like year 10 8,166,954 8,675,275	Cash and cash equivalents, at the beginning of the year		8,675.275	13,199,567
	Cash and cash equivalents, at the end of the year	143	8,166,954	8,675,275

The attached notes 1 to 28 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

1 INCORPORATION AND PRINCIPAL ACTIVITIES

All Dur Power and Weter Company B.S.C. (c) ("the Company") is a Bahraini Closed Joint Stock Company, incorporated in the Kingdom of Bahrain and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) number 69733 on 27 August 2008. The address of the Company's registered office address is Flat 1203. Building 2795, Road 2635, Block 428, Al Seef. Kingdom of Bahrain.

The Company is engaged in the private generation of electrical power using 1234MW power plant and production of desatinated water using 48 MIGD water desatination (actility located in ALDur, Kingdom of Bahrain, The Company commenced its commercial operations in February 2012 and is contracted to supply electricity and water to the Electricity and Water Authority ("EWA"). Kingdom of Bahrain under a long-term Power and Water Purchase Agreement ("PWPA").

The Company's majority shareholder is Al Dur Holding Company Limited ("the Parent Company"), a limited liability company registered in United Arab Emirates.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 7. March 2024.

2 BASIS OF PREPARATION

Statement of compliance

The linancial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in conformity with applicable requirements of the Bahrain Commercial Companies Law of 2001 (and subsequent amendments)

The financial statements have been presented in Bahrain Dinars ("BD") being the presentation and functional currency of the Company

The financial statements have been prepared on a homorical cost basis, except for derivative financial instruments, which have been measured at fair value. The carrying values of recognised liabilities It-al are designated as hedged items in cash low bedges and are otherwise carried at cost, are adjusted to record changes in the fair values afributable to the cisks it all are being bedged.

New and amended standards and interpretations

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amondmonts to IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amondmonts to IFRS 17):

The Company has adopted IFRS 17 and the related amendments for the first time in the current year. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure infiniturance contracts and supersedes IFRS 4 insurance Contracts.

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current accumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2 BASIS OF PREPARATION (continued)

Amenoments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies:

The Compony has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term significant accounting policies with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statementa, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting powcy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASE has also developed guidance and examples to explain and demonstrate the application of the four-step materiality process' described in IERS Practice Statement 2.

Amendments to IAS 12 Income Taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction;

The Company has adopted the amendments to IAS 12 for the first line in the current year. The amendments miroduce a further exception from the initial recognition exemption. Under the amendments, an ontily does not apply the initial recognition examption for the adoptions that give use to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible lempnrary differences may enselve initial recognition of applicable tax law, equal taxable and deductible lempnrary differences may enselve initial recognition of applicable tax law, equal taxable and deductible lempnrary differences may enselve initial recognition of applicable tax law, equal taxable and deductible lempnrary differences may enselve initial recognition of applicable tax law, equal taxable and deductible lempnrary differences may enselve initial recognition of applicable tax law, equal taxable and deductible lempnrary differences may enselve initial recognition of applicable tax law, equal taxable and deductible lempnrary differences may enselve initial recognition of applicable tax law, equal taxable and deductible lempnrary differences may enselve an initial recognition of applicable tax law, equal taxable and deductible lempnrary differences the recognition of applicable taxable profit. Following the amendments to IAS 12, an entity is required to recognize the related detered tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12,

Amendments to IAS 12 Income Taxes International Tax Reform — Pillar Two Model Rules.

The Company has acopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS (2 to clarify that the Standard applies to income taxes arising from tax taw enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to PMar Two income taxes.

Following the amendments, the Company is required to disclose that it has applied the exception and to disclose separatoly its current tax expanse (income) related to Palar Two income taxes

Amendments to IAS 8 Accounting Polices. Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurament uncertainty". The definition of a change in accounting estimates was defeted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

2 BASIS OF PREPARATION (continued)

New and revised standards issued but not yet effective.

At the date of authorization of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- Amendments to IERS 10 Contribution Financial Statements and IAS 28 Investments in Associates and Joint Ventures : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Noncurrent.
- Amendments to IAS 1 Presentation of Financial Statements Non-current Lightlities with Covenants.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments, Disclosures.
- Amendments to IFRS 18 Leases Lease Liability in a Sale and Leaseback.

Management do not expect that the adoption of the above Standards will have a material impact on the Company's financial statements in future periods

3 MATERIAL ACCOUNTING POLICIES INFORMATION

Current versus non-current classification

The Company presents assets and fiabilities in the statement of financial position based on current / non-current classification.

An asset is classified as current when it is:

- expected to be realised or intended to sold or consumed in the normal operating cycle;
- held primarily for the purpose of itaging
- expected to be real-sed within twelve months after the reporting penod: or
- cash or cash equivalent unless estricts them being exchanged or used to settle a hability 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 the normal operating cycle;
- it is held primanly 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 hability for at least twelve months after the reporting period

Leases

The Company assesses at each contract inception whether a contract is, or contains, a lease. That is, if this contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a lesses

The Company applies single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

The Company as a lessee (continued)

Short-term leases and leases of icw-value assets

The Cumpony applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or loss from the commencement date and ido not contain a purchase option). It also applies the lease of kw-value assets recognition exemption to leases of long-term agreements for land leases and lease agreement for office premises that are considered to be low value. Lease payments on short-term leases and leases of kw value assets are recognised as expense on a straight-line basis over the lease term.

The Company as a lessor

IFRS 16 applies to the identification of services and take-or-pay sales or purchasing contracts that do not take the legal form of a lease but convey a right to the customer / supplier to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases. Contractual provisions in the Company's PWPA with EWA fall within the requirements of IFRS 16.

Inventories

Inventories are stated at the lower of cost or not realisable value using the first-in, first-out method. Costs comprise purchase costs and, where applicable, directly attributable cost that have been incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated setting price less any further costs expected to be incurred to completion and dispose (A).

Financial instruments - recognition and measurement

A financial instrument is any contract that gives use to a financial asset of one entity and a financial liability on equity instrument of another entity

(i) Financial assets

Initial recognition

Financial assols are classified, at initial reception as subsequently measured at americae cost, fair value through other comprehensive income (OCU and fair value through profit or loss.

The classification of financial assets at Initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's busicess model for managing them. With the exception of trade receivables that do not contain a significant brancing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset into at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financial asset at the practical expedient or for which the Company has applied the practical expedient are measured at the transaction price.

In order for a linancial asset to be classified and measured at amortised cost or (air 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 SPP' 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.

Subsequent meesurement

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

- (e) Financial assets at amortised cost (debt instruments).
- (b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt
- (c) Financial assols designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equily instruments), and
- (d) Financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 Decembor 2023.

3 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Financial instruments - recognition and measurement (continued)

Financial assets [continued]

Financial assets of amortised cost

This category is the must relevant to the Company. The Company measures financial assets at amonised 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 forms 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.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include finance lease receivable, accounts receivable and others, amounts due from related parties and bank balances and deposits.

impairment of financial assets

The Company recognises an allowance for expected credit losses (FCLs) 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 integrated 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 ECC). 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 considers a financial asset 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 hold by the Company "Ofinancial asset is written off when there is no reasonable expectation of recovering the contractual cash flows"

Derecognition of financial assets

A financial asset (in whole or in part) is derecognised whore:

- the right to receive cash flows from the asset has expired,
- the Company has transferred its rights to cash flows from an asset and either (a) has transferred substantially all the risks and rewards of ownership or (b) when it has nerther transferred or retained substantially all the risks and rewards and when it no longer has control over the (mancial asset, but has transferred control of the asset.

(li) Financial liablities

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Financial instruments - recognition and measurement (continued)

(ii) Financial Ilabilities (continued)

Subsequent measurement

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

The Company's financial liabilities comprise of accounts and other payables, subordinated toans from shareholders, form loans, amounts due to related parties and derivative financial instruments.

Financial liabilities at amortised cost (icens and borrowings)

This is the category most relevant to the Company After initial recognition, profit/ Interest boaring loans and horrowings are subsequently measured at amort sed cost using the effective interest / profit rate (EIR/ EPR) method. Gains and losses are recognised in profit or loss when the itabilities are derecognised as well as through the EIR/ EPR emortisation process.

Amortised cost is calculated by taking into account any discount or premium on acouisition and fees or costs that are an integral part of the EIR/ EPR. The EIR/ EPR amortisation is included as finance costs in the statement of profit or loss and comprehensive income. This category generally applies to interest-bearing loans and borrowings.

Derecognition of financial liabilities

A financial liability is derectionised 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 exchance or modification is treated as the derection into or the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of tinancial position it, and only if, there is a currently enforceepte legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and solvid the liabilities simultaneously

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as interest rate swaps to hedge its interest rate risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment,
- Cash llow hedges when hedging the exposure to variability in cash flows that is differ attributable to a
 particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Company's derivative financial instruments qualify as cash flow hedges.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the nak being hedged and how the Company will essess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Financial instruments - recognition and measurement (continued)

Derivative financial instruments and hedge accounting (continued)

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'conominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income "QCI" in the hedging reserve, while any ineffective portion is recognised immediately in the statement of profit or loss and other comprehensive income

The Company uses interest rate swap contracts as hedges of its exposure to interest rate risk. The ineffective portion relating to interest rate swaps contracts is recognised in finance costs.

If the hedging instrument expires or is terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge to lunger meets the entena for hedge accounting, any completive gain or loss providually recognised in CPI remains separately in equity until the forecast transaction occurs or the interest rate firm commitment is meet.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to trensfer 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 of tability of 🔪 🔬
- In the absence of a principal market, in the most accordageous market for the asset or lightility.

The phriapal or the most advantagenus market must be accessible 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.

A fair value measurement of a non-financial asset takes into account a market participant's shility to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

The Company enters into interest rate swap agreements with certain counterparties, principally financial institutions with investment grade credit ratings. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward prioring and swap models using present value calculations. The most frequently applied valuation techniques include forward prioring and swap models using present value calculations. The most frequently applied valuation techniques include forward prioring and swap models using present value calculations. The most frequently applied valuation techniques including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying hedged item. All derivative contracts are fully cash collateralised. (hereby eliminating both counterparty risk and the Company's own non-performance risk. As at 31 December 2023, the marked-to market value of derivative liability position is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment.

All assets and liabilities for which fait value is measured or disclosed in the 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
NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

3 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Fair value measurement (continued)

Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or habilities;

Level 2 : Valuation techniques for which the lowest evel input that is significant to the fair value measurement is directly or indirectly observable, and

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

Employees' and of service benefits

Non-Ealy aini employees

Non-Bahraini employees of the Company are paid an end of service indemnity. The entitlement to end of service indemnity is based, upon the expatriate employee's final salary and length of schuce as per Bahrain Labour Law. The expected costs of these benefits are accrued over the period of the employment.

Bahrami employees

With respect to Behraini employees, the Company makes contributions to the Social Insurance Organisation, calculated as a percentage of the employees' sataries in apportance with the relevant Law. The Company's obligations are limited to these contributions, which are expensed when due As per the Company policy, the Company make provisions for termination banefits for Behrain, employees, based on the length of the service.

The enlittoment to 'covo pay and passage is based upon the terms of employment contract with the employees and length of service. The expected costs of these bonufils are accrued at the end of each reporting period and corried forward until they are ublised.

Provisions

Provisions are recognised when the Sempary has a present obligation (legal or constructive) as a result of a past event, 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

Revenue recognition

Imputed finance income

Imputed finance income is recognised in the statement of profit or loss and other comprehensive income under the effective interest rate method and is disclosed as part of revenue. This is recognized over the term as described in the PWPA.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods and services is transforred to the customer or services are rendered to the customer at an emount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services (excluding any amounts collected on behalf of third parties such as value added tax, etc.). The Company has concluded that it acts as principal in majority of its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The recognition criteria for various types of revenue as life lowe,

NOTES TO THE FINANCIAL STATEMENTS

Year endud 31 Docombor 2023

3 MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

Revenue recognition (continued)

Operations and maintenance revenue

The operations and maintenance revenue mainly comprises fixed and variable operations and maintenance charges. Operations and maintenance revenue are based on the PWPA with EWA, and is presented net of scheduled and forced unavailability's and recognised over time, using an input mathod to measure progress towards complete satisfaction of the services, as the customer simultaneously receives and utilises the services provided by the Company.

Energy revenue

The energy revenue is mainly based on the consumption of the natural gas and fuel oil are based on the PWPA, agreement

Operations and maintenance revenue and energy revenue are recognised over time based on an output method, as and when the services are rendered.

Foreign currencles

Transactions in foreign currencies are initially recorded in Bahraini Dinars at the exchange rate ruling at the date of the transaction. Monetary assets and trabilities denominated in foreign currencies are retranslated into Bahraini Dinars at exchange rate ruling at the statement of financial position date. All exchange gains and losses are taken to the statement of comprehensive Income

Non-monetary items that are measured in terms of Exsterical cost in a foreign currency are translated using the exchange rates at the date of the mitial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date of the mitial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the tait walue is determined.

Borrowing costs

Borrowing costs directly attributable to the acquisition bons/rection or production of qualifying assets, which are assets that necessarily take a substantial period (Drine to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale, are added investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the immoving costs eligible for capitalisation. All the other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the year in which they are incurred.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, the management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Going concern

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued).

Judgements (continued)

Arrangement that contains a lease

The Company's management determined that the contractual provisions in the Company's Power and Water Purchase Agreement PWPA with EWA fall within IFRIC 4 "Determining whether an Arrangement contains a Lease", hence as per IAS 17 "Leases" (now superseded by IFRS 16 "Leases"). The Company adopted IFRS 16 particlal expedient at transition from IAS 17 to IFRS 16 and the lessor accounting under IFRS 16 is substantially unchanged from IAS 17. The lassors will continue to classify leases as either operating or finance lease using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Company is the lessor. Accordingly, PWPA transfers all the substantial risks and rewards relating to the power & water plant to the off toker (EWA) and hence qualifies as a finance lease (note 5).

Estimates

The key assumptions concerning the future and other key sources of estimation uncortainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of associal and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing diroumstances 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.

Provision for expected credit losses of trade and other receivables

The Company sets its provision initially based on the Company's historical observed default rates. The Company updates the rates to adjust the historical credit loss experience with forward-looking information.

The Company's historical credit loss expanience and herecast of economic conditions may also not be representative of customer's actual default in the future. At every reporting date, the historical observed default rates are updated and changes in the forward-boking estimates are analysed.

The assessment of the correlation between distorical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is consilive to changes in diroumstances and of forecast economic conditions. The Company's historical cradit loss experience and forecast of economic conditions may also not be representative of dustomer solutual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 8.

The information about the ECLs on the Company's related party receivables is disclosed in note 9, and the ECLs provided for the bank balances, cash and deposits are disclosed in note 10 accordingly.

Provision for demobilisation costs

Based on the historical experience and contractual obligation as per the Operations and Maintenance Agreement with Al Ezzel Operation and Maintenance Company Will L, the Company has recognised a provision for decommissioning obligation associated with its power plant and water desalination facilities. In determining the fair value of the provision, assumptions and estimates are made in relation to the expected cost to dismantle and remove the plant from the site and the expected timing of those costs. Most suitable industry index for power sector under the United States Producer Price Index has been used in determining the present value of the demobilisation provision as the management expects to incur significant performed these costs in US Dollars. The information about the demobilisation provision is disclosed in note 16.

If the estimated United States Producer Price Index used in the calculation had been 1% higher at the year end, The carrying amount of the provision would have been higher by BD 97,455 (2022; BD 93.528)

Provision for disputed and paid fuel margin and disputed and unpaid fuel margin and non-conforming water deductions by FIVA

Fuel margin and non-conforming water disputes were referred to the Arbitration with EWA. The disputed fuel margins up to September 2015, and disputed non-conforming water deductions up to August 2014 word considered in the International Chamber of Commarce (ICC) Award issued on 17 November 2016, and accendum to the Award issued on 03 March 2017. The resulting impact has been recorded in the financial

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (conditued).

Estimates (continued)

During November 2021, the Company and EWA agreed on the Award Implementation Protocol (AIP) to agree on revised Fuel Demand model and resolve disputes related fuel margin and Non-Conforming Water Issues subsection to the periods considered in the ICC Award During the year 2023, revised Fuel Demand Model (FDM) was implemented and agreed with EWA.

Subsequent to the year end, the Company obtained lenders approval as required under the Fibance Documents for the proposed interim settlement agreement with EWA in respect of disputes related to fuel charges and nonconforming water up to the 31 December 2022. Accordingly, the Company will coordinate with EWA to recalculate and agree the fuel charges based on revised FDM. At the reporting date, the Company has made full provision for the disputed Fuel Charges and Non- Conforming Water amounts based on best estimate.

5 FINANCE LEASE RECEIVABLES

The substance of the Company's PWPA with EWA is to construct, own and operate the ALDur Power & Water plant over 25 years starting from the Commercial Operation date (February 2012). The agreement conveys the right to use the facility to EWA.

The Company also doesn't provide ECL allowances for the finance tease receivables as there is no history of default and the receivable from EWA is secured by a government guarantee issued by the Government of Bahram.

	N/10°		
A BING	AGUS	2023	2022
1 Multion		Э` во	80
ALOIS NCS		625 206 364	650,201,683
		(25,557,097)	(24,995,319)
ekiow	6.0	500 640 267	625.206,364
		000,040,201	025.200,304
W 23		Present value of	minintum lease
	and the second	ГӨСӨ і	p's
2023	2022	2023	2022
BD	8D	BD	BD
55,883,487	56,107,384	26,606,050	25,557,097
225,001,041	225.273.856	123,448,679	116,743,359
566,253,02B	622,863,900	449,594,538	482,905,908
\$48,137,556	904,244,940	599,648,287	825.206,364
(248,488,289)	(279,038,575)		-
599,649,267	625,206,365	599,649,267	625,206,364
ltion as:			
		2023	2022
		BD	8D
		26,806,050	25,557,097
		573,043,217	599,649,267
		599,849,267	625,206,364
	Marimum les 2023 BD 55,383,487 226,001,041 566,253,028 848,137,556 (248,488,289)	Minimum lease receipts 2023 2022 BD BD 55,883,487 56,107,384 226,001,041 225,273,656 566,253,028 622,863,900 84B,137,556 904,244,940 (24B,488,289) (279,038,575) 599,649,267 625,206,385	625,206,364 625,206,364 (25,557,097) 599,649,267 Present value of 7820 81 822,863,900 848,137,556 904,244,940 599,649,267 625,206,365 599,649,267 81 81 82 82 82 80 80

The land on which the power station, seawater desalination facilities and related buildings are constructed, is leased from the Government of Bahrain for a period of 30 years from the scheduled commorcial operation date (1 June 2011) at a nominal rent of BD 1,000 per annum

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

6 INVESTMENT IN A JOINT VENTURE

	2073 BD	2022 BD
50% share of BD 10,000 stated share capital of Al Dur Shared Facilities Company W.L.L.	5,000	5,000

Based in the Company's PWPA with the EWA, it is required the Company and Haya Power and Desalination Company 6.S.C. (Closed) (Al Dur = 2) to establish a company and jointly own the Al Dur Seawater Intake/ Outfall Facilities. Accordingly, the Company entered into a Shared Facilities Shareholder Agreement dated 15 May 2019 with Al Dur = 2, and established Al Dur Shared Facilities Company W.L.L (ADSFC) on 26 December 2019 with 50% equal ownership. ADSFC is required to be operated in accordance with the terms and conditions stated in the Shared Facilities Shareholder Agreement. Upon commencement of commercial operations of Al Dur 2 Project Company, ADSFC started its operations and maintenance activities effective from 1 June 2022. As of 31 December 2023, transfer of Al Dur Seawater Intake/ Outfall Facilities was not completed. Upon receiving approval from Company's Finance Partes and receiving notification form HWA, Company intends to transfer the Al Dur Seawater Intake/ Outfall Facilities to ADSFC at 80.1 nominal value as per the PWPA. The Company's interest in ADSFC accounted for using the equily method in the financial statements.

Summansed financial information of Al Dur Shared Facilities Company W.L.L.:

		2023 BD	2022 B()
Total assets	atial dekle	79.929	229,484
Total liabilities	FIDENCENTONN F	69,929	219,484
Equity	CONVIA MER. 37 F.	10,000	10,000
Company's share in equity	andles por 12.2	5,000	5,000
7 INVENTORIES	MCE ach 2023	2023 BD	2022 BD
Diesel	Feld "	2,582.451	2,443,050

a ACCOUNTS AND OTHER RECEIVABLES

	2023 BD	2022 BD
Trade receivables	22.864.673	23,762,305
Allowance for expected credit losses	(8,831,790)	(8,702,890)
	14,032,883	15,079,415
Prepaid expenses	404,937	776,297
VAT recoverable	534,351	1,111,288
Interest and other receivables	1,885,186	2,225.054
	16,8 5 7,357	18,692,054

Trade receivables represent amounts receivable from EWA. Amounts receivable from EWA have a credit period of 45 days and are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

Year onded 31 December 2020

2022

Trade receivables - net

Interest and other receivables

8 ACCOUNTS AND OTHER RECEIVABLES (continued)

As explained in note 4, the Company makes full provision for the disputed and unpaid fuel charges and the disputed and unpaid non-conforming water deductions relating to the periods subsequent to the period covered in the ICC Award. Accordingly, BD 7,777,180 (2022; BD 7,752,361) has been provided as disputed and unpaid nonconforming water deductions and provision for disputed and unpaid fuel charges at December 31, 2023 is amounting to BD Nil (2022; 75,840). Please refer Note 17 for provision for disputed, and paid fuel charges

As discussed in note 04, subsequent to the year end, the Company obtained lenders approval as required under the Finance Documents for the proposed interverisettlement agreement with EWA in respect of disputes related to fuel charges and non-conforming water up to the 31 December 2022

The Company does not make ECL allowances for the trade receivable balances from EWA, as the Board of Directors believe that the receivable from EWA is secured by a government guarantee issued by the Government of Bahrain. Hence, any potential risk of default is transferred to the Government.

Movement in a lowance for disputed and unbaild receivable are as follows:

	Non- conforming water	Un-paid fuel margin	Other disputes	Totai
	BD	вÐ	80	8D
Al 1 January 2022 Charge for the year 2022 (note 24) Transfer to provision for disputed margins	7,695,588 56,773	1,738,240	747.347 127,542	10,181,275 259,955
(nole 17)	ader acer	(17,838,340)		(1,738,340)
At 31 December 2022 Charge for the year 2023 (noto 24) Transfer to provision for disputed margins.	7752,364 24,819	3 75.640	874,689 178,721	8,702,890 204,540
(note 17)	Nabs'	(75,640)		(75,640)
Al 31 December 2023	7, 77, 180		1,054.610	8,831,790
As at 31 December, It o agoing analysis of a	cconda receivablos	are, as follows:		Ta la
Feb			Total	Neither past due nor
			BD	impared 60
2023 Tradé receivables - net			14,032,683	44 023 883
Interest and other receivables			1,885,186	14,032,883 1,885,186
		1	15,918,069	15,916,069
			Total	Nexther pass due nor impaired

During the year 2023, after receiving relevant consents, the Company extended the natural gas invoicing mechanism agreed with EWA for further period up to 31 December 2023.

80

15,079,415

2.225,054

Aл

15,079,415

17,304,469

2,225.054

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9 RELATED PARTY TRANSACTIONS

Related parties represent the shareholders, directors and key management personnal of the Company and enlities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

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

Balances:

Due from a related party

	2023 BD	2022 BD
Entities related to shareholders		
Haya Power & Desalination Company B.S.C.(c)	8,613	1.842
	8,613	1,842
Allowance for expected credit losses	(63)	(14)
	8,550	1,828

As at 31 December 2023, the Company has recognised allowance for ECLs of BD 63 (2022; BD 14) for related party receivables considering the credit quality of the related parties. Movement in the ECL of the related party receivables during the year is as follows:

antial deklerest	2023 80	2022 BD
Balance at the beginning of the year Expected credit loss allowance charged during the year	14 49	5 9
Galance at 31 December	63	·4
The ageing analysis of due from a related party is as follows;		
No. Co	Totat BD	Current BD
2023 Emitties related to shareholders	8,613	B,613
	Total	Coverif
2022	80	80
Emilles related to shareholders	1,842	1,842

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

9 RELATED PARTY TRANSACTIONS (continued)

Due	to	relat	ed	part	ies.
-----	----	-------	----	------	------

	2023	2022
Shareholders	80	BD
Gull investment Corporation G.S.C.	56,410	7,653
Social Insurance Organisation	91,708	1,492
Kyuden International Europe B.V.	33,846	22,983
Enlities related to shareholders		
Al Ezzel Operations and Maintenanco W L L	1,493,427	7,575,982
Al Ezzel Power Company B.S.C.(c)	97,702	91,913
Aldur Shorod Facilities Company W.L.L.	15,147	1. C
Engle Invest Informational SA - B	137,583	101,129
International Power SA Dubai Branch	139,396	1
	2,065,199	7,821,152

Amounts due from and due to related parties are intorost frod and have no pre-determined repayment poriod. Management considers these balances to be current assets and current liabilities, as appropriate.

Related party transactions:

Transactions with related pathes (shareholderstantilies related to shareholders, associates and joint ventures) included in the statement of profit or loss and other comprehensive@come are as follows:

2023	2022
80	60
76.424	71,411
-	1,500
17,296,000	10,340,000
275,125	257,080
21,000.657	19,563,752
703,514	59,350
39,351.720	30,293,093
	8D 76,424 - 17,296,000 275,125 21,000.657

Compensation of key management personnel:

Key management personnel of the Company comprise the Board of Directors and the key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. During the year, no remuneration was paid to the Board of Directors. Remunerations of other members of management are as follows:

	2023 BD	2022 BD
Short term benefits End of service benefits	165,357 13,730	157,441 10,102
	179,087	167,543

Short term benefits were in the form of salaries, bonuses and allowances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

10 BANK BALANCES, GASH AND DEPOSITS

	2023 8D	2022 60
Cash and cash equivalents	8,166,954	8.675 275
Term deposit with original maturity more than 3 months (a)	6,400,000	11 260.000
Firei demand model reserve account (b)	3.967,127	3.910.606
	18,534,081	23,865,981
Allowance for expected credit losses	(12,122)	(15,609)
	18,521,959	23.850,272

(a) The original maturity of term deposit vanes between 90 to 120 days and earn Interest at raics ranging between 5% and 5.8% (2022; between 4.5% and 4.77%) per annum.

(b) Amounts in fuel demand model reserve account represents the restricted doposits made by the Company for compliance with certain debt covenants. This amount is not considered as cash and cash equivalents.

Movement in the ECL provision of cash at bank balances during the year is as follows:

	Bist In	2023 BD	2022 DD
Balance al the beginning of the year (Reversal) / provided during the year	E dentian der AEST	15,609 (3,487)	13.521 2,088
Balance at 31 December	onthe Mor Co PN.	12,122	15,609
	Co Klow 6.3		

11 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Company consists of 250,000 ordinary shares with a nominal value of BD 100 each. The legal shareholding structure of the Company is as follows:

6

*	A An	2	023 and 2022	
	Country of	Percentage	Number of	Amount
F	(incorporation	ownership	shares	80
Al Dur Holding Company Limited	U.A.E.	99%	247.500	24,750,000
Kahrabel FZE	U.A.E.	0.5%	1,250	125.000
Gulf Investment Corporation $G.S.C_{\rm H}$	Kuwait	0.5%	1.250	125.000
3		100.0%	250.000	25,000,000

12 ADDITIONAL SHAREEHOLDER CONTRIBUTION

During the year 2022, the Company transferred the balance in Subordinated Shareholder loan to additional shareholder contribution under the Shareholders' equity, as agreed with the A' Dur Hording Company Limited. The Company repaid 8D 17,296,000 (2022 8D 10.340,000) during the year

13 STATUTORY RESERVE

In accordance with the Bahrain Commercial Companies Law of 2001 of 2001 (and subsequent amendments) and the Company's articles of association, 10% of the annual profits has been transferred to statutory reserve. The Company may elect to discontinue such transfer when the reserve reaches 50% of the pard-up share capital. This reserve is not available for distribution except in such circumstances as stipulated in the Bahrain Commercial Companies law of 2001 (and subsequent amendmenta).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

14 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial assets

Derivatives that are designated and effective as hedging instruments carried at fair value are as follows:

	2023 BD	2022 8D
Interest rate swaps:	9,830,832	13.532,741

Derivative financial liabilities

Derivatives that are designated and effective as hedging instruments carried at fair value are as follows.

	2023 BD	2022 BD
Interest rate swaps:	3,367,145	4,443,231

The Company did not enter into any enforceable netting arrangements for interast rate swaps.

04		2023 BD	2022 8D
Assor			
Current		3,220,451	3,193,849
Non-current		6,610,361	10,338,892
	atian den-	9,830,832	13,532,741
28	a den en mann	E-	2000
	ALC MG CO ON	2023	2022
Liabilities		BD	80
Current	Co Manno.3	291,306	504 450
	Alt ON A Loe		594,159
Non-sument	all all b	3,075,839	3,849,072
14	WCG, CM OF	3,367,145	4,443,231
		2023	2022
Cont from bostone		80	6D
Cash flow hedges		18 880 004	
Effective portion of the car	_	(6,550,921)	(9,128,798)
Ineffective portion of the o	ash flow hedges	87,234	39,288
		(6,463,687)	(9,089.510)

The Company uses interest rate swaps as part of 15 interest rate risk management. These derivatives qualify for hedge accounting and have been designated as cash flow hedges according to IFRS 9: Financial Instruments-Recognition and Measurement. Fair value of interest rate swaps is estimated based on the prevailing interest rates

As at 31 December 2023, notional amounts outstanding for Interest rate swaps was BD 326.6 million (USD 869.2 million) (2022; BD 358.9 million (USD 954.4 million))

The bank borrowings (note 15) carried interest rate at 3.825% plus 6-month LIBOR. During the final quarter of 2023. The Company transitioned its bank borrowings to SOFR with additional fixed spread of 42.826bps. No other terms were amended as part of the transition. The Company accounted for the change to SOFR using the practical expedient in IFRS 9, which allows the Company to change the basis for determining the contractual cash flows prospectively by revising the effective interest rate.

The Company entered into IRSs agreements with counterparties up to 1 April 2030 with hedging covorage of 95% of the term ban facility (note 15).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023.

14 DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Movement in the hedging reserve of the terminated IRSs during the year is as follows

	2023 80	2022 BD
Balance at the beginning of the year Amortisation (note 26)	9,759.548 (2,667.290)	12,628,263 (2,868,715)
Balance at the end of the year (a)	7,092,258	9,759.548

(a) Balance in the hedging reserve for the terminated IRSs will be amortised until 1 April 2027, which is the original maturity date of the terminated IRSs.

As part of the new financing, the Company entered into new IRSs agreements with new counter parties up to 1 April 2030, to cover the minimum 76% of the new ferm loans profile as per the new refinancing facility agreement (note 14). With effect from 1 April 2020, the hedge cover has been increased to 95% of the loan profile.

Movement in hedging reserve during the year.

	2023 BD	2022 80
Balance at the beginning of the year Net value loss / (gain) on IRS (I) Amortisation of discontinued hedging reserves (i) (note 25) Balance at the end of the year (i) other comprehensive income	630,750 2,577,877 (2,667,290)	47,608,561 (44,109,096) (2,868,715)
Belance at the end of the year	541,337	830,750
(i) other comprehences income	(89,413)	(46.977,811)
Balance at the end of the year (i) other comprehensive income Movement in net hedging assets during the year Balance at the beginning of the year Net value (loss) / gain on IRS Balance at the ond of the year	2023 80 9,089,510	2022 BD (35,400,138)
Net value (loss) / gain on IRS	(2,625,823)	44,489,648
Balance at the end of the year	6,463,687	9,089,510
Movement in hedging loss recognised in profit or loss (ineffective portion):	2023 80	2022 BD
Balance at the beginning of the year	39,288	419.540
Ineffective portion of cash flow hedge loss / (gain) recognized during the year (note 25)	47,946	(380.552)
Balance at the end of the year	87,234	39,288
Matumty date:	Nominal A	mounts
	2023	2022
	80	80
1 April 2027 1 October 2029 1 April 2030	107,993,333 153,804,252 65,019,374	115,396,620 71,396,602 172,078,587
Balance at the end of the year	326,816,959	358,871,809

NOTES TO THE FINANCIAL STATEMENTS.

Year ended 31 December 2023

15 BORROWINGS

	2023 80	2022 BD
Current Non-current	33,821,350 306,696, 372	32,909,884 339,516,722
	339,516,722	372,426,606

During November 2018, the Company obtained BD 487 million (USD 1,295 million) re-financing facilities from a syndicate of banks. The purpose of the re-livaricing facilities is to settle the initial financing facilities. The refinancing facilities are cenominated in United States Dollars and the aggregate amount is repayable on semiannual instal-ments starting from 1 April 2019.

All the linancing facilities are secured by a comprehensive legal and commercial mortgage over all of the assets of the Company

The financing facility agreements contain certain covenants pertaining to, amongst other items, project finance ratios, liquidation and merger, entering into material new agreements, negative pladge, change of husiness, leans and guarantees. During the year, the Company complied with these covenants.

As disclosed in note 14, the bank borrowings carried referest rate at 3.825% plus, 6-month LIBOR, During the final quarter of 2023, the Company transitioned its bank borrowings, to SOFR with acditional fixed spread of 42 826bps. , 46

Movements in the net borrowings:

minverveurs in the net corrowidgs.	2	
	2023	2022
	80	8 D
Loan balance		
Balance at the beginning of the year	377,759.799	408,026,745
Repayments during the year	(33,741,946)	(30,266,946)
ACC NO. 22		
Less: Un-amortised loan origination fees	344,017,853	377,759,799
Balance at the beginning of the year		
	5,333,193	6,165,255
Amortisation during the year (note 25)	(832,062)	(832,062)
	4,501,131	5.333,193
Nel loan balance	339,516,722	372,426,806
S =		the second se

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

15 BORROWINGS (continued)

Borrowing Schedule

	International Facilities BD	iµra A Fscilibes BD	ljara B Facilijies BD	Mursbaha Facilitios BD	Tolal BD
Total Commitment / utitisation	165,878,942	129,934,475	112,800,000	75,200,000	486,813,417
Bank Borrowings: At 1 January 2023 Repayments	112,054,555 (17,445,195)	85,214,123 (13,422,231)	107.694,672 (1.724,712)	71,796,448 (1,149,808)	377,759,799 (33,741,946)
At 31 December 2023	94,609,361	72,791,892	105.969,960	70,646,640	344,017,853
Ur -amortised loan origin: At 1 January 2023 Amortisal on	ation fees: -,044,259	803,444	2.091.293	1,394,197	5,333,193
during the year	(198,725)	(152,898)	(288,264)	(192,175)	(832,062)
Al 31 December 2023	845,534	650,546	1.603,029	1,202,022	4,501,131
Nel bank borrowings: At 31 December 2023	93,763,827	72,141,346	108,156.931	69,444,618	339,516,722
At 31 December 2022	111.010,297	85,40,679	135,603.879	70,402,251	372.426,806
Interest rates Up to 1 October 2023	LIBOR + 3 30%	LIBOR + 3.30%	LIBOR + 3.70%	LIBOR + 3 70%	
Form 2 October 2023	SOFR + 3.55%	SOFR # 3 55%	\$0FR + 3,95%	SOFR + 3.95%	
Weighted average interest / profit rates	8.42%	8:42%	8 66%	B.86%	
Maturily date	1 Apr 2026	1 Apr 2028	1 Oct 2031	1 Oct 2031	
Interest/profit for the year 2023	8,885,257	6,836,265	9,632,018	6,421,345	31,774,885

All the above facilities are in United States Dollars.

16 DEMOBILISATION PROVISION

	2023 BD	2022 BD
Balance at the beginning of the year Unwinding of discount and effect of the change in discount rate	9,745,498 542,965	9.352,780 392,718
Balance at the end of the year	10,288,463	9,745,498

The provision for demobilisation costs represents the present value of the management's best estimates of the future outflow of economic benefits that will be required to demobilise the plant at the end of the Power & Water Purchase Agreement ("PWPA") period. Management uses the United States Producer Price Index to determine the discount rate and periodic unwinding of the discount has been recognised in profil or loss. Unexpired term of the PWPA is 12.5 years as it ends in May 2036.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

17 PROVISION FOR DISPUTED FUEL MARGINS

	2023 BD	2022 80
Balance at the beginning of the year	7,854,940	5,468,155
Charge during the year	1,368,540	648,445
Transfer from allowance for expected credit losses (Note 8)	75,640	1,738,340
Balance at the end of the year	9,298,120	7,854,940

Provision for disputed fuel margins are related to amounts disputed and paid by EWA from October 2015 (subsequent to the penods considered in the EWA Arbitration).In order to accelerate the FDM finalisation and finalise the Non Confirming Water calculation protocol, the Company and EWA signed the Award Implementation Protocol ("AIP") during November 2021. As discussed in note 04, subsequent to the year end, the Company obtained lenders approval as required under the Finance Documents for the proposed interim settlement agreement with EWA in respect of disputes related to fuel charges and non-conforming water up to the 31 December 2022 and as agreed in the AIP, the Company will coordinate with EWA to reconcile fuel charges subsequent to the settlement period based on the revised FDM.

18 EMPLOYEES' END OF SERVICE BENEFITS

	2023 BD	2022 BD
Balance at the beginning of the year	46,608	40,246
Paid during the year	(5,140)	÷
Charge for the year	6,957	6,362
Balance at the end of the year	48,425	46,608
19 ACCOUNTS PAYABLE AND ACCRUANS		
Mc 3G JOFE	2023	2022
A Dro b	60	80
Trade payables	1,475,973	1,849,244
Other payables	19,167	21,5 1 8
Accrued interest	8,329,190	7,544,593
	9,825,350	9,415,355

Trade payables are non-interest bearing and are normally settled within 45-90 days terms.

20 REVENUE AND LEASE INCOME

	2023 BD	2022 8D
Imputed finance income	30,550,286	31.817.010
Revenue from contracts with a customer Energy revenue Operations and maintenance revenue	67,378,823 37,284,852	70,767,752 33,264,637
	104,663,675	104,032,289
	135,213,961	135,849,299

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

21 OPERATIONS AND MAINTENANCE COSTS

984,331
-
293,485
,277,816
2022
80
512,000
205,730
252,501)
465,229
),

22.1 During August 2022, a gas turbine (GT-12) was damaged due to generator compressor casing quenching incident. Total amount claimed from insurance was BD 6.512,613 (USD 17,320 779). Interim claim of BD 4,512,000 was received during year 2022 and the balance amount of BD 2,000.613 was received during the year 2023. Repair costs incurred for this incidend has been included under the operation and maintennace costs.

a.

23 GENERAL, ADMINISTRATIVE & OTHER EXPENSES

	CONTRA NET 31 Pro	2023 60	2022 BD
Insurance	ender por 12.5	813,559	847,355
Staff costs		292,871	285,445
General administrative costs	Wcc Scar Jor	60,788	68,195
Professional foos		99,653	108,495
	1 all Alter	1.266,869	1.109,490

~

24 PROVISION FOR DISPUTED RECEIVABLES

Ya -	2023 BD	2022 80
Provision for disputed and unpaid receivables (note 8)	204, 5 40	259,955
Allowance for expected credit losses (note 9 and note 10)	(3,438)	2,097
	201,102	282,052
25 FINANCE COSTS - NET		
	2023	2022
	BD	BD
Interest on bank borrowings (note 15)	31,774,885	20,900,016
Net (gaw) / loss on interest rate swaps – cash flow hedges	(5,568,335)	6,512,246
Amortisation of discontinued cash flow hedges (note 14)	2,667,290	2,868,715
Amortisation of deferred finance costs (note 15)	832,062	832,062
Ineffective partion of cash flow hedge loss / (gain) recognized (note 14)	47,945	(380,552)
Other finance costs	887,548	468,123
	30,643,396	31,200,612

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

26 COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Commitments under Operations and Maintenance Agreement;

The Company has entered into an Operations and Maintenance Agreement with Al Ezzel Operations and Maintenance Company ("the operator") under which it is committed to pay certain fees to the Operator of the Plant as fixed and variable tees, with relevant indexation adjustments, as specified in the operation and maintenance agreement.

b) Capital expanditure commitments.

There were no capital expenditure contracted for at the reporting date.

27 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Company's financial instruments expose it to a variety of financial risks. These include foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board of Directors monitors these risks to minimize potential adverse effects on the Company's financial performance.

The Company's financial assets include finance lease receivables, accounts and other receivable, due from related parties and bank balances, cash and deposits. Financial liabilities include derivative financial instruments, accounts payables and accruats, due to related parties, subordinated loans from shareholders and term loans.

The summary of financial assets and financial liabilities are follows:

(A.	Amariise	ಸ್ ನಾಚ್ 🎧	Fair value th	ough OCI
	2023	2022	2023	2022
	80	BU C	90	BD
Firmer sink and sta	A CIT C	Non Es		
Financial assels	EIO AC			
Finance lease receivables	599, 549, 267	625,296,964		
Derivative financial instruments	O MO ME	.21 -	9,830,832	10,338,892
Due from a related party	<u> </u>	° 1,828		40
Accounts and other receivable	25,918,069	17,304,459		1 A.
Bank balances, cash and deposite	18 521,959	23,850,272	-	
	634,097,845	006,362,933	9,830,832	10,338,892
Financial Ilabilities	L.			
Derivative Fearicial instruments	548		3,367,145	4,443,231
Accounts payable and accruais	9,825,350	9,415,355		¥1
Due to related parties	2,065,199	7 521,152		
Barrowings	344,017,853	377,759,799	-	+
	355,908,402	394,996.306	3,367,145	4,443,231

Board of Directors and Those Charged with Governance (TCWG)

The Board of Directors and TCWG are responsible for the overall nsk management approach and for approving the risk strategies and principles.

The risk associated with financial instruments and the Company's approaches to managing such risks are described below:

Credit risk

Credit risk is the risk that one party to a financial instrument will tail to discharge an obligation and cause the other party to incur a financial loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Credit risk (continued)

Please reter to notes 5, 8 and 10 for concentration of credit risk. The Company's exposure to credit risk is limited as it has only one customer, the EWA of the Kingdom of Bahrain, a government entity

An impairment analysis is performed at each reporting date to measure expected credit losses. Based on the Company's management review, an allowance for ECus amounting to BD 63 (2022; BD 14) has been recognised for the Company's due from a related party as of 31 December 2023 and 31 December 2022 (Note 9).

The cradit risk on liquid funds is limited as the counterparties are financial institutions regulated by the Contral Bank of Bahrain and other regulators in the United Kingdom and France. All these financial institutions have acceptable ored: ratings assigned by international rating agencies

As per the Company's management assessment, allowance for expected credit losses on its bank balances as at 31 December 2023 amounting to BD 12,122 (2022; BD 15,609) (Note 10).

Macket risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices.

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, and interest rates (see below).

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

The Company's financial assets and financial liabilities are denominated primarily in Behraini Dinars, United States Dollars and Euros. As the Bahraini Dinar is properly to the United States Dollars, balances in the US Dollars are not considered to represent a significant surrory lisk and a change in the Euro rate against BD is not expected to have a material impact on the Company's praint for the year.

The carrying amounts of the Company's movel any intencial assets and monetary financial habilities denominated In foreign currency at the reporting date are as follows:

	US	D	EUR	
E CP	2023	2022	2023	2022
	BD	8 <i>0</i>	BD	80
Financial assets				
Bank balances, cash and deposits	10,383,006	15,223,857	1,320	1.282
	10,333,006	15.223,857	1,320	1,282
Financial liabilities				
Borrowings	344,017,853	377.759 799	18	
Accounts payables and accruais	13,171	1.910,243		
Due to related parties	1,974,918	7 383,513		9 I.
	346,005,942	387 053,555		
			the second secon	and the second se

Interest/ profit rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk on its interest bearing liabilities (term loans).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 Decembor 2023

27 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Interest/ profit rate risk (continued)

The Company reviews the market analysis and expectations for interest/ profit rate movements as the basis on which the Company decides to utilise Roaling or fixed rates for its interest/ profit bearing liabilities. The Company has hedged its interest/ profit rate risk on its loan facilities by entering into interest rate swap fransactions (note 14).

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was

	Garrying	amount
	2023	2022
	80	60
Variable rate Instruments		
Berrowings	344,017,853	377,759,799
Derivative financial Instruments - net	(6.463.687)	(5.895,661)
	337,554,166	371,864,138

Interest/ profit rate sensitivity analysis:

The following interest/ profit rate sensitivity analysis has been calculated considering the exposure to variation in market interest rates for the un-hedged portion of the term loans as at the reporting date. A 50 basis point increase or decrease has been considered for the average loan balance when reporting interest/ profit rate nsk internally to key management personnel and represents management's assessment of the reasonably possible change in interest/ profit rates

FIO. M.C. D. M.	Profit or	loss
CONFRIGENCEN 3	50 bp increaso	50 bp decrease
CERCINAL STR	පව	BD
December 31, 2023		
Barrowings	(1 628,353)	1,828,353
Derivative Anancial instruments	1 736.036	(1,736,936)
Fello	(91,417)	91,417
December 31, 2022		
Borrowings	(1,992,362)	1,992.362
Derivative financial instruments	1,892,744	(1,892.744)
	(99,618)	99,618

The Company is exposed to the interest rate benchmarks risk within its hedge accounting relationships, in the final quarter of 2023, the Company transitioned its interest rate benchmark from USD LIBOR to SOFR with additional fixed spread added of 42.826bps. As listed in include 14, the hedged items include floating rate debt issued in United States Dollars.

ER AND WATER COMPANY B.S.C. E FINANCIAL STATEMENTS	
AND W	
POWER	
DUR PO	
AL DI NOTE	

Yoar ended 31 December 2023

27 FINANCIAL RISK WANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidity risk

management rests with the Company's management, which has established an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity requirements. The Company limit its liquidity risk by ensuring bank facilities are available. Liquidity risk is the risk that an antity will encounter difficulty in meeting obligations associated with financial leablibes. Ultimate responsibility for liquidity lisk

The table below summanses the mahnity profile of the Company atinanceal leabulies based on contractual undiscounted payments:

vvaighted 🛛 🖉 🖉					
амаладе Сэтүллд	Contractual	Tess than	3 months		
effective entrouve	Castificus	3 months	10 1 1000	1-5 years	5+ ygars
interest		0g	90	80	69
27					
025,228,2	9.825350%	1.496,160	8,329,40	×	
2,065,194	> 2055,199	2,065,199	ł	ì	•
8.64% 344.017.853	370:1945.6946	3	75,528,951	277,637,104	116.920.761
355,908,402	481,972,385	3,561,359	83,858,141	277,637,104	116,920,761
9,415,355	9.415,355	1 870,762	7,544,593	÷	8
7,821,152	7 821, 152	7.821,152	•	•	2
5.38% 377,759,799	482.316,605	8	42,811,324	257,213 030	182.292,251
394,996,306	499.553,112	9,801.914	50,355,917	257,213,030	182,292,261
	08,402 08,402 09,799 96,306		481,370,006,006 481,370,385 7 821,15355 482,316,605 499,553,112	481.970385 3.561.359 8 481.970385 3.561.359 8 7.821.1535 7.821.152 482.316,605 7.821.152 4 492.553,112 0,601.914 5	370 (hHs/if)line 1

58

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

27 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

Liquidily risk (continued)

The following table details the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outrows on derivative instruments that are settled on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The undiscounted contractual cash flows are based on the contractual maturities of the derivatives.

	3 months To 1 year BD	1-5 yoars BD	5+ years BD	Total
2023	DL/	80	82	BD
Net settled				
Interest rate swaps	2,929,145	3,599,066	(154,524)	6,463,687
2022				
Net settled				
Interest rate swaps	2,599,689	5,645,216	644.605	9,089,510

Capital management

The Company manages its capital to ensure that the Company will be able to continue as a going concern where maximising the return to stakeholders through the optimisation of the debt and equily belonce.

The Company manages its capital structure and makes adjustments to it in light of changes in business, conditions. No changes were made in the objectives, policies or processes during the year.

Gearing ratio

The Company's Board of Directors and TCW Greetew the capital structure on a regular basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital

The gearing ratio at the year and was as follows;

Feld "	2023 BD	2922 BD
Debt (i) Cash and cash equivalents	344,017,853 (8,166,954)	377,759,799 (8 675,275)
Nei debt	335,850,899	369,084,524
Equity (1)	273,044,992	271.977,929
Net debt to equity ratio	1 : 0.81	1 0.74

(i) Debt is defined as term loan (note 14).

(a) Equity includes all capital, retained earnings, reserves and additional shareholder contribution (note 12) of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

28 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an accel could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The Board of Directors believe that the tair values of the Company's tinancial instruments carried at amortised cost approximated their carrying amounts as at the reporting dates.

Set out below is an overview of financial instrumente, other than derivative financial instruments, held by the Company as at 31 December

		Amorbsed cost	
14 C		2023	2022
		80	BD
Financial assets:			
Finance lease receivables	5	599,649,267	625,206,364
Accounts and other receivable	8	15,918,069	17,304,469
Due from a related party	ß	8,550	1,828
Bank balances, cash and deposits	10	18,521,959	23,650,272
	is all a child	634,097,845	666,362,933
Financial Ilabilities: Accounts payable and accruais	a dentrenora a fe	9,825,350	9,415,355
Due to related parties	William Million Co. O. K.	2,065.199	7,821,152
Butrowings	(O) (13 NC) 21 13	344,017,853	3/7,759,799
	ade por 12.5	355,908.402	394,996,306

Fair value measurements recognised in the statement of financial position

The following methods and assumptions were used to estimate the fair values:

- Bank balances, cash and deposits, certain portion of accounts and other receivables and certain portion of accounts and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments;
- Term loans are evaluated by the Company based on parameters such as interest rates. As at 31
 December 2023. We carrying amounts are not materially different from their fair values (2022; carrying
 amounts are not materially different from their fair values);
- c) The Company enters into derivative financial instruments with contain counterparties, principally financial institutions with investment grade credit ratings. Fair values of interest rate swap contracts remeasured to fair value as disclosed in the accounting policy described on fair value incoduroment. These are Level 2 as per the fair value hierarchy for the year ended 31 December 2023 and year ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2023

28 FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Fair value measurements recognised in the statement of financial position (continued)

The following table provides an analysis of financial instruments that are measured subsequent to Initial recognition at fair value, grouped into Levels 1 to 3 based on the degrae to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measuremonts and those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses assets and habilities, measured at fair value as at the end of the year, by level in the tain value heararchy into which the fair value measurement is caregonized.

	2023	2022
Lén	141 2	Level 2
	BD	80
Financial assets measured at fair value		
Interest rate swap	632	10,338,892
flow NC COLUM		
	2023	2022
C A A A A A A A A A A A A A A A A A A A	rel 2	Level 2
ade to A L.	BD	80
Financial Ilabilities measured at fair caus		
Interest rate swap 3.367	145	4,443.231

The Company does not have financial instruments qualifying for Level 1 or Level 3 classification.

During the year ended 31 December 2023 and 31 December 2022, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements.

Valuation techniques and key inputs

Fair value of financial habilities / assets categorised under Level 7 have been determined using discounted cash flows. Future cash flows are estimated based on forecasted interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.