Abu Dhabi Future Energy Company PJSC (Masdar)

REPORT OF THE BOARD OF DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Abu Dhabi Future Energy Company PJSC (Masdar)

REPORT OF THE BOARD OF DIRECTORS

31 DECEMBER 2023

REPORT OF THE BOARD OF DIRECTORS
For the year ended 31 December 2023

The Board of Directors is pleased to present the audited financial statements of Abu Dhabi Future Energy Company PJSC ("Masdar" or the "Company") and its subsidiaries (collectively referred to as the "Group"), for the year ended 31 December 2023.

Financial highlights
Revenue for the year amounted to AED 3,352.6 million (2022: AED 621.4 million).

Loss for the year from continuing operations amounted to AED 44.7 million (2022: Profit of AED 459.5 million).

Total assets were AED 18,200.0 million as at 31 December 2023 (2022: AED 11,245.0 million). Total liabilities were AED 8,394.7 million as at 31 December 2023 (2022: AED 4,726.1 million).

Total equity attributable to the equity holders of the Group was AED 9,807.3 million as at 31 December 2023 (2022: AED 6,519.3 million).

Board of Directors
The Directors of the Company are:

Chairman	H.E. Dr Sultan Al Jaber
Deputy chairman	Mr. Jasim Husain Thabet

Members

- Mr. Farid Al Awlaqi
- Mr. Musabbeh Al Kaabi
- Mr. Ahmed Saeed Al Calily
- Dr. Bakheet Al Katheeri
- Dr Frank Possmeier (appointed 1 January 2024)
- H.E. Mohamed Al Suwaidi (resigned 1 January 2024)
- Dr. Michele Fiorentino (appointed on 6 September 2023)
- Mr. Khaled Salmeen (resigned 6 September 2023)

To the best of our knowledge, the financial information included in these consolidated financial statements presents fairly, in all material respects, the financial position, results of operation and cash flows of the Group as of, and for the periods presented therein. The consolidated financial statements were approved by the Board of Directors and authorised for issue on 12 June 2024.

For and on behalf of the Board of Directors.

Chairman of the Board of Directors

Abu Dhabi Future Energy Company PJSC (Masdar)

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

Building a better
working world

Ernst & Young Middle East
(Abu Dhabi Branch)
P.O. Box 136
Nation Towers, Tower 2, Floor 27
Corniche Road West
Emirate of Abu Dhabi
United Arab Emirates

Tel: +971 2 417 4400
+971 2 627 7522
Fax: +971 2 627 3383
abudhabi@ae.ey.com
ey.com

CL No. 1001276

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Abu Dhabi Future Energy Company PJSC (Masdar) (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

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

Other matter

The financial statements of the Company for the year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on 12 July 2023.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Revenue recognition
The Group generates revenue from its contracts with customers for renewable power generation including service concession arrangements to build, operate and transfer renewable energy projects and other operating revenue from trading activities. A significant proportion of the Group's revenues is derived from the construction activities under service concession arrangements during the year.

Revenue from renewable power generation is recognised at a point in time when the energy is supplied and revenue from service concession arrangements is recognised over the period of time in which the services are provided. The Group's revenue recognition accounting policy is included in note 3 to the consolidated financial statements.

The Group recognized revenue of AED 3,352.6 million (2022: AED 621.4 million) for the year ended 31 December 2023. Revenue recognition is considered a key audit matter given the Group's varied nature of revenue arrangements and the magnitude of the amounts involved.

The audit procedures performed over this key audit matter include the following:

- We obtained an understanding of management's revenue recognition process and underlying controls, and performed walkthroughs to confirm our understanding.
- We reviewed the Group's contracts with customers including power purchase agreements and service concession arrangements to determine application of appropriate accounting policies as per the requirements of the IFRSs.
- We performed substantive analytical procedures over renewable power generation revenue, renewable obligation certificate (ROC) revenue and recycled ROC revenue to test revenue recognition from initiation to recording.
- We carried out of test of details on a sample of revenue transactions recorded during the year by checking invoices and other supporting documents.
- We reviewed the services concession revenue calculations and assessed the appropriateness of assumptions used in the models including construction and operating margins, discount rates etc.
- We involved internal IFRS specialists to assist in evaluating the application of service concession arrangements accounting requirements as per IFRIC 12 Service Concession Arrangements.
- We assessed the revenue disclosures in the consolidated financial statements for compliance with the requirements of the IFRSs.

Equity accounted investments in associates and joint ventures
The Group has significant investments in associates and joint ventures. At 31 December 2023, investments in associates and joint ventures amounted to AED 7,581.9 million (2022: AED 3,691.8 million).

During the year, the Group made significant investments in associates and joint ventures amounting to AED 4,237.8 million and assessment of control, joint control or significant influence over the new investees involves significant judgement.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued

Report on the Audit of the Consolidated Financial Statements continued

Key audit matters continued

Equity accounted investments in associates and joint ventures continued
Investments in associates and joint ventures are also subject to impairment assessment when indicators of impairment exist. During the year, the Group recognised a net impairment of AED 183.4 million (2022: nil) with respect to its equity accounted investments, where indicators were identified. In carrying out the impairment assessments, significant judgements and assumptions are used to estimate future cash flows and discount rates.

The audit procedures performed over this key audit matter include the following:

- We reviewed the sale and purchase agreements and applicable operating agreements of the material equity-accounted investees to corroborate management's assessment of control, joint control or significant influence over these investments by the Group.

- We tested the carrying value and share of results recognised during the year for equity accounted investments and involved component teams, where applicable, to perform procedures at material investees.

- We sent instructions to EY and non-EY component auditors for a sample of material equity-accounted investees detailing the scope to be covered for the purposes of our audit of the Group and obtained reporting deliverables from the component auditors to support the financial position and results of these equity-accounted investees. In fulfilling our responsibilities as Group auditor, we considered the work performed by the component auditors, held meetings with the component teams and reviewed working papers for key audit and accounting matters.

- We performed analytical review procedures over the financial statements / management accounts of a sample of equity-accounted investees, held meetings with managements of the respective equity-accounted investees and performed site visits as part of direct audit procedures over the equity-accounted investees.

- We tested the additions made during the year by reviewing the relevant agreements, evidence of funds transfer etc. and evaluating the appropriateness of equity method to account for the investments.

- We reviewed management's assessment of indicators of impairment for equity-accounted investments at 31 December 2023.

- We tested, with involvement of internal valuation specialists, the methodologies and inputs used by the Group in estimating the recoverable amount of the equity-accounted investments subject to impairment assessment including key assumptions relating to growth rates, inflation and discount rates;

- We compared actual performance of the relevant equity-accounted investees to the assumptions applied in discounted cash flow models to assess the historical accuracy of management's estimates;

- We assessed the adequacy of disclosure in line with the requirements of the IFRSs.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued

Report on the Audit of the Consolidated Financial Statements continued

Other information
Other information consists of the information included in the Report of the Board of Directors, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the Board of Directors for the consolidated financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Articles of Association of the Company and the UAE Federal Law No. (32) of 2021, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued

Report on the Audit of the Consolidated Financial Statements continued

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

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

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

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

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

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

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

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

EY
Building a better working world

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF

ABU DHABI FUTURE ENERGY COMPANY PJSC (MASDAR) continued

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (32) of 2021, we report that for the year ended 31 December 2023:

i) the Company has maintained proper books of account;

ii) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (32) of 2021, and the Articles of Association of the Company;

iv) the financial information included in the Directors' report is consistent with the books of account of the Company;

v) note 12 reflects the material related party transactions and the terms under which they were conducted;

vi) based on the information that has been made available to us, the Company has not purchased or invested in any shares or stocks during the financial year ended 31 December 2023, except for the investments disclosed in note 9;

vii) based on the information that has been made available to us nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended 31 December 2023, any of the applicable provisions of the UAE Federal Law No. (32) of 2021 or of its Articles of Association which would materially affect its activities or its financial position as at 31 December 2023; and

viii) there were no social contributions made by the Company during the year.

Further, as required by the Abu Dhabi Accountability Authority Chairman Resolution No. 88 of 2021 pertaining to Auditing the Financial Statements of Subject Entities, we report that based on the information provided to us, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the law of establishment of the Company and relevant provisions of the applicable laws, resolutions and circulars organising the Company's operations, which would materially affect its activities or the consolidated financial statements of the Company as at 31 December 2023.

Signed by:
Walid J Nakfour
Partner
Ernst & Young
Registration No 5479

14 June 2024
Abu Dhabi

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2023

	Notes	*2023* *AED '000*	*2022* *AED '000*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,781,770**	1,415,001
Right-of-use assets	7	**265,428**	279,131
Intangible assets and goodwill	8	**226,416**	212,568
Investments in associates and joint ventures	9	**7,581,930**	3,691,838
Other non-current financial assets	10	**35,642**	21,961
Finance lease receivables	11	**47,033**	47,957
Loans to related parties	12	**573,020**	236,808
Derivative financial assets	13	**194,123**	403,212
Contract assets	15	**3,109,069**	297,061
		13,814,431	6,605,537
Current assets			
Finance lease receivables	11	**9,821**	4,244
Loans to related parties	12	**350,023**	293,268
Due from related parties	12	**151,991**	94,236
Trade and other receivables	14	**1,366,907**	1,069,881
Contract assets	15	**27,184**	27,211
Cash and cash equivalents	16	**2,479,634**	3,150,649
		4,385,560	4,639,489
TOTAL ASSETS		**18,199,991**	11,245,026
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**8,000,000**	8,000,000
Additional capital contribution	18	**4,393,038**	1,083,683
Reserves	19	**474,212**	452,436
Accumulated losses		**(3,059,912)**	(3,016,830)
Equity attributable to equity holders of the parent		**9,807,338**	6,519,289
Non-controlling interest		**(2,015)**	(383)
Total equity		**9,805,323**	6,518,906
Non-current liabilities			
Bank borrowings	20	**5,226,403**	1,780,411
Lease liabilities	7	**282,605**	274,404
Other non-current liabilities	21	**207,951**	176,869
Deferred tax liabilities	30	**177,411**	148,082
		5,894,370	2,379,766
Current liabilities			
Due to related parties	12	**65,812**	41,103
Bank borrowings	20	**1,160,272**	688,205
Lease liabilities	7	**8,608**	25,487
Trade and other payables	22	**1,265,606**	1,591,559
		2,500,298	2,346,354
Total liabilities		**8,394,668**	4,726,120
TOTAL EQUITY AND LIABILITIES		**18,199,991**	11,245,026

Chairman of the Board of Directors

Chief Executive Officer

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Notes	*2023* *AED '000*	2022 AED '000
Continuing operations			
Revenue	23	**3,352,560**	621,393
Direct costs	24	**(2,578,558)**	(285,593)
Gross Profit		**774,002**	335,800
Income from government grants	25	**84,571**	57,568
Other income	26	**185,541**	450,392
Research and development expenses		**(1,774)**	(2,921)
General and administrative expenses	27	**(573,720)**	(393,544)
Project expenses	28	**(143,741)**	(144,460)
Share of results of equity-accounted investees, net	9	**(48,256)**	58,667
Impairment loss on associates and joint ventures	9	**(183,444)**	-
Changes in fair value of financial assets carried at fair value through profit or loss	10	**(2,265)**	30,372
Reversal of expected credit losses on loans to related parties, net	12	**26,606**	38,524
Reversal of (provision for) expected credit losses on trade and finance lease receivables	11 & 14	**596**	(883)
Provision for expected credit losses on contract assets	15	**(32,188)**	-
Change in fair value of derivatives	13	**5,077**	155,984
Finance income	29	**148,637**	42,130
Finance expense	29	**(230,219)**	(120,478)
Profit before tax from continuing operations		**9,423**	507,151
Income tax	30	**(54,137)**	(47,621)
(Loss) profit after income tax from continuing operations		**(44,714)**	459,530
Profit after income tax from discontinued operations	31	**-**	80,811
(LOSS) PROFIT FOR THE YEAR		**(44,714)**	540,341
Attributable to:			
Equity holders of the parent		**(43,082)**	540,724
Non-controlling interest		**(1,632)**	(383)
		(44,714)	540,341
(LOSS) PROFIT FOR THE YEAR		**(44,714)**	540,341
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations		**105,312**	(43,537)
Share of movement in hedging reserves of equity-accounted investees	9 & 34	**(20,835)**	460,773
Other movement in hedging reserve, net	34	**(86,676)**	151,533
Share of other comprehensive income from equity-accounted investees		**23,975**	-
Other comprehensive income for the year, net of income tax		**21,776**	568,769
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(22,938)**	1,109,110
Attributable to:			
Equity holders of the parent		**(21,306)**	1,109,493
Non-controlling interest		**(1,632)**	(383)
		(22,938)	1,109,110

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

For the year ended 31 December 2023

	Share capital AED '000	*Additional capital contribution AED '000*	*Shareholder's account AED '000*	*Investment reserve AED '000*	*Statutory reserve AED '000*	*Other reserves AED '000*	*Total reserves AED '000*	*Accumulated losses AED '000*	*Total AED '000*	*Non-controlling interest AED '000*	*Total equity AED '000*
Balance on 1 January 2022	8,000,000	-	(1,680,060)	246,321	188,253	(604,979)	(170,405)	(1,165,842)	4,983,693	-	4,983,693
Profit for the year	-	-	-	-	-	-	-	540,724	540,724	(383)	540,341
Other comprehensive income for the year	-	-	-	-	-	568,769	568,769	-	568,769	-	568,769
Total comprehensive income for the year	-	-	-	-	-	568,769	568,769	540,724	1,109,493	(383)	1,109,110
Transactions with shareholder (note 18)	-	1,083,683	(657,580)	-	-	-	-	-	426,103		426,103
Transfer of shareholder's account to retained earnings (note 18)	-	-	2,337,640	-	-	-	-	(2,337,640)	-	-	-
Transfer to statutory reserve during the year	-	-	-	-	54,072	-	54,072	(54,072)	-	-	-
Balance at 31 December 2022	8,000,000	1,083,683	-	246,321	242,325	(36,210)	452,436	(3,016,830)	6,519,289	(383)	6,518,906
Balance on 1 January 2023	8,000,000	1,083,683	-	246,321	242,325	(36,210)	452,436	(3,016,830)	6,519,289	(383)	6,518,906
Loss for the year	-	-	-	-	-	-	-	(43,082)	(43,082)	(1,632)	(44,714)
Other comprehensive income for the year	-	-	-	-	-	21,776	21,776	-	21,776	-	21,776
Total comprehensive loss for the year	-	-	-	-	-	21,776	21,776	(43,082)	(21,306)	(1,632)	(22,938)
Transactions with shareholder (note 18)	-	3,309,355	-	-	-	-	-	-	3,309,355	-	3,309,355
Balance at 31 December 2023	**8,000,000**	**4,393,038**	**-**	**246,321**	**242,325**	**(14,434)**	**474,212**	**(3,059,912)**	**9,807,338**	**(2,015)**	**9,805,323**

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2023

	Notes	***2023*** ***AED '000***	*2022* *AED '000*
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**9,423**	507,151
Profit before tax from discontinued operations		**-**	80,811
Profit before tax		**9,423**	587,962
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6 & 7	**121,791**	106,255
Interest on lease liabilities	7	**13,590**	13,327
Amortisation of intangible assets	8	**4,074**	4,304
Share of results of equity-accounted investees, net	9	**48,256**	(58,667)
Impairment loss on associates and joint ventures	9	**183,444**	-
Change in fair value of financial assets carried At fair value through profit or loss	10	**2,265**	(30,372)
Finance lease income	11	**(4,057)**	(4,304)
Reversal of expected credit losses on finance lease receivables, net	11	**(596)**	(71)
Provision for expected credit losses on trade and contract receivables	14 & 15	**32,188**	954
Reversal of expected credit losses on loans to related parties, net	12	**(26,606)**	(38,524)
Unwinding of decommissioning liability	21	**2,620**	900
Change in fair value of derivatives	13	**(5,077)**	(155,984)
Provision for employees' end of service benefits	21	**9,521**	9,799
Dividend income	26	**(98,815)**	(85,085)
Finance income	29	**(148,637)**	(42,130)
Finance expense	29	**230,219**	120,478
Operating cash flows before changes in working capital		**373,603**	428,842
Working capital adjustments:			
Trade and other receivables		**(295,359)**	(791,123)
Due from related parties		**(57,755)**	78,867
Due to related parties		**24,709**	8,524
Contract assets		**(2,815,262)**	(54,906)
Trade and other payables		**296,352**	1,061,083
		(2,473,712)	731,287
Income tax paid	30	**(24,805)**	(12,128)
Employees' end of service benefit paid	21	**(316)**	(279)
Net cash (used in) generated from operating activities		**(2,498,833)**	718,880

CONSOLIDATED STATEMENT OF CASH FLOWS continued
For the year ended 31 December 2023

	Notes	***2023 AED '000***	*2022 AED '000*
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	**(883,503)**	(314,055)
Addition in intangibles	8	**(848)**	(12,146)
Investment in associates and joint ventures	9	**(4,237,778)**	(310,662)
Investment in financial assets carried at fair value through profit or loss	10	**(14,088)**	(14,550)
Acquisition of subsidiary net of cash acquired	32	**(29,413)**	(61,619)
Distributions from financial asset carried at fair value through profit or loss	10	**-**	121,824
Dividends from investments in associates and join ventures	9 & 26	**338,444**	184,890
Loans provided to related parties	12	**(364,431)**	(136,389)
Proceeds from loan to related parties	12	**39,335**	103,001
Finance income received		**30,838**	13,924
Net cash used in investing activities		**(5,121,444)**	(425,782)
FINANCING ACTIVITIES			
Proceeds from borrowings	20	**5,891,868**	662,739
Repayment of borrowings	20	**(2,055,607)**	(115,466)
Shareholder's contribution	18	**3,309,355**	1,083,683
Other net receipts from shareholder	18	-	688,955
Finance expense paid		**(141,530)**	(119,488)
Repayment of lease liabilities	7	**(33,487)**	(28,034)
Net cash generated from financing activities		**6,970,599**	2,172,389
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(649,678)**	2,465,487
Cash and cash equivalents on 1 January		**3,150,649**	716,497
Net foreign exchange difference		**(21,337)**	(31,335)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	16	**2,479,634**	3,150,649

Significant non-cash transactions not included in the consolidated statement of cash flows are as follows:

Transactions with shareholder (note 18)		**-**	1,346,533
Recognition of right of use assets and lease liabilities at commencement (note 7)		**18,852**	29,217

The accompanying notes 1 to 37 form an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Abu Dhabi Future Energy Company PJSC (Masdar) (the "Company") is registered as a public joint stock company in the Emirate of Abu Dhabi. The Company was incorporated on 9 December 2007.

The ownership structure of the Company is as follows:

Name of the shareholder	***2023***	*2022*
Abu Dhabi National Energy Company PJSC (TAQA)	**43%**	43%
Mamoura Diversified Global Holding PJSC (MUBADALA)	**33%**	33%
Abu Dhabi National Oil Company PJSC (ADNOC)	**24%**	24%

These consolidated financial statements include the financial performance and position of the Company and its subsidiaries (together, the "Group") and the Group's interest in its equity-accounted investees.

The principal activities of the Company and its subsidiaries (the "Group") are to invest in or acquire participations in entities within UAE or abroad in the renewable energy, energy efficiency, carbon reduction, carbon capture and storage and other forms of sustainability related technologies and provision of services for the reduction of carbon emissions. The Company was formed for the purpose of implementing Masdar initiative.

The Masdar initiative has four primary objectives:

- to reduce the carbon footprint of Abu Dhabi;
- to enhance the Abu Dhabi brand in the new energy and sustainability markets;
- to foster the development of a knowledge-based economy in Abu Dhabi; and
- to be profitable.

The registered office of the Company is P.O. Box 54115, Abu Dhabi, United Arab Emirates. The Government of Abu Dhabi is the Ultimate Parent of the Company.

The Company has not made any social contributions during the year ended 31 December 2023.

These consolidated financial statements were approved and authorised for issue on 12 June 2024.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by International Accounting Standards Board (IASB), and the applicable requirements of the UAE Federal Law No. (32) of 2021.

2.2 Basis of measurement

The consolidated financial statements have been prepared on an historical cost basis, except for investments in financial assets carried at fair value through profit or loss and derivative financial instruments which are stated fair value.

2.3 Functional and presentation currency

These consolidated financial statements are presented in United Arab Emirates Dirham ("AED") which is the currency of the primary economic environment in which the Company operates. Each entity in the Group determines its own functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2 BASIS OF PREPARATION continued

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements; and/or
- The Group's voting rights and potential voting rights

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

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

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

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

The consolidated financial statements of the Group include subsidiaries identified in note 5 to the consolidated financial statements.

2.5 Changes in material accounting policies – new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new standards, interpretations and amendments effective as of 1 January 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 17 Insurance Contracts
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies
- Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

These amendments had no material impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2 BASIS OF PREPARATION continued

2.5 Changes in material accounting policies – new and amended standards and interpretations continued

Making materiality judgments – Disclosure of accounting policies
The Group 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 statements, 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 policy 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.

2.6 Standards issued but not yet effective

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

- Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current
- Amendments to IAS 1: Non-current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements
- Amendments to IAS 21: Lack of Exchangeability
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group does not expect that the adoption of these new and amended standards and interpretations will have a material impact on its consolidated financial statements.

Further, in June 2023, the International Sustainability Standards Board released its first two sustainability disclosure standards, which are effective for annual reporting periods beginning on or after 1 January 2024:

IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information
IFRS S2: Climate-related Disclosures

The Group is currently assessing the impact of the IFRS S1 and IFRS S2 on the consolidated financial statements.

3 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

3 MATERIAL ACCOUNTING POLICIES continued

Business combinations and goodwill continued
Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss."

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is more than the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in consolidated statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

A contingent liability recognized in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognized in accordance with the requirements for provisions in IAS 37 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognized less (when appropriate) cumulative amortisation recognized in accordance with the requirements for revenue recognition.

Investment in associates and joint ventures
The Group has investments in equity-accounted investees including associates and joint ventures.

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

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

On acquisition of an associate or a joint venture, the Group undertakes a provisional purchase price allocation (PPA), identifying and valuing assets and liabilities of the associate or joint venture, as if it had acquired a business. These fair value adjustments are not recorded separately, because the investment itself is a single line item. However, the fair values identified form the basis for additional depreciation, amortisation and similar adjustments that are reflected in the investor's share of the results in subsequent years. Adjustments in the provisional purchase price allocation include assets not recognised by the associate or joint venture (such as internally developed intangible assets and similar assets). Adjustments might also be made to recognise the fair value of assets carried by the investee at cost (such as property, plant and equipment) and to recognise liabilities at appropriate values.

Where the Group acquires an associate or joint venture, it might be necessary to use provisional figures to undertake a provisional PPA to report the acquisition at the reporting date. The Group will finalise the fair values and PPA, within one-year from the date of acquisition and will report in the following reporting period.

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

3 MATERIAL ACCOUNTING POLICIES continued

Investment in associates and joint ventures continued
Under the equity method, the investment in an associate or a joint venture is initially recognised at cost including any transaction costs. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Appropriate adjustments to the Group's share of the results of associate or joint venture after acquisition are made in order to account, for example, for amortisation of the intangible assets acquired based on their fair values at the acquisition date. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

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

The financial statements of the associates or joint ventures are prepared for the same reporting period.

When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Provision for impairment on equity accounted investees' in the consolidated statement of profit or loss.

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

Interests in joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly.
- its liabilities, including its share of any liabilities incurred jointly.
- its revenue from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the assets, liabilities, revenues and expenses.

3 MATERIAL ACCOUNTING POLICIES continued

Interests in joint operations continued
When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

During the year the Group acquired a subsidiary that has a number of investments in the United States. The subsidiary has several investments in jointly controlled wind and solar farms, through limited liability Companies, with other equity investors and tax equity partners.

Tax equity partnerships
The Group has equity investments in certain companies in the United States of America, which also comprise investors whose investment participation in those entities, typically via a different class of shares governed through tax equity partnerships arrangements, is principally in return for a certain level of tax benefits expected during the initial years of operations of these entities in the form of Production Tax Credits and Investment Tax Credits. Once those investors have achieved the targeted returns specified in the underlying investment agreements their interest in the cash or other entitlements associated with their investment stake flips to either a nominal amount or their interests are acquired by the other equity investors in those entities. In arriving at its equity accounted share of its interest in these entities, the Group considers the tax investors' entitlements under these arrangements to determine whether they result in an equity or liability classification.

The Group assess the financing obligation that accretes on the investment made by tax equity investors adjusted for the distributions and allocated tax benefits using the Hypothetical Book Value (HLBV) models prepared by the developer of the projects. Net interest in the equity accounted investments adjusted for financing obligation determined using HLBV models are used in accounting for the periodic results from the investments.

Current versus non-current classification
The Group presents assets and liabilities in the consolidated 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 be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

3 MATERIAL ACCOUNTING POLICIES continued

Revenue recognition
Revenue from contracts with customers
The Group recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15:

Step 1 Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

a) The Group's performance does not create an asset with an alternate use to the Group and the Group has as an enforceable right to payment for performance completed to date.
b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
c) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Special projects
Special projects include management consulting fees and supply of solar panels, The Group acts as a project management consultant for some projects which are completed for other parties. Revenue from special projects is recognised over time based on the stage of completion of the projects, revenue from supply of solar panels under fully owned subsidiary Source Trading Company are realized based on point in time.

Development fee
Revenue from development fee is recognised at point in time, when the right to receive payment has been established.

Renewable power generation
Revenue is recognised, net of Value Added Tax (VAT), based on net electricity supplied during the period based on meter readings and market prices as specified under contract terms. Revenue is recognised at a single point in time when electricity is supplied, and the performance obligation met.

Revenue is recognised when the quantity and rates can reasonably be determined, and the control have been transferred to third party.

Income from sales of Renewable Obligation Certificates (ROCs), Levy Exemption Certificates and Recycled Buyouts is recognised based on market rates unless specified otherwise under contract terms, net of Value Added Tax.

Finance lease income
The Group's policy for recognition of revenue from finance leases is described in leases accounting policy.

3 MATERIAL ACCOUNTING POLICIES continued

Revenue recognition continued
Trading revenue
Revenue from sale of equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location.

Service concession revenues
Revenue related with construction or upgrade services under a service concession arrangement is recognized over time. Operation or service revenue is recognized in the period in which the services are provided by the Group.

Concession under Power Purchase Agreement (PPA). Under the term of IFRIC12 "Service Concession Arrangements", a concession operator has a twofold activity.

- A construction activity in respect of its obligation to design, construct, finance and own the plant and, prior to the Commercial Operations Date ("COD"), the interconnection facilities; and
- An operating and maintenance activity in respect of concession asset after the COD.

Revenue is recognised in accordance with IFRS15. In return for its activities, the operator – the company receives remuneration from the grantor; the financial assets model applies.

The Company determines the stand-alone selling price of construction and operating services underlying each performance obligation to allocate the transaction price to each performance obligation. As the stand-alone selling price of construction service is not directly observable, the Company estimates the price by using expected costs plus margin method. The Company applies a margin on project cost to determine construction revenue.

The Company generates revenue from operating and maintenance (O&M) services using the O&M contractors to generate electric power and dispatch it to the national grid. Operation services entail the Company to generate and to deliver electric power to the national grid, which simultaneously receives and consumes the entire electric power output. The Company transfers the benefit of the service to the national grid as it performs, and therefore satisfies its performance obligation over time. The Company estimates the price of operation services on a residual basis, which is the difference between (i) the total cash receipts receivable under the PPA concession arrangement and (ii) revenue from construction services. The Company's selling price of operation services is allocated over time of the project operations. During the operation services phase, the Company allocates the actual cash receipts between revenue for providing operation services in the reporting period and the remaining part to settle concession asset for the construction services.

In reference to operating services, the Company estimated the price of operating services on contract and benchmarked to industry practise which is reflective of standalone selling price. The Company allocated the actual cash receipts received in the period between operating services revenue and the remaining part to settle concession asset for the construction services.

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction or upgrade services provided, and the right to receive cash depends only on the passage of time. Such financial assets are measured at fair value on initial recognition and classified as financial assets measured at amortised cost.

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at the fair value of the consideration.

The right to receive cash from the grantor is conditional on the company's future performance and depends on the factual power generation during the contractual period. Thus, the group presents a contract asset in the statement of financial position.

3 MATERIAL ACCOUNTING POLICIES continued

Other income
Other income is recognised when the right to receive payment has been established.

Finance income
Finance income comprises interest income on financial assets, gains on hedging instruments and foreign exchange gains. Interest income is recognised as the interest accrues using the effective interest method, under which the rate used exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Foreign currency gains and losses are reported on a net basis.

Project expenses
Project expenses comprise expenses incurred on screening, feasibility studies and pre-development phases of various projects undertaken by the Group. Such expenditure is charged to consolidated profit or loss as incurred, other than expenditure on project related property, plant and equipment, which is carried as an asset in the consolidated statement of financial position when there is reasonable certainty that the project will be developed, and future economic benefits will flow to the Group. In the absence of such certainty, these expenses are charged to consolidated profit or loss, cost related to feasibility studies is expensed out even if the development criteria are met.

Foreign currencies
The Group's consolidated financial statements are presented in AED, which is also the Parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

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

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

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

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

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is and
- qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into AED at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into AED at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI. When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3 MATERIAL ACCOUNTING POLICIES continued

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

Property, plant and equipment
Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other repair and maintenance costs are recognised in consolidated profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgements, estimates and assumptions (note 4) and other non-current liabilities (note 21) for further information about the recognised decommissioning provision.

Depreciation is calculated using the straight-line method and is recognized in profit and loss to allocate the assets' cost to their residual values over their estimated useful lives as follows:

	Years
Buildings	10 – 25
Plant and machinery	10 – 25
Furniture and fixtures	3-6

Freehold land is not depreciated.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work in progress
Properties or assets during construction for production, supply or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes all direct costs attributable to the design and construction of the property including related staff costs, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. When the assets are ready for intended use, the capital work in progress is transferred to the appropriate property, plant and equipment category and is accounted in accordance with the Group's policies, work in progress is not depreciated.

Leases
The Group assesses at 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.

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

3 MATERIAL ACCOUNTING POLICIES continued

Leases continued
Group as a lessee continued

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Land	20
Building	3 - 20
Vessels	5
Plant and machinery	18
Office equipment	3-5

The right-of-use assets are also subject to impairment. Refer to the accounting policies for *Impairment of non-financial assets.*

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in – substance fixed payments) less any lease incentives receivable, variable lease payments that depend on a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 office equipment 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.

3 MATERIAL ACCOUNTING POLICIES continued

Leases continued
Group as a lessor
Leases where the Group transfers substantially all of the risks and benefits of ownership of the asset through its contractual arrangements to the customer are considered as a finance lease. The amounts due from lessees under finance leases are initially recognised as receivables at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding receivable from the lessee is included in the consolidated statement of financial position as a finance lease receivable, or as due from a related party, where applicable, and is carried at the amount of the net investment in the lease after making provision for impairment. Finance lease income is recognised over the term of the lease using the net investment method (before tax) to give a constant rate of return on the net investment in the leases.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Income taxes
Income tax expense/benefit comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the consolidated statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

3 MATERIAL ACCOUNTING POLICIES continued

Income taxes continued
Deferred tax continued
When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

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

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

Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

3 MATERIAL ACCOUNTING POLICIES continued

Intangible assets continued
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss when the asset is derecognized.

Computer software
Acquired computer software licences are capitalised based on the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives which is normally a period of three to five years.

Licenses
Acquired licenses are shown at historical cost. Licenses have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives.

The estimated useful lives of intangible assets are as follows:

	Years
Software	3
License	24

License represent the right to own and operate the London Array offshore windfarm which is being amortised from the date of commercial operation of the windfarm.

Internally generated intangible assets
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Provisions
Provisions are recognised when the Group 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 Group expects some or all of 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 presented in the consolidated statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3 MATERIAL ACCOUNTING POLICIES continued

Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Decommissioning liabilities
The Group records a provision for decommissioning costs of a facility or an item of plant and to restore the site on which it is located. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the consolidated statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the cost of the asset.

Employee benefits
An accrual is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by eligible employees up to the end of the year.

Provision is also made for the full amount of end of service benefits in accordance with the provisions of IAS 19, management carries out an exercise to assess the present value of its obligations using the projected unit credit method, in respect of employees' end of service benefits payable under the employment law in the respective jurisdiction , for their period of service up to the end of the year. The accrual relating to annual leave is disclosed as a current liability, while the provision relating to end of service benefit is disclosed as a non-current liability.

Pension contributions are made in respect of UAE national employees to the UAE General Pension and Social Security Authority in accordance with the UAE Federal Law No. (2), 2000 for Pension and Social Security. Such contributions are charged to the consolidated statement of profit or loss during the employees' period of service.

Government grants
Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants where the government is deemed by the Group to be acting in the capacity of a government, as opposed to an ultimate shareholder, are recognised in consolidated statement of profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate; such as grants for the Group to purchase, construct or otherwise acquire non-monetary assets are recognised as deferred government grant in the consolidated statement of financial position and transferred to consolidated statement of profit or loss on a systematic and rational basis over the useful lives of the related assets. Where the government is deemed by the Group to be acting in the capacity of an ultimate shareholder, Government grants are recognised as additional shareholder contribution in the consolidated statement of changes in equity.

Government grants that are receivable as compensation for expenses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in consolidated statement of profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Land granted by the Government of Abu Dhabi is recognised at nominal value where there is reasonable assurance that the land will be received, and the Group will comply with any applicable attached conditions.

3 MATERIAL ACCOUNTING POLICIES continued

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group 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 Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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 Group'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.

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

Purchases or sales of financial assets that require delivery of assets by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses upon derecognition (debt instruments)

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost (debt instruments)
The Group 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 payments of principal and interest on the principal amount outstanding.

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

3 MATERIAL ACCOUNTING POLICIES continued

Financial instruments continued

(i) Financial assets continued

Financial assets at fair value through profit or loss
Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL

This category includes debt investments and equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

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

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

Impairment of financial assets
The Group records an allowance for ECLs for all financial instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group 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.

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost which comprise of finance lease receivables, loans to related parties, contract assets, trade receivables and due from related party balances.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- the debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

3 MATERIAL ACCOUNTING POLICIES continued

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL
ECLs are recognised in two stages:

a) Stage 1

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For due from related parties and trade receivables that do not contain a significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For finance lease receivables, loans to related parties and receivables under payment plan, the Group measures ECL on an individual basis. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

b) Stage 2 and Stage 3

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).

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

ECLs are discounted at the effective interest rate of the financial asset.

3 MATERIAL ACCOUNTING POLICIES continued

Impairment of financial assets continued

Measurement of ECL continued

b) Stage 2 and Stage 3 continued

The key inputs into the measurement of ECLs are the term structures of the following variables:

- Probability of default (PD).
- Loss given default (LGD).
- Exposure at default (EAD).
- Definition of default.
- Significant increase in credit risk; and
- Expected life.

These parameters are derived from the Group's internally developed statistical models and other historical data and are explained in detail in note 4.

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

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

- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default or being more than 90 days past due.
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- it is probable that the borrower will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off
Financial assets are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group has exhausted all legal and remedial efforts to recover from the customers. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The group has the following financial assets:

- Finance lease receivables
- Loans to related parties
- Trade and other receivables
- Due from related parties
- Cash and cash equivalents

3 MATERIAL ACCOUNTING POLICIES continued

ii) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified as measured at amortised cost or fair value through profit and loss.

Financial liability is initially measured at fair value plus or minus, for an item not at FVTPL transaction costs that are directly attributable to its acquisition or issue, all financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables (except deferred income), bank borrowings, due to related parties (except deferred government grants) and derivative financial liability.

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

Financial liabilities at fair value through profit or loss
A Financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition

Financial liabilities at amortized cost
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

Interest rate benchmark reform
When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changed as a result of interest rate benchmark reform, the Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e., the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applied the policies on accounting for modifications to the additional changes.

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

3 MATERIAL ACCOUNTING POLICIES continued

Derivative financial instruments
Initial recognition and subsequent measurement
The Group 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 remeasured 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 or the foreign currency risk in an unrecognised firm commitment; and
- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it 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 Group 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 the following effectiveness requirements:

- There is ‘an economic relationship’ between the hedged item and the hedging instrument
- The effect of credit risk does not ‘dominate 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 Group hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognised in the consolidated statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

3 MATERIAL ACCOUNTING POLICIES continued

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the consolidated statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the assets or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

3 MATERIAL ACCOUNTING POLICIES continued

Impairment of non-financial assets continued
Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired, Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

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

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Cash and cash equivalents
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise petty cash fund, current accounts and term deposits with banks with original maturities of less than three months.

Fair value measurement
The Group measures financial instruments such as derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date.

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

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

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

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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

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

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

3 MATERIAL ACCOUNTING POLICIES continued

Fair value measurement continued
For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in note 34.

Assets held for sale and discontinued operations
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations.
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in note 31. All other notes to the consolidated financial statements include amounts for continuing operations, unless indicated otherwise.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated 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.

4.1 Critical judgments in applying accounting policies

Significant judgments made by management that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

4.1 Critical judgments in applying accounting policies continued

Government grants
The Group receives land grants from the Government of Abu Dhabi and applies various judgments with respect to the accounting for such grants. The Group recognizes the land grants in the consolidated financial statements initially at nominal value i.e., AED 1. The Group exercises judgment and estimation for associated future economic benefits related to the recognised grants between the following categories: future economic benefits established; future economic benefits uncertain; or no future economic benefits, which impacts subsequent costs allocated to each grant. Costs are only assigned to the category where future economic benefits have been established.

Significant judgment is also required to determine whether the Government of Abu Dhabi in granting land banks to the Group is acting in its capacity as a shareholder or in its capacity as a government. This determination involves significant judgement.

Financial assets from service concession arrangements
The Group recognizes financial assets arising from its service concession arrangements on the basis that it has unconditional contractual right to receive cash from or at the direction of the grantor for the construction services provided, and the right to receive cash depends only on the passage of time. The financial assets are measured at fair value on initial recognition and subsequently, at amortised cost as at 31 December 2023.

Classification of investees as joint ventures
For assessing joint control, the Group has considered the contractual agreement of sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group has determined that it has joint control over the investees identified as joint ventures and joint operations in note 5.

Joint control is assessed on the basis that decisions about relevant activities are taken jointly with other venturers. Where the Group has more or less than 50% ownership interest, but decisions require unanimous approval of all participants then the Group considers it does not have control and investments are considered joint ventures.

Most of the above investees are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the companies themselves. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement.

Significant influence over investments in associates
Significant influence is presumed to exist when the Group holds 20% or more of the voting power of investee. When the voting power is less than 20%, the Group considers other factors that give rise to significant influence, such as the ability to participate in the financial and operating policy decisions of the investee.

The Group has determined that although it holds less than 20% of the voting power in PT Pertimina Geothermal Energy Tbk, significant influence exists due to having a representation on the Board of Directors and participation in decisions over the relevant activities of the entity. The Group has determined that it has significant influence over the investees identified as associates in note 5.

Project expenses
Project expenses comprise expenses incurred on screening, feasibility studies and pre-development phases of various projects undertaken by the Group. As stated in note 3 to the consolidated financial statements, the portion of such expenditure relating to property, plant and equipment is capitalised when there is reasonable certainty that projects will be developed in the future and future economic benefits will flow to the Group. The process of estimating the degree of certainty involves significant judgments on the part of senior management. Some of these projects tend to have long gestation periods and in certain cases depend on some form of government support. Furthermore, in some instances, the project size and economics are reassessed in the light of the changing economic climate, resulting in an increase in the overall project development timeline, or a downsizing of the project or certain of its component. Management periodically assesses the likelihood of such projects proceeding and uses the results of such assessments to determine whether any provision for impairment losses are required. The estimates and underlying judgments are reviewed on an ongoing basis. Actual results may differ from these estimates and judgments.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

4.1 Critical judgments in applying accounting policies continued

Finance leases
The Group has entered into Musataha lease arrangements over a plot of land in Jebel Al Dannah. In accordance with the guidance set out in IFRS 16 Leases, the Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the exercise of the lease renewal option is reasonably certain and that the present value of the minimum lease payments constitute substantially all of the fair value of the leased asset. Therefore, the Group does not retain all significant risks and rewards of ownership of these properties and accordingly, the Group accounts for these lease arrangements as finance leases as described in note 11 to the consolidated financial statements.

Business combinations
Accounting for the acquisition of a business requires the allocation of the purchase price to the various assets and liabilities of the acquired business. For most assets and liabilities, the purchase price allocation is accomplished by recording the asset or liability at its estimated fair value. Determining the fair value of assets acquired and liabilities assumed requires judgment by management and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, the useful lives of assets and market multiples. The Group's management uses all available information to make these fair value determinations.

Uncertain tax positions
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences may arise between the actual results and adjustments to tax income and expense already recorded. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Assessing the recoverability of deferred income tax assets requires the Group to make assumptions related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Impairment and non-collectability of financial assets
IFRS 9 requires management to make significant judgements for the calculation of expected credit losses (ECL). The impact is mainly driven by inputs, assumptions and techniques used for ECL calculation under IFRS 9.

Inputs, assumptions and techniques used for ECL calculation – IFRS 9 Methodology
Key concepts in IFRS 9 that have the most significant impact and require a high level of judgment, as considered by the Group while determining the impact assessment, are:

Probability of Default (PD)
The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the financial asset has not been previously derecognized.

Loss Given Default (LGD)
The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cashflows due and those that the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Exposure at Default (EAD)
The Exposure at Default is an estimate of the exposure at a future date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

4.2 Key sources of estimation uncertainty continued

Significant increase in credit risk
The Group monitors all financial assets and issues loan commitments, if any, that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Credit-impaired financial assets
A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default or past due event.
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider.
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

Definition of default
The definition of default used in the measurement of expected credit losses and the assessment to determine movement between stages will be consistent with the definition of default used for internal credit risk management purposes.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative

and quantitative indicators. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Expected credit losses
When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms should be considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

As at 31 December 2023, the Group carried provision for expected credit losses against trade receivables amounting to AED 1.18 million (2022: AED 1.18 million), due from related parties amounting to nil and related party loans amounting to AED 46.15 million (2022: AED 73.64 million).

Any difference between the amounts collected in future periods and the amounts expected to be received will be recognised in the consolidated statement of profit or loss.

Impairment losses on investments in equity-accounted investees
After the application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss on the carrying value of the investment in equity-accounted investees by comparing its recoverable amount with the higher of value in use or fair value less costs to sell with its carrying amount.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

4.2 Key sources of estimation uncertainty continued

Impairment losses on investments in equity-accounted investees continued
In determining the value in use of the investment, the Group estimates:

- its share of the present value of the estimated future cash flows expected to be generated by the associates, including the cash flows from the operations of the associates and the proceeds on the ultimate disposal of the investment; or
- the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Impairments are reversed if conditions for impairment are no longer present. Evaluating whether an impairment should be reversed requires the selection of key assumptions about the future.

Accumulated impairment losses on investment in equity accounted investees recognised on the consolidated statement of financial position as at 31 December 2023 is AED 356.6 million (2022: AED 169.1 million).

Leases - estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Useful lives of property, plant and equipment and intangible assets
The Group's management determines the estimated useful lives of its property, plant and equipment and intangible assets for calculating depreciation / amortisation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and the future depreciation / amortisation charge would be adjusted where management believes that the useful lives differ from previous estimates. Where management determines that the useful life or residual value of an asset requires amendment, the net book amount in excess of the residual value is depreciated / amortised over the revised remaining useful life.

Impairment of property, plant and equipment and capital work in progress
Properties classified under property, plant and equipment and capital work in progress are assessed for impairment based on the assessment of cash flows on individual cash-generating units when there is an indication that those assets have suffered an impairment loss. Cash flows are determined with reference to recent market conditions, prices existing at the end of the reporting period, contractual agreements, and estimations over the useful lives of the assets and discounted using a range of discounting rates that reflects current market assessments of the time value of money and the risks specific to the asset. The net present values are compared to the carrying amounts to assess any probable impairment.

Accumulated impairment losses as at 31 December 2023 on property, plant and equipment are nil (2022: Nil) and accumulated impairment losses on intangible assets are AED 80.5 million (2022: AED 80.5 million).

Fair value measurement of financial instruments
When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

4 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

4.2 Key sources of estimation uncertainty continued

Decommissioning liability
The provision for decommissioning costs is based on current legal and constructive requirements, technology, price levels and expected plans for remediation. Management bases these estimates on its best knowledge and reports from independent experts. Actual costs and cash outflows can differ from estimates because of changes in laws and

regulations, public expectations, market conditions, discovery and analysis of site conditions and changes in technology.

Deferred taxes
The Group operates in a number of tax jurisdictions and is, therefore, required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating income taxes, consideration is given to factors such as tax rates based on the tax legislation in force at the end of the reporting period in the different jurisdictions, non-deductible expenses, valuation allowances, changes in tax law and management's expectations of future operating results.

The Group estimates deferred income taxes based on temporary differences between the income and losses reported in its consolidated financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effect of these temporary differences is recorded as deferred tax assets or liabilities in the consolidated financial statements. Deferred taxes are determined using tax rates approved or about to be approved at the end of the reporting period of each company and expected to apply when the corresponding deferred tax asset is realised, or the deferred tax liability is settled.

Service concession arrangements – Standalone selling prices
The Group determines the standalone selling prices (mark-up) for the construction and operating components of its service concessions arrangements based on terms specific to the contracts and applicable market factors.

Service concession arrangements - Significant financial component
The Group estimated the significant financing component associated with its service concession arrangements using the discount rates implied in the respective contracts after considering the standalone selling prices for the construction and operating components. The Group arrived at an interest rate range between 2.32% to 6.61% per annum, depending on contract inception dates, to discount the expected cashflows over the term of the service concession arrangements.

Impairment assessment of non-financial assets
Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget of the associated projects and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group.

5 SUBSIDIARIES, EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS

Details of the Group's subsidiaries, equity-accounted investees and joint operations at the end of the reporting period are as follows:

			Ownership interest	
Subsidiaries	***Domicile***	***Principal activities***	***2023***	*2022*
Masdar Energy Limited	UAE	Holding company	**100%**	100%
Noor One Solar Power Company L.L.C. (formerly Masdar Photovoltaic L.L.C.)	UAE	Holding company	**100%**	100%
Masdar Holding L.L.C.	UAE	Holding company	**100%**	100%
Masdar Energy Holding L.L.C.	UAE	Holding company	**100%**	100%
Masdar PV GmbH	Germany	Manufacturing	**100%**	100%
Masdar Solar &Wind Cooperatief U.A.	Netherlands	Investment in renewable energy	**100%**	100%
Masdar Energy BV	Netherlands	Investment in renewable energy	**100%**	100%
Masdar Energy UK Limited	UK	Renewable energy	**100%**	100%
Masdar Finance BV	Netherlands	Services	**100%**	100%
Masdar Offshore Wind UK Limited	UK	Investment in renewable energy	**100%**	100%
Masdar Egypt Investment 1 Limited	UAE	Holding company	**100%**	100%
Masdar Egypt Investment 2 Limited	UAE	Holding company	**100%**	100%
Masdar Egypt Investment 3 Limited	UAE	Holding company	**100%**	100%
Masdar Egypt Investment 4 Limited	UAE	Holding company	**100%**	100%
Ras Ghareb Investment Holding Limited	UAE	Holding company	**100%**	100%
Yas Energy Company SAE	Egypt	Renewable energy	**100%**	100%
Masdar Oman Holding Limited	Oman	Renewable energy	**100%**	100%
Masdar Offshore Wind Scotland Limited	UK	Renewable energy	**100%**	100%
Masdar Specialised Technial Services LLC	UAE	Services	**100%**	100%
Masdar UK charging infrastructure SPV Restricted Limited	UAE	Investment	**100%**	100%
Masdar Egypt BV	Netherlands	Renewable energy	**100%**	100%
Nur Navoi Solar Holding RSc Limited	UAE	Renewable energy	**100%**	100%
Masdar Moroc RSC Limited	UAE	Renewable energy	**100%**	100%
Source Trading Company Limited	UAE	Services	**100%**	100%
Madar Indonesia Solar Holdings RSC Limited	UAE	Renewable energy	**100%**	100%
Masdar Cirata Solar RSC Limited	UAE	Renewable energy	**100%**	100%
Masdar CIS Holdings RSC Limited	UAE	Renewable energy	**100%**	100%
Masdar Energy UK II Limited	UK	Renewable energy	**100%**	100%
Masdar Offshore Wind UK II Limited	UK	Renewable energy	**100%**	100%
Abu Dhabi Future Energy Holding Company LLC	KSA	Renewable energy	**100%**	100%
Shamol Zarafshan Enegy FE LLC	Uzbekistan	Renewable energy	**100%**	100%
Masdar Al-Dhafra Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Masdar Power Services	Uzbekistan	Renewable energy	**100%**	100%
Masdar Israel Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Shamol Zarafshan Energy Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Jizzak Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Nur Sherabad Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Area 60 Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Nur Samarkand Holding RSC Limited	UAE	Renewable energy	**100%**	100%
AYG-1 Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Masdar Azerbaijan LLC	Azerbaijan	Renewable energy	**100%**	100%
Masdar Azerbaijan Energy LLC	Azerbaijan	Renewable energy	**100%**	100%
Nur Navoi Solar LLC	Uzbekistan	Renewable energy	**100%**	100%
Al Dhafra Wind Energy Company	UAE	Renewable energy	**100%**	100%
ADFEC Morocco SARLAU	Morocco	Renewable energy	**100%**	100%
Shamol Zarafshan LLC	Uzbekistan	Renewable energy	**100%**	100%
Nur Jizzak Solar PV Foreign Enterprise Limited Liabilty Company	Uzbekistan	Renewable energy	**100%**	100%
Nur Sherabad Solar PV Foreign Enterprise Limited liability Company	Uzbekistan	Renewable energy	**100%**	100%
Nur Samakand Solar PV Foreign Enterprise Limited liability Company	Uzbekistan	Renewable energy	**100%**	100%
ADV 003 Limited	UK	Renewable energy	**90%**	90%
ADV 004 Limited	UK	Renewable energy	**90%**	90%
ADV 005 Limited	UK	Renewable energy	**90%**	90%
ADV 006 Limited	UK	Renewable energy	**90%**	90%
ARL 016 Limited	UK	Renewable energy	**90%**	90%
ARL Energy Development Limited	UK	Renewable energy	**90%**	90%
AVE 002 Limited	UK	Renewable energy	**90%**	90%

5 SUBSIDIARIES, EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS continued

Subsidiaries	***Domicile***	***Principal activities***	***Ownership interest*** ***2023***	***2022***
Masdar Americas LLC	USA	Renewable energy	**100%**	100%
Ninety Sixth Investment Company LLC	UAE	Renewable energy	**100%**	100%
Masdar APAC Pte Ltd	Singapre	Renewable energy	**100%**	100%
Masdar Arlington Energy Storage UK Holdco Ltd	UK	Renewable energy	**100%**	100%
Masdar Big Beau Holding LLC	USA	Renewable energy	**100%**	100%
Masdar Blue Palm Holding LLC	USA	Renewable energy	**100%**	100%
Masdar CES Europe B.V.	Netherlands	Renewable energy	**100%**	100%
Masdar Energy Storage Development UK Ltd	UK	Renewable energy	**100%**	100%
Masdar Global Offshore Wind Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Masdar Israel Holding RSC Limited	UAE	Renewable energy	**100%**	100%
Masdar Miligan Holding LLC	USA	Renewable energy	**100%**	100%
ESL 001 Limited	UK	Renewable energy	**90%**	90%
ESL 002 Limited	UK	Renewable energy	**90%**	90%
Masdar Rocksprings Holding Inc	USA	Renewable energy	**100%**	100%
Masdar Rocksprings Wind Holdco Corp	USA	Renewable energy	**100%**	100%
Masdar Sterling Holding Inc	USA	Renewable energy	**100%**	100%
Masdar Sterling Wind Holdco Corp	USA	Renewable energy	**100%**	100%
Masdar UK Development Company Limited	UK	Renewable energy	**100%**	100%
Masdar USA One Holding RSC Ltd	UAE	Renewable energy	**100%**	100%
Masdar USA Two Holding RSC Ltd	UAE	Renewable energy	**100%**	100%
Masdar Uzbekistan LLC Foreign Enterprise	Uzbekistan	Renewable energy	**100%**	100%
Noor One Solar Power Company LLC	UAE	Renewable energy	**100%**	100%
Rocksprings Wind Masdar Opco LLC	USA	Renewable energy	**100%**	100%
Sterling Wind Masdar Opco LLC	USA	Renewable energy	**100%**	100%
Arlington Group Services Ltd	UK	Renewable energy	**90%**	90%
Technical Service LLC Abu Dhabi Branch*	UAE	Renewable energy	**100%**	100%
Subsidiaries incorporated during the year				
Masdar Europe SLU	Spain	Renewable energy	**100%**	-
MAS 001 Limited	UK	Renewable energy	**99%**	-
MAS 002 Limited	UK	Renewable energy	**99%**	-
MAS 003 Limited	UK	Renewable energy	**99%**	-
MAS 004 Limited	UK	Renewable energy	**99%**	-
MAS 005 Limited	UK	Renewable energy	**99%**	-
MAS 007 Limited	UK	Renewable energy	**99%**	-
MAS 008 Limited	UK	Renewable energy	**99%**	-
Masdar DBS East Limited	UK	Renewable energy	**100%**	-
Masdar DBS West Limited	UK	Renewable energy	**100%**	-
Masdar Holdco DBS East Limited	UK	Renewable energy	**100%**	-
Masdar Holdco DBS West Limited	UK	Renewable energy	**100%**	-
PT Masdar Clean Energy Indonesia LLC	Indonesia	Renewable energy	**100%**	-
Almenara Power SLU	Spain	Renewable energy	**100%**	-
Masdar Power Services Azerbaijan LLC (MPSA)	Azerbaijan	Renewable energy	**100%**	-
Masdar Power Services LLC	Uzbekistan	Renewable energy	**100%**	-
Masdar Renewable Power Services d.o.o. (MRPS)	Serbia	Renewable energy	**100%**	-
Nur Guzar Holding RSC Limited	UAE	Renewable energy	**100%**	-
Nur Kashkadarya Solar PV Foreign Enterprise	Uzbekistan	Renewable energy	**100%**	-
Invest Company 1 Limited	UAE	Renewable energy	**100%**	-
Masdar Europe Holding RSC Limited	UAE	Renewable energy	**100%**	-
Masdar Baltic Eagle Germany GmbH	Germany	Renewable energy	**100%**	-
Esnad Masdar for Energy LLC	KSA	Renewable energy	**100%**	-
Masdar UK Ofshore Wind Holding Limited	UK	Renewable Energy	**100%**	-
Masdar TG Holding LLC	USA	Holding company	**100%**	-
Masdar TG Merger Corporation	USA	Renewable energy	**100%**	-
Masdar Trident Holding RSC Limited	UAE	Holding Company	**100%**	-
Associates				
London Array Limited	UK	Services	**20%**	20%
Associates acquired during the year				
PT Pertamina Geothermal	Indonesia	Renewable energy	**15%**	-

5 SUBSIDIARIES, EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS continued

Joint ventures	***Domicile***	***Principal activities***	***Ownership interest*** ***2023***	***2022***
Dudgeon Holding Limited (Dudgeon Offshore Wind Limited) ("Dudgeon")	UK	Renewable energy	**35%**	35%
Shams Power Company PJSC	UAE	Renewable energy	**51%**	51%
Jordan Wind Power Company PSC	Jordan	Renewable energy	**50%**	50%
Tesla Wind B.V.	Netherlands	Renewable energy	**50%**	50%
Blue Palm Class B Solar Holdco	USA	Renewable energy	**50%**	50%
Blue Palm Calss B Wind Holdco	USA	Renewable energy	**50%**	50%
Val Verde Wind Holdco LLC	USA	Renewable energy	**50%**	50%
Verde Wind Holdco II LLC	USA	Renewable energy	**50%**	50%
East Rockingham RRF Holdco Trust	Australia	Renewable energy	**37%**	37%
Masdar Taaleri Generation d.o.o	Serbia	Renewable energy	**50%**	50%
Hywind Scotland Limited ("Hywind")	UK	Renewable energy	**25%**	25%
Emirates Solar Power Company LLC *	UAE	Renewable energy	**60%**	60%
Sharjah Waste to Energy Company LLC ("Sharjah W2E")	UAE	Renewable energy	**50%**	50%
Emirates waste to energy company LLC	UAE	Renewable energy	**50%**	50%
Krnovo HoldCo D.o.o ("Krnovo")	Montenegro	Renewable energy	**49%**	49%
Baynounah Holdings B.V. ("Baynounah")*	Netherlands	Holding company	**70%**	70%
Baynouna Solar Energy PSC	Jordan	Renewable energy	**70%**	70%
Dumat Al Jandal Wnd Energy Company LLC	Saudi Arabia	Renewable energy	**34.3%**	34.3%
Dumat Wind Contracting Company LLC	Saudi Arabia	Renewable energy	**34.3%**	34.3%
Masdar Tribe Energy Holdings RSC Limited*	UAE	Holding Company	**90%**	90%
Masdar Tribe Energy Western Australia RSC Limited	UAE	Renewable energy	**17%**	17%
East Rockingham RRF Holdco Trust 2	Australia	Renewable energy	**37%**	37%
East Rockingham Project Trust	Australia	Renewable energy	**37%**	37%
East Rockingham RRF Finance Co PTY Ltd	Australia	Renewable energy	**37%**	37%
East Rockingham RRF Holdco 2 PTY Ltd	Australia	Renewable energy	**37%**	37%
East Rockingham RRF Holdco PTY Ltd	Australia	Renewable energy	**37%**	37%
Elecion Rockingham RRF Project Co PTY Ltd	Australia	Renewable energy	**37%**	37%
South Jeddah Noor PV Energy Company LLC	Saudi Arabia	Renewable energy	**36%**	36%
PV Energy Maintenance Company LLC	Saudi Arabia	Renewable energy	**36%**	36%
Noor Midelt Solar Hybrid 1 Company	Morocco	Renewable energy	**30%**	30%
Noor Midelt O&M1 Company	Morocco	Renewable energy	**37%**	37%
PT Pembangkitan Jawa Bali Masdar Solar Energi	Indonesia	Renewable energy	**49%**	49%
Fonnes SP. Z.O.O	Poland	Renewable energy	**50%**	50%
Sharjah Waste to Energy Plant Maintenance LLC	UAE	Renewable energy	**25%**	25%
Masdar Green Hydrogen LLC	UAE	Renewable energy	**55.8%**	55.8%
Infinity Power Holding BV	Netherlands	Renewable energy	**49%**	49%
Emerge Limited*	UAE	Renewable energy	**51%**	51%
Noor Midelt 1 Procurement Company DMCC*	UAE	Renewable energy	**54%**	54%
Noor Jeddah Energy Service Company LLC	Saudi Arabia	Renewable energy	**35.70%**	35.70%
Energize O&M Company LLC*	UAE	Renewable energy	**60%**	60%
Dhafrah Solar Energy Holding Company LLC	UAE	Renewable energy	**33.34%**	33.34%
Dhafrah PV2 Energy Company LLC	UAE	Renewable energy	**20%**	20%
Dimona Solar Park Ltd	Israel	Renewable energy	**49%**	49%
Dimona Sun Ltd	Israel	Renewable energy	**49%**	49%
PT Masdar Mitra Solar Radiance	Indonesia	Renewable energy	**47.5%**	47.5%
Masdar Tribe Australia Holdings Ltd	UAE	Renewable energy	**50%**	50%
Masdar Tribe Australia PTY Ltd	Australia	Renewable energy	**50%**	50%
Masdar Armenia 1 CJSC*	Armenia	Renewable energy	**85%**	85%
Shuaa Energy 2 PSC	UAE	Renewable energy	**24%**	24%
Dudgeon Extension Limited	UK	Renewable energy	**35%**	35%
Blue Palm Holdings*	USA	Renewable energy	**100% class B**	100% class B
Sterling Wind Phase 1 Holdings LLC*	USA	Renewable energy	**100% class A**	100% class A
Rocksprings Val Verde Wind LLC*	USA	Renewable energy	**100% class B**	100% class B

5 SUBSIDIARIES, EQUITY-ACCOUNTED INVESTEES AND JOINT OPERATIONS continued

			Ownership interest	
Joint ventures	***Domicile***	***Principal activities***	***2023***	*2022*
Joint ventures acquired during the year				
Cibuk 2 HoldCo d.o.o Beograd	Serbia	Renewable energy	**50%**	-
Cibuk 2 Wind Energy d.o.o Beograd	Serbia	Renewable energy	**50%**	-
Ekoenergia Solar 4 Sp.z.o.o	Poland	Renewable energy	**50%**	-
Karif Investment Sp z.o.o	Poland	Renewable energy	**50%**	-
Masdar Georgia Energy LLC	Georgia	Renewable energy	**90%**	-
P. Wind sp. z.o.o	Poland	Renewable energy	**50%**	-
Rebat sp. z.o.o	Poland	Renewable energy	**50%**	-
Sana Taibah for Renewable Energy	KSA	Renewable energy	**40%**	-
Surazo sp. z.o.o	Poland	Renewable energy	**50%**	-
Szamal Investment sp. z.o.o	Poland	Renewable energy	**50%**	-
Ajban Holding RSC Limited	UAE	Renewable energy	**60%**	-
Virazon Sp. Z.o.o Poland	Poland	Renewable energy	**50%**	-
Al Shorouq Sustainable Energy Company	KSA	Renewable energy	**50%**	-
B. Wind Sp. Z.O.O	Poland	Renewable energy	**50%**	-
Surazo Sp. Z.O.O	Poland	Renewable energy	**50%**	-
Wind Energy Balkan Group Beograd	Serbia	Renewable energy	**60%**	-
Big Beau Power Purchaser LLC	USA	Renewable energy	**50%**	-
Big Beau Solar LLC	USA	Renewable energy	**50% class B**	-
Joint operations				
London Array Project (unincorporated)	UK	Renewable energy	**20%**	20%
Batwind Project (unincorporated)	UK	Renewable energy	**50%**	50%

The Group does not have any material partly owned subsidiaries.

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

The summarised financial information of material equity-accounted investees is disclosed in note 9 to the consolidated financial statements.

* The entities where the Group has equal to or more than 50% shareholding are classified as equity accounted investees due to absence of control and voting rights.

6 PROPERTY, PLANT AND EQUIPMENT

	Land and building AED '000	*Plant and machinery AED '000*	*Furniture and fixture AED '000*	*Capital work in progress AED '000*	*Total AED 000*
2023					
Cost:					
1 January 2023	6,093	1,859,907	57,652	322,115	2,245,767
Additions	-	4,852	4,293	874,358	883,503
Transfers	-	-	-	(478,674)	(478,674)
Disposal	-	-	(4,707)	-	(4,707)
Effect of movement in exchange rates	327	102,727	7	64	103,125
31 December 2023	**6,420**	**1,967,486**	**57,245**	**717,863**	**2,749,014**
Accumulated depreciation and impairment:					
1 January 2023	3,227	787,017	40,522	-	830,766
Depreciation charge for the year	268	86,824	8,724	-	95,816
Disposals			(4,707)	-	(4,707)
Effect of movement in exchange rates	204	45,158	7	-	45,369
31 December 2023	**3,699**	**918,999**	**44,546**	**-**	**967,244**
Carrying amount:					
31 December 2023	**2,721**	**1,048,487**	**12,699**	**717,863**	**1,781,770**
Cost:					
1 January 2022	6,824	2,107,711	42,718	23,835	2,181,088
Addition on acquisition of subsidiary (note 32)	-	-	5,673	-	5,673
Additions	-	34	9,925	298,423	308,382
Change in estimate of decommissioning liability (note 21)	-	(16,108)	-	-	(16,108)
Disposal	-	-	(647)	-	(647)
Effect of movement in exchange rates	(731)	(231,730)	(17)	(143)	(232,621)
31 December 2022	6,093	1,859,907	57,652	322,115	2,245,767
Accumulated depreciation and impairment:					
1 January 2022	3,297	794,858	35,999	-	834,154
Depreciation charge for the year	290	81,012	5,001		86,303
Disposal	-	-	(647)	-	(647)
Effect of movement in exchange rates	(360)	(88,853)	169	-	(89,044)
31 December 2022	3,227	787,017	40,522	-	830,766
Carrying amount:					
31 December 2022	2,866	1,072,890	17,130	322,115	1,415,001

Included in plant and machinery is a corresponding decommissioning liability relating to the London Array Project amounting to AED 68.94 million as at 31 December 2023 (2022: AED 62.94 million) (note 21.1).

During the year, the Group capitalised borrowing costs of AED 18.2 million (2022: nil) with respect to Masdar Azerbajan 230 MW PV plant.

Capital work in progress relates to the following projects:

	2023 AED '000	*2022 AED '000*
Masdar Azerbajan 230 MW PV plant	**681,910**	1,150
Corporate business support and digital technology assets	**17,530**	7,295
Arlington Group Services battery energy storage	**12,510**	7,470
Al Dhafra Wind - UAE wind program	-	303,130
Others	**5,913**	3,070
	717,863	322,115

6 PROPERTY, PLANT AND EQUIPMENT continued

Depreciation charge has been allocated to cost of sales and general and administrative expenses as follows:

	2023 AED '000	*2022 AED '000*
Cost of sales	**85,328**	84,109
General and administrative expenses (note 27)	**10,488**	2,194
	95,816	86,303

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the year:

Right-of-use assets

	Land AED 000	*Building AED 000*	*Vessels AED 000*	*Plant and machinery AED 000*	*Office equipment AED 000*	*Total AED 000*
2023						
Cost:						
At 1 January 2023	23,075	32,128	7,677	294,454	294	357,628
Addition	-	18,852	-	-	1,322	20,174
Lease termination (i)	-	(21,022)	-	-	-	(21,022)
Effect of movement in exchange rate	1,238	156	413	15,799	-	17,606
At 31 December 2023	**24,313**	**30,114**	**8,090**	**310,253**	**1,616**	**374,386**
Accumulated depreciation:						
At 1 January 2023	4,752	820	6,860	65,771	294	78,497
Depreciation charge for the year	1,422	6,130	955	17,468	-	25,975
Effect of movement in exchange rate	1,543	33	275	2,635	-	4,486
At 31 December 2023	**7,717**	**6,983**	**8,090**	**85,874**	**294**	**108,958**
Carrying amount:						
At 31 December 2023	**16,596**	**23,131**	**-**	**224,379**	**1,322**	**265,428**
2022						
Cost:						
At 1 January 2022	25,845	3,260	8,599	329,797	294	367,795
Addition	-	29,217	-	-	-	29,217
Effect of movement in exchange rate	(2,770)	(349)	(922)	(35,343)	-	(39,384)
At 31 December 2022	23,075	32,128	7,677	294,454	294	357,628
Accumulated depreciation:						
At 1 January 2022	4,308	686	5,733	54,966	294	65,987
Depreciation charge for the year	1,308	208	1,741	16,695	-	19,952
Effect of movement in exchange rate	(864)	(74)	(614)	(5,890)	-	(7,442)
At 31 December 2022	4,752	820	6,860	65,771	294	78,497
Carrying amount:						
At 31 December 2022	18,323	31,308	817	228,683	-	279,131

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

Lease liabilities continued

(i) During the year, the Group exited 3 office premise leases in Masdar City as part of the transfer of Masdar City related entities to the shareholders, Mamoura Diversified Global Holding PJSC. Accordingly, the Group derecognised the respective right-of-use assets and lease liabilities associated with these lease contracts.

	2023 ***AED '000***	*2022* *AED '000*
As at 1 January	**299,891**	319,303
Additions	**18,852**	29,217
Lease terminations (i)	**(21,022)**	-
Interest expense	**13,590**	13,327
Payments made during the year	**(33,487)**	(28,034)
Effect of movement in exchange rate	**13,389**	(33,922)
As at 31 December	**291,213**	299,891

Lease liabilities are disclosed in the consolidated statement of financial position as:

	2023 ***AED'000***	*2022* *AED'000*
Current	**8,608**	25,487
Non-current	**282,605**	274,404
	291,213	299,891

The average effective interest rate applied for calculating lease liabilities ranges between 2% to 5% (2022: 2% to 5%) per annum.

Maturity analysis of lease liabilities is disclosed in note 34.

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

	2023 ***AED'000***	*2022* *AED'000*
Depreciation on right-of-use assets	**25,975**	19,952
Interest expense on lease liabilities	**13,590**	13,327
Expense relating to short term or low value leases	**324**	304
Total amount recognised in profit or loss	**39,889**	33,583

Depreciation on right of use assets in the consolidated statement of profit or loss is as follows:

	2023 ***AED'000***	*2022* *AED'000*
Cost of sales	**21,359**	19,952
General and administrative expenses (note 27)	**4,616**	-
	25,975	19,952

7 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES continued

Following balances are recognized in consolidated statement of cash flows:

	2023 ***AED'000***	*2022* *AED'000*
Lease liability payment	**33,487**	28,034

8 INTANGIBLE ASSETS AND GOODWILL

	Software *AED 000*	*License* *AED 000*	*Goodwill* *AED 000*	*Total* *AED 000*
2023				
Cost:				
At 1 January 2023	22,103	153,231	164,132	339,466
Addition	848	-	-	848
Purchase price allocation adjustment (note 32)	-	-	5,663	5,663
Effect of movement in exchange rates	-	3,319	9,424	12,743
At 31 December 2023	**22,951**	**156,550**	**179,219**	**358,720**
Accumulated amortisation and impairment:				
At 1 January 2023	20,721	106,177	-	126,898
Amortization for the year	1,307	2,767	-	4,074
Effect of movement in exchange rates	-	1,332	-	1,332
At 31 December 2023	**22,028**	**110,276**	**-**	**132,304**
Carrying amount:				
At 31 December 2023	**923**	**46,274**	**179,219**	**226,416**
2022				
Cost:				
At 1 January 2022	21,149	149,792	-	170,941
Addition	1,190	10,956	164,132	176,278
Disposal	(328)	-	-	(328)
Effect of movement in exchange rates	92	(7,517)	-	(7,425)
At 31 December 2022	22,103	153,231	164,132	339,466
Accumulated amortisation and impairment:				
At 1 January 2022	19,380	106,384	-	125,764
Amortization for the year	1,669	2,635	-	4,304
Disposal	(328)	-	-	(328)
Effect of movement in exchange rates	-	(2,842)	-	(2,842)
At 31 December 2022	20,721	106,177	-	126,898
Carrying amount:				
At 31 December 2022	1,382	47,054	164,132	212,568

Amortization is reported in statement of comprehensive income under general and administrative expenses 31 December 2023 AED 4.07 million (2022: AED 4.30 million). Management has reviewed and assessed that there are no Impairment indicators for intangible and goodwill.

For the purpose of impairment testing, goodwill acquired through business combination is allocated to Arlington Group Services Limited's network of battery energy storage systems (BESS), which is the smallest identifiable group of assets capable of generating independent cashflows i.e. cash-generating-unit (CGU). Recoverable value of the CGU is determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering the useful life of the BESS (32 years). The pre-tax discount rate applied to the cash flow projections is 9.0%. As a result of the analysis, a headroom of AED 211 million is identified and hence, no impairment is recognised. Increase in discount rate of 9.0% by further 0.5% does not result in an impairment of the CGU.

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's investments in associates and joint ventures at 31 December 2023 are as follows:

	2023			2022		
	Associates AED'000	***Joint ventures AED'000***	***Total AED'000***	*Associates AED'000*	*Joint ventures AED'000*	*Total AED'000*
At 31 December	**1,426,837**	**6,155,093**	**7,581,930**	3,389	3,688,449	3,691,838

The movement in investments in associates and joint ventures is set out below:

	Associates AED '000	*Joint ventures AED '000*	*Total AED '000*
At 1 January 2023	**3,389**	**3,688,449**	**3,691,838**
Investments during the year (i)	**1,321,419**	**2,916,359**	**4,237,778**
Share of results of equity-accounted investees	**112,314**	**(160,570)**	**(48,256)**
Dividends received (iv)	**(12,345)**	**(228,951)**	**(241,296)**
Share of movement in hedge and other reserves	**-**	**(20,835)**	**(20,835)**
Share of movement in foreign exchange reserves	**182**	**88,808**	**88,990**
Fair value and other reserve movements	**1,878**	**22,097**	**23,975**
Impairment (vi)	**-**	**(183,444)**	**(183,444)**
Reclassification (v)	**-**	**33,180**	**33,180**
At 31 December 2023	**1,426,837**	**6,155,093**	**7,581,930**
At 1 January 2022	178,528	956,231	1,134,759
Investments during the year (ii)		2,305,238	2,305,238
Share of results of equity-accounted investees	(30,732)	89,399	58,667
Disposal of associates/ joint venture (iii)	(144,001)	-	(144,001)
Dividends received (iv)	-	(99,805)	(99,805)
Share of movement in hedge and other reserves	-	460,773	460,773
Share of movement in foreign exchange reserves	(406)	(21,328)	(21,734)
Reclassification (v)	-	(2,059)	(2,059)
At 31 December 2022	3,389	3,688,449	3,691,838

(i) During the year, the Group has made the following significant investments:

- Additional contribution in Infinity Power Holdings BV, a joint venture, for a consideration of USD 251.5 million, AED 924.1 million equivalent.
- Additional contribution in Dudgeon Extension Limited, a joint venture, for a consideration of GBP 4.5 million, AED 20.8 million equivalent.
- 50% ownership interest in Big Beau Holdings, a joint venture, for USD 85.8 million AED 315.0 million.
- 15% ownership interest in PT Pertamina Geothermal Energy, an associate, for Indonesion Ruppee 5,433 billion, AED 1,321.4 million equivalent.
- 49% ownership interest in Baltic Eagle GMBH, a joint venture, for EUR 387.1 million, AED 1,499.3 million equivalent
- 50% ownership in Masdar CES Europe BV (Project Fluid) for EUR 16.4 million, AED 64.1 million equivalent
- 55% ownership interest in Masdar Green Hydrogen LLC for USD 20.7 million, AED 75.9 million equivalent
- Several other investments in project companies totalling AED 17.2 million

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

(ii) During 2022, the Group has made the following significant investments:

- Additional contribution in Emirates Solar Power Company, a joint venture, for a consideration of AED 155.5 million.
- 50% ownership interest in Rocksprings Val Verde Wind LLC, a joint venture, with an estimated fair value USD 33.7 million, AED 123.8 million equivalent.
- 50% ownership interest in Sterling Wind Phase 1 Holdings LLC, a joint venture, with an estimated fair value USD 26.5 million, AED 97.5 million equivalent.
- 50% ownership interest in Blue Palm Holdings, a joint venture, with an estimated fair value of USD 482.5 million, AED 1,772.5 million equivalent.
- Additional contribution in Infinity Power Holdings BV, a joint venture, for a consideration of USD 9.8 million, AED 36.1 million equivalent.
- Additional contribution in Dudgeon Extension Limited, a joint venture, for a consideration of GBP 7.4 million, AED 32.4 million equivalent.
- Additional contribution in East Rockingham Australia, a joint venture, for a consideration of AUD 30.9 million, AED 83.5 million equivalent
- Several other investments in project companies totalling AED 3.9 million

Total investment of AED 2,305.2 million include AED 1,994.6 million non-cash transaction with shareholders for acquisition of Ninety-Six Investment Company LLC (note 18).

Rocksprings Val Verde Wind LLC, Sterling Wind Phase I Holdings LLC, Blue Palm Holdings and Big Beau Holdings constitute investments made through tax equity partnerships. The Group has adjusted for the tax investors interest in these entities as a liability to arrive at its equity accounted investment carrying amount. A change in the tax investor's entitlements to tax benefits is recognised as liability with the corresponding amount recognised in profit or loss.

(iii) No disposals were made during the year (2022: the Group disposed of its entire investment in Hero Future Energies Global Limited for a consideration USD 72.5 million, AED 266 million equivalent.

(iv) During the year, the Group received dividends from the following investments:

	2023 ***AED'000***	*2022* *AED'000*
Sharjah Waste to Energy Company LLC	**50,000**	-
Shams Power Company PJSC	**49,460**	43,090
Tesla Wind Doo	**45,001**	-
Hywind Scotland Limited	**22,268**	39,912
Jordan Wind Power Company PJSC	**20,471**	16,803
Big Beau Holdco LLC	**19,529**	-
PT Pertamina Geothermal Energy TBK	**12,345**	-
Emirates Solar Power Company LLC	**11,190**	-
Sterling Wind Phase 1 Holdings LLC	**4,738**	-
Blue Palm Holdings	**4,001**	-
MSTS Energize O&M	**2,293**	-
	241,296	99,805

(v) These represent amounts reclassified from loans to related parties to investments in associates and joint ventures. During the year, a loan balance of AED 8.3 million outstanding from Emerge Limited (2022: AED 2.1 million), and a loan balance of AED 24.8 million outstanding from Dumat al Jandal (2022: Nil) were transferred to investments in associates and joint ventures.

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

(vi) The movement in the impairment losses on investments in associates and joint ventures is as follows:

	2023 ***AED '000***	*2022* *AED '000*
At 1 January 2023	**169,095**	169,095
Impairment losses recognised during the year, net (a)	**183,444**	-
Reclassifications, net	**4,055**	-
At 31 December 2023	**356,594**	169,095

(a) Net impairment losses recognised during the year are associated with the following investments:

	2023 ***AED '000***	*2022* *AED '000*
East Rockingham Holdco Pty Ltd	**147,344**	-
Dumat Al Jandal Wind Energy Company LLC	**33,389**	-
Rocksprings Val Verde Wind LLC	**(146,823)**	**-**
Masdar Blue Palm Holdings LLC	**149,534**	-
At 31 December 2023	**183,444**	-

The Group carried out impairment testing on its equity accounted investments in Masdar Blue Palm Holdings LLC, East Rockingham Holdco Pty Ltd and Dumat Al Jundal Wind Energy Company LLC as a result of indicators of impairment identified by management.

The Group also assessed the recoverable amount of its investment in Rocksprings Val Verde Wind LLC at 31 December 2023 based on evidence of improved performance and partially reversed previously recognised impairment losses.

Recoverable amounts of the investments are determined based on value in use (VIU) calculations using prospective financial information based on approved budgets, covering the useful lives of the underlying assets. Key assumptions applied in calculating the recoverable amounts under VIU method are as follows:

Equity accounted investment	**Pre-tax discount rate**	**Growth rate over revenue and earnings before interest, depreciation, and amortisation (EBITDA)**
Masdar Blue Palm Holdings LLC	6.7%	Revenue forecasts are based on applicable power purchase agreements, energy hedge agreements for the wind farms and market price curves, with adjustments for availability and congestion. Restructuring measures have also been considered in forecasting revenue and EBITDA. Operational costs are forecast based on operations and maintenance agreements.

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Equity accounted investment	Pre-tax discount rate	Growth rate over revenue and earnings before interest, depreciation, and amortisation (EBITDA)
Rocksprings Val Verde Wind LLC	6.7%	Revenue forecast is based on average market price curves through the end of the project's useful life, with adjustments for availability and congestion. Operational costs are forecast based on operations and maintenance agreements.

Investments in East Rockingham Holdco Pty Ltd (East Rockingham) and Dumat Al Jundal Wind Energy Company LLC (Dumat Al Jundal) were fully impaired during the year.

East Rockingham is a waste to energy project in Australia. The project is significantly delayed in completion of development (COD). The Group is currently negotiating settlement agreements with the contractors and also a restructuring plan for the project with its joint venture partner.

Dumat Al Jundal is a wind energy project in Saudi Arabia. This project also had delays, cost overruns and a reduction in production forecast due to lower overall wind levels that resulted in a lower forecast net cash generation in the joint venture.

Based on management’s assessment of recoverability of these investments, a provision for impairment of total carrying amount of the investments were recognised during the year.

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Summarised financial information in respect of the Group's material equity-accounted investees, not adjusted for the percentage ownership held by the Group, is set out below.

The summarised financial information below represents amounts shown in the equity-accounted investees' financial statements prepared in accordance with the IFRSs.

								Current	*Non-current*
	Classification	*Current assets AED'000*	*Non-current assets AED'000*	*Current liabilities AED'000*	*Non-current liabilities AED'000*	*Net assets AED'000*	*Cash and cash equivalents AED'000*	*Other than trade and other payables and provisions AED'000*	*Other than trade and other payables and provisions AED'000*
Year ended 31 December 2023									
Shams Power Company PJSC	Joint venture	159,271	1,592,404	142,063	1,229,724	379,888	90,380	120,263	1,129,724
Jordan Wind Power Company PJSC	Joint venture	72,878	651,451	82,148	484,448	157,733	40,948	-	484,448
Tesla Wind Doo	Joint venture	89,044	904,859	86,710	727,454	179,739	7,924	86,709	727,454
Hywind Scotland Limited	Joint venture	131,481	985,415	8,375	199,705	908,816	61,867	5,529	199,705
Emirates Solar Power Company LLC	Joint venture	37,013	45,674	39,752	-	42,935	1,616	39,746	-
Sharjah Waste to Energy Company LLC	Joint venture	93,298	984,210	9,500	879,717	188,291	80,853	-	879,717
Baynouna Solar Energy PSC	Joint venture	208,203	746,039	97,136	670,597	186,509	194,619	74,538	50,951
East Rockingham Holdco Pty Ltd	Joint venture	91,715	1,185,839	1,789	873,953	401,812	87,847	-	873,953
Infinity Power Holdings BV	Joint venture	872,453	8,906,559	1,059,420	5,792,621	2,926,971	531,379	938,392	5,792,621
Rocksprings Val Verde Wind LLC	Joint venture	81,870	695,262	7,690	537,770	231,672	68,746	4,058	-
Masdar Blue Palm Holdings LLC	Joint venture	143,275	5,186,364	96,656	2,216,126	3,016,857	85,388	96,656	2,216,126
Big Beau Holdco LLC	Joint venture	90,883	996,832	107,811	326,292	653,612	31,473	96,980	322,478
Baltic Eagle GmbH	Joint venture	256,836	3,854,724	1,657,789	11,116	2,442,655	249,193	1,625,779	10,953
PT Pertamina Geothermal Energy TBK	Associate	3,171,252	7,717,520	896,716	2,750,647	7,241,409	2,489,593	610,268	2,750,647

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

	Classification	Current assets AED'000	Non-current assets AED'000	Current liabilities AED'000	Non-current liabilities AED'000	Net assets AED'000	Cash and cash equivalents AED'000	Current: Other than trade and other payables and provisions AED'000	Non-current: Other than trade and other payables and provisions AED'000
Year ended 31 December 2022									
Shams Power Company PJSC	Joint venture	178,536	1,682,926	134,725	1,381,971	344,766	97,401	115,340	1,370,328
Jordan Wind Power Company PJSC	Joint venture	99,232	656,992	73,082	524,003	159,139	76,307	53,620	524,003
Tesla Wind Doo	Joint venture	121,160	938,771	68,053	757,440	234,438	59,862	62,377	747,441
Hywind Scotland Limited	Joint venture	110,275	978,816	7,613	179,654	901,824	33,264	-	179,654
Emirates Solar Power Company LLC	Joint venture	35,625	67,965	38,308	-	65,282	1,993	38,168	-
Sharjah Waste to Energy Company LLC	Joint venture	242,678	936,162	119,830	763,913	295,097	241,439	108,395	763,913
Baynouna Solar Energy PSC	Joint venture	221,603	747,328	79,904	694,593	194,434	208,421	79,904	460,958
East Rockingham Holdco Pty Ltd	Joint venture	189,670	1,226,401	8,141	972,597	435,333	182,328	2,380	965,917
Infinity Power Holdings BV	Joint venture	204,231	984,556	185,610	801,411	201,766	174,237	157,895	801,412
Rocksprings Val Verde Wind LLC	Joint venture	54,750	719,335	11,447	383,647	378,991	38,957	2,755	75,870
Masdar Blue Palm Holdings LLC	Joint venture	-	5,347,364	191,165	1,789,076	3,367,123	-	191,165	1,789,076

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

	Revenue AED'000	*Depreciation and amortization AED'000*	*Interest expense AED'000*	*Income tax expense AED'000*	*Profit (loss) for the year AED'000*	*Other comprehensive income for the year AED'000*	*Group's share of profit/ (loss) for the year AED'000*	*Group's share of other comprehensive income/(loss) for the year AED'000*	*Dividends received by the Group AED'000*
31 December 2023									
Shams Power Company PJSC	372,853	107,496	110,733	-	134,153	(1,382)	66,302	(341)	49,460
Jordan Wind Power Company PJSC	145,156	49,138	40,343	-	54,737	(21,144)	26,639	(10,572)	20,471
Tesla Wind Doo	180,591	40,934	54,268	-	35,697	(23,368)	21,418	(14,021)	45,001
Hywind Scotland Limited	165,075	28,711	5,816	16,396	49,083	-	10,385	-	22,268
Emirates Solar Power Company LLC	-	-	-	-	7,612	(4,116)	4,567	(2,470)	11,190
Sharjah Waste to Energy Company LLC	138,218	1,705	62,430	-	3,912	(10,718)	1,883	(5,359)	50,000
Baynouna Solar Energy PSC	121,476	40,629	46,959	660	18,692	(26,617)	13,085	(18,632)	-
East Rockingham Holdco Pty Ltd	-	-	-	-	(8,193)		(2,042)	-	-
Infinity Power Holdings BV	833,829	264,723	573,584	(20,634)	(247,953)	185,530	(56,999)	90,909	-
Rocksprings Val Verde Wind LLC	59,394	36,741	-	-	(7,898)	-	(29,647)	-	-
Masdar Blue Palm Holdings LLC	128,012	227,069	726	-	(174,074)	4,911	(171,131)	-	-
Big Beau Holdco LLC	102,531	41,989	13	-	46,281	-	31,290	-	-
Baltic Eagle GmbH	-	-	52,713	(111)	2,206	-	-	-	-
PT Pertamina Geothermal Energy TBK	1,492,499	406,403	88,954	284,296	600,874	11,524	112,314	-	12,345
Other investments							(76,320)	(60,349)	30,561
Total							**(48,256)**	**(20,835)**	**241,296**
31 December 2022									
Shams Power Company PJSC	362,476	106,701	104,932	-	83,519	202,195	40,951	102,755	43,090
Jordan Wind Power Company PJSC	150,171	48,998	46,099	1,167	30,488	49,134	12,160	24,567	16,803
Tesla Wind Doo	144,204	37,359	60,952	-	37,354	17,791	22,732	10,354	-
Hywind Scotland Limited	211,862	62,329	1,806	28,869	93,582	-	22,013	-	39,912
Emirates Solar Power Company LLC	-	-	-	-	(23,439)	106,871	(14,085)	53,734	-
Sharjah Waste to Energy Company LLC	221,479	1,705	44,357	-	274,320	75,767	134,660	35,722	-
Baynouna Solar Energy PSC	134,804	40,949	44,726	-	34,873	89,991	24,411	62,994	-
East Rockingham Holdco Pty Ltd	-	7	-	-	(5,308)	112,366	(1,946)	41,141	-
Infinity Power Holdings BV	150,628	45,248	411,243	(7,142)	(296,158)	-	(145,117)	-	-
Rocksprings Val Verde Wind LLC	-	-	-	-	-	-	-	-	-
Masdar Blue Palm Holdings LLC	-	-	-	-	-	-	-	-	-
Other investments							(37,112)	129,506	-
Total							**58,667**	**460,773**	**99,805**

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

Reconciliation of the summarised financial information to the carrying amount of the Group's interest in equity-accounted investee recognised in the consolidated financial statements:

	Ownership interest	*Net assets AED'000*	*Group's share of net assets AED'000*	*Fair value adjustments from purchase price allocation, amortization of intangibles and impairment adjustments AED'000*	*Carrying amount AED'000*
31 December 2023					
Shams Power Company PJSC	51%	379,888	193,743	21,287	215,030
Jordan Wind Power Company PJSC	50%	157,733	78,867	44,106	122,973
Tesla Wind Doo	60%	179,739	107,843	-	107,843
Hywind Scotland Limited	25%	908,816	227,204	26,774	253,978
Emirates Solar Power Company LLC	60%	42,935	25,761	160,256	186,017
Sharjah Waste to Energy Company LLC	50%	188,291	94,146	-	94,146
Baynouna Solar Energy PSC	70%	186,509	130,556	-	130,556
East Rockingham	37%	401,812	147,344	(147,344)	-
Infinity Power Holdings BV	49%	2,926,971	1,078,989	-	1,078,989
Rocksprings Val Verde Wind LLC	50%	231,672	256,027	(15,054)	240,973
Masdar Blue Palm Holdings LLC	50%	3,016,857	1,508,428	(60,585)	1,447,843
Big Beau Holdco LLC	50%	653,612	326,806		326,806
Baltic Eagle GmbH	49%	2,442,655	1,196,901	372,727	1,569,628
PT Pertamina Geothermal Energy TBK	15%	7,241,409	1,086,211	337,056	1,423,267
Other investments					383,881
Total					**7,581,930**

Fair value adjustments from purchase price allocation represent difference between the fair value of the net assets at acquisition and the carrying value.

The Group is in the process of completing purchase price allocation for acquisitions made during the year. Provisional amounts are recognised at 31 December 2023.

9 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

	Ownership interest	*Net assets AED'000*	*Group's share of net assets AED'000*	*Fair value adjustments from purchase price allocation, amortization of intangibles and impairment adjustments AED'000*	*Carrying amount AED'000*
31 December 2022					
Shams Power Company PJSC	51%	344,766	175,831	22,698	198,529
Jordan Wind Power Company PJSC	50%	159,139	79,569	47,808	127,377
Tesla Wind Doo	60%	234,438	140,663	-	140,663
Hywind Scotland Limited	25%	901,824	225,456	27,236	252,692
Emirates Solar Power Company LLC	60%	65,282	39,169	155,941	195,110
Sharjah Waste to Energy Company LLC	50%	295,097	147,548	-	147,548
Baynouna Solar Energy PSC	70%	194,434	136,104	-	136,104
East Rockingham Holdco Pty Ltd	37%	435,333	159,334	-	159,334
Infinity Power Holdings BV	49%	201,766	98,865	-	98,865
Rocksprings Val Verde Wind LLC	50%	378,991	123,797	-	123,797
Masdar Blue Palm Holdings LLC	50%	3,367,123	1,683,562	88,948	1,772,510
Other investments					339,309
Total					3,691,838

10 OTHER NON-CURRENT FINANCIAL ASSETS

	2023 AED '000	2022 AED '000
Financial assets carried at fair value through profit or loss		
Unquoted equity investments		
Zouk Charging Infrastructure Investment Fund LP	**35,642**	21,961
	35,642	21,961

	2023 AED '000	2022 AED '000
As at 1 January	**21,961**	243,272
Additions	**14,088**	14,550
Change in fair value	**(2,265)**	30,372
Redemption of investment	**-**	(121,824)
Disposal of investment	**-**	(122,326)
Effect of movement in exchange rate	**1,858**	(22,083)
As at 31 December	**35,642**	21,961

During the year, the Group contributed AED 14.09 million (2022: AED 14.55 million) to the Zouk Charging Infrastructure Investment Fund LP ("Zouk"). No redemptions were made by the Group from Zouk during the year (2022: AED 121.82 million). The fund is unquoted and a change in fair value of AED 2.27 million (2022: AED 98.46 million) has been recognized in the consolidated statement of profit or loss for the year ended 31 December 2023.

Fair value loss of AED 68.09 million was recognized in 2022 for another investment carried at fair value through profit or loss. The investment was disposed off later in 2022.

11 FINANCE LEASE RECEIVABLES

11.1 Leasing agreements

The Group has entered Musataha lease agreements for a plot of land in Jebel Al Dannah. The underlying lease has a lease term of 50 years, as per the lease term and other terms and conditions of the agreement, this have been accounted as finance lease.

	2023 AED '000	2022 AED '000
Finance lease receivables:		
Gross receivables	**57,946**	53,889
Provision for expected credit losses	**(1,092)**	(1,688)
	56,854	52,201
Non-current	**47,033**	47,957
Current	**9,821**	4,244
	56,854	52,201

11 FINANCE LEASE RECEIVABLES continued

11.1 Leasing agreements continued

Movement in the finance lease receivables during the year was as follows:

	2023 **AED '000**	2022 AED '000
As at 1 January	**52,201**	50,655
Finance lease income	**4,057**	4,304
Reversal of provision for expected credit losses	**596**	71
Lease rental received	**-**	(2,829)
As at 31 December	**56,854**	52,201

The movement in the provision for expected credit losses is as follows:

	2023 **AED '000**	2022 AED '000
As at 1 January	**1,688**	1,759
Reversal of expected credit losses	**(596)**	(71)
As at 31 December	**1,092**	1,688

Past due finance lease receivables as at 31 December 2023 amounted to AED 5.9 million (2022: AED 2.1 million).

11.2 Amounts receivable under finance leases

	Minimum lease payments	
	2023 **AED '000**	2022 AED '000
Less than one year	**9,821**	3,928
One to two years	**3,928**	3,928
Two to three years	**3,928**	3,928
Three to four years	**3,928**	3,928
Four to five years	**3,928**	3,928
Later than five years	**145,350**	153,206
Total	**170,883**	172,846
Less: unearned finance income	**(114,029)**	(120,645)
Present value of minimum lease payments	**56,854**	52,201

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate 10% (2022: 10%) per annum.

Finance income amounting to AED 4.06 million (2022: AED 3.75 million) has been recognized in the statement of total comprehensive income.

12 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties represent the Government of Abu Dhabi and related departments and institutions, associated companies, joint ventures, shareholders, directors and key management personnel of the Group, management entities engaged by the Group, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management and mutually agreed with the related parties.

Group's major shareholders are Government-owned entities, and the Group enters into transactions with them and other related parties in the ordinary course of business at mutually agreed terms. The Group also maintains significant balances with the shareholders and other related parties which arise from commercial transactions. Apart from the balances and transactions as mentioned in note 12.2, 12.3 and 12.5 to these financial statements none of the other related party balances or transactions are significant.

12.1 Loans to related parties

Loans to related parties are classified as follows:

	2023	*2022*
	AED '000	*AED '000*
Gross receivables	**969,194**	603,718
Less: provision for expected credit losses	**(46,151)**	(73,642)
	923,043	530,076
Non-current	**573,020**	236,808
Current	**350,023**	293,268
	923,043	530,076

Movement in the loans to related parties balance was as follows:

	2023	*2022*
	AED '000	*AED '000*
At 1 January	**603,718**	573,231
Addition	**364,431**	136,389
Repayments	**(39,335)**	(103,001)
Interest	**68,240**	26,409
Reclassifications (note 9)	**(33,180)**	2,059
Effect of movement in exchange rates	**5,320**	(31,369)
At 31 December	**969,194**	603,718

Movement in the provision for expected credit losses is as follows:

	2023	*2022*
	AED '000	*AED '000*
On 1 January	**73,642**	120,255
Provision for expected credit losses	**12,685**	9,329
Reversal of provision for expected credit losses	**(39,291)**	(47,853)
Effect of movement in exchange rates	**(885)**	(8,089)
At 31 December	**46,151**	73,642

Expected credit losses on loans to related parties were determined based on external credit ratings and twenty-year default rates applicable for the respective related entities.

12 RELATED PARTY TRANSACTIONS AND BALANCES continued

12.1 Loans to related parties continued

	2023	*2022*
	AED '000	*AED '000*
Equity-accounted investees		
Infinity Power Holdings BV	**370,629**	47,164
Sharjah Waste to Energy LLC	**138,071**	123,361
Krnovo Green Energy d.o.o.	**127,671**	113,884
Baynouna Holdings B.V	**91,133**	79,412
Shams Power Company PJSC	**64,978**	40,808
Emerge Limited	**49,939**	58,842
PT Pembangkitan Jawa Bali Masdar Solar Energi (Cirata)	**29,700**	2,086
Masdar Americas LLC.	**11,647**	-
MW Energy Limited	**9,414**	-
Tesla Vetroelektrane Balkana d.o.o.	**6,852**	2,951
Pileus Energy SP. Z.O.O	**5,294**	23,271
Cibuk 2 Wind Energy d.o.o Beograd	**5,183**	3,106
Contino Omikron Sp. Z.O.O	**4,358**	10,660
Masdar Tribe Australia Holding Ltd	**3,046**	2,887
Masdar CES Europe BV (Project Fluid)	**3,456**	-
Jordan Wind Project Company PJSC	**1,060**	6,277
Masdar Armenia 1 CJSC	**522**	-
Dumat Al Jundal Wind Energy Company LLC*	**-**	14,346
Fonnes Sp. Z.o.o	**90**	1,021
	923,043	530,076

* The Group fully impaired its investment in Dumat Al Jundal including the outstanding balance of related party loan during the year.

Summarised below are the key terms of the loans to related parties as at 31 December:

Parties	*Currency*	*Year of Maturity*	***2023 AED '000***	*2022 AED '000*
Infinity Power Holdings BV	USD	2035	**370,629**	47,164
Sharjah Waste to Energy LLC	AED	On demand	**138,071**	123,361
Krnovo Green Energy d.o.o.	EUR	2038	**127,671**	113,884
Baynouna Holdings B.V	USD	On demand	**91,133**	79,412
Shams Power Company PJSC	AED	2038	**64,978**	40,808
Emerge Limited	AED	On demand	**49,939**	58,842
PT Pembangkitan Jawa Bali Masdar Solar Energi (Cirata)	USD	On demand	**29,700**	2,086
Masdar Americas LLC (Blue Palm)	USD	On demand	**11,647**	-
MW Energy Limited	AED	On demand	**9,414**	-
Tesla Vetroelektrane Balkana d.o.o.	EUR	On demand	**6,852**	2,951
Pileus Energy SP. Z.O.O	EUR	2030	**5,294**	23,271
Cibuk 2 Wind Energy d.o.o Beograd	EUR	On demand	**5,183**	3,106
Contino Omikron Sp. Z.O.O	EUR	2030	**4,358**	10,660
Masdar CES Europe BV (Project Fluid)	EUR	On demand	**3,456**	-
Masdar Tribe Australia PTY Ltd	AUD	On demand	**3,046**	2,887
Jordan Wind Project Company PJSC	USD	On demand	**1,060**	6,277
Masdar Armenia 1 CJSC	USD	On demand	**522**	-
Fonnes Sp. Z.o.o	EUR	2031	**90**	1,021
Dumat Al Jundal Wind Energy Company LLC	USD	On demand	**-**	14,346
			923,043	530,076

Loans to related parties are unsecured. The loans to related parties have been provided at mutually agreed interest rates benchmarked to prevailing market rates.

12 RELATED PARTY TRANSACTIONS AND BALANCES continued

12.2 Due from related parties

Due from related parties are classified as follows:

	2023	*2022*
	AED '000	*AED '000*
Shareholder		
Abu Dhabi National Oil Company ("ADNOC")	**6,431**	-
Other related parties		
Ministry of Foreign Affairs	**22**	-
Abu Dhabi Crown Price Court	**20,214**	20,450
Department of Finance Government of Abu Dhabi	**248**	2,475
Abu Dhabi Ports Company	**4,125**	-
Abu Dhabi Fund for Development	**7,018**	-
Sub-total	**38,058**	22,925
Equity-accounted investees		
Emerge Limited	**2,524**	14,341
Dumat Wind Contracting Company LLC.	**3,728**	4,179
Infinity Power Holding BV	**2,250**	35
Shams Power Company PJSC	**12**	948
Tesla Vetroelektrane Balkanan D.O.O	**441**	437
Baynouna Holdings B.V.	**2,304**	9,417
Dudgeon Offshore Wind UK Limited	**32,730**	31,064
Noor Midelt 1 Procurement Company DMCC	**154**	3,795
Emirates Solar Power Company LLC	**1,987**	1,832
Masdar City Service LLC	**13,924**	-
Masdar Tribe Energy Western Australia Holding RSC Limited	**2,157**	-
Masdar Green Hydrogen LLC	**50,246**	-
Sharjah Waste to Energy LLC	**444**	531
Shuaa Energy 2 PSC	**1,032**	4,732
Sub-total	**113,933**	71,311
Total	**151,991**	94,236

12.3 Due to related parties

	2023	*2022*
	AED '000	*AED '000*
Shareholders		
Mubadala Development Company	**882**	1,191
Other related parties		
Department of Finance of the Government of Abu Dhabi (the "Government")*	**55,446**	37,124
MDC General Services Holding Company L.L.C.	**5,848**	1,008
MDC Business Management Services L.L.C.	**2,161**	1,155
Emirates Telecommunications Corporation – Etisalat	**1,200**	250
Abu Dhabi National Hotel Company	**275**	375
	65,812	41,103

* The balance due to the Government pertains to unutilised government grants (note 25).

12 RELATED PARTY TRANSACTIONS AND BALANCES continued

12.4 Other related party balances

	2023	*2022*
	AED '000	*AED '000*
Cash and bank balances	**1,407,659**	2,138,215
Deferred income	**7,046**	11,894
Project advances*	**711,144**	1,218,942

Cash and bank balances and restricted cash comprise call, current, and deposit accounts and term deposits with entity under common control.

* These represent funds received from entities under common control of the Government of Abu Dhabi for future energy services project developments, to be undertaken for the substantive benefit and title of these common control entities, in exchange for a fee.

12.5 Transactions with related parties

Significant transactions with related parties during the year were as follows:

	2023	*2022*
	AED '000	*AED '000*
Funds received from Shareholders		
Mamoura Diversified Global Holding PJSC (MDGH)	**(1,092,087)**	(357,615)
Abu Dhabi National Energy Company PJSC	**(1,423,023)**	(465,983)
Abu Dhabi National Oil Company (ADNOC) PJSC	**(794,245)**	(260,085)
Funds remitted to Mubadala Treasury Holding Company	-	387,123
Shuaa 2 loan received from Shareholders – MDGH	-	(216,139)
Arlington equity accounted investee funding received from MDGH	-	(72,676)
Ninety Sixth Investment Company transferred from MDGH	-	(2,663,164)
Masdar City all legal entities transferred to MDGH	-	3,129,526
Equity-accounted investees		
Recharge of costs to Shams Power Company PJSC	**853**	1,019
Interest charged to related parties	**73,543**	36,344
Entities under common control		
Recharge of costs from MDC General Services Holding Company	**1,572**	12,276
Recharge of costs from MDC Business Management Services L.L.C.	**6,466**	7,695
Other income	**9,211**	4,317

Key management personnel compensation is as follows:

	2023	*2022*
	AED '000	*AED '000*
Salaries	**22,755**	19,553
Other benefits – direct allowances	**16,468**	14,780
Other long-term benefits – pension	**3,300**	3,076
Post-employment end of service benefits	**3,300**	1,622
	45,823	39,031

12 RELATED PARTY TRANSACTIONS AND BALANCES continued

12.5 Transactions with related parties continued

UAE is a market dominated by entities directly or indirectly controlled by the Government of Abu Dhabi through its government authorities, agencies, affiliations and other organizations, collectively referred to as government-related entities. The Group, in the ordinary course of its business, carries out transactions with several government-related entities.

Terms and condition of transactions with related parties
The Company has issued guarantees for and on behalf of its related parties. These guarantees are disclosed under commitments and contingencies in note 33.

For the year ended 31 December 2023, the Group has not recorded any impairment of amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties and the market which the related parties operate.

13 DERIVATIVE FINANCIAL INSTRUMENTS

In order to reduce the Group's exposure to interest rate fluctuations on variable interest-bearing borrowings, the Group has entered into interest rate swap arrangements with counter-party banks, generally for amounts matching to those particular borrowings.

Derivatives designated as hedging instruments:

	Notional amount AED'000	*Assets AED'000*
31 December 2023		
- Interest rate swaps	**3,661,256**	**181,980**
31 December 2022		
- Interest rate swaps	1,854,998	252,868

Derivatives not designated as hedging instruments:

	Notional amount AED'000	*Assets AED'000*
31 December 2023		
- Interest rate swaps	**193,341**	**12,143**
31 December 2022		
- Interest rate swaps	**1,752,112**	150,344

13 DERIVATIVE FINANCIAL INSTRUMENTS continued

	Derivatives designated as hedging instruments AED '000	*Derivates not designated as hedging instruments AED '000*	*Total AED '000*
At 1 January 2023	252,868	150,344	403,212
Amount recognised in the statement of profit or loss	29,444	(24,367)	5,077
Amount recognised in other comprehensive income *	(112,871)	-	(112,871)
Cash settlements on derivatives	-	(113,834)	(113,834)
Foreign currency translation	12,539	-	12,539
31 December 2023	**181,980**	**12,143**	**194,123**
At 1 January 2022	52,003	(5,967)	46,036
Amount recognised in the statement of profit or loss	-	155,984	155,984
Amount recognised in other comprehensive income	199,427	-	199,427
Cash settlements on derivatives	-	-	-
Foreign currency translation	1,438	327	1,765
31 December 2022	252,868	150,344	403,212

*Amount recognised in other comprehensive income of AED 86.7 million (2022: AED 151.5 million) is net of deferred tax arising on the gain (loss) from effective hedges.

The Group has entered into various interest rate swaps (IRS) associated with forecast debt (pre-hedge) denominated in USD. These are not designated as hedging instruments. During the year ended 31 December 2023, the fair value movement of these pre-hedge IRS amounting to AED 24.4 million (2022: AED 156.0 million) was recognised in the consolidated statement of profit or loss. The Group recognised change in fair value of derivatives amounting to AED 112.9 million (2022: AED 200.4 million) which are designated as effective hedge contracts, through other comprehensive income net of deferred taxes. The ineffective portion of derivatives designated as effective hedge contracts amounting to AED 29.4 million (2022: nil) was recognised through the consolidated statement of profit or loss.

Derivative financial instruments are disclosed in the consolidated statement of financial position as follows:

	Assets	
	2023 AED'000	*2022 AED'000*
Non-current	**194,123**	403,212

14 TRADE AND OTHER RECEIVABLES

	2023	*2022*
	AED '000	*AED '000*
Trade receivables (note 14.1)	**182,648**	28,173
Accrued income	**163,242**	137,106
Term deposits	**210,486**	17,786
Short term advances	**567,888**	173,946
Staff receivables	**18,212**	15,983
Tax receivables	**99,327**	16,696
Other receivables	**103,219**	669,348
Prepayments	**21,885**	10,843
	1,366,907	1,069,881

14.1 Trade receivables

Trade receivables mainly represent amounts due from renewable power generation and Energy Services. The average credit period on sale of goods or services is 60 days. No interest is charged on trade receivables.

The Group has adopted a policy of dealing with only creditworthy counterparties. Adequate assessment is made before accepting an order from a counterparty. Of the trade receivables balance at the end of the year, AED 78.9 million (2022: AED 4.65 million) representing 34% (2022: 9%) of total trade receivables is due from three major customers. Management considers each of these customers to be reputable and creditworthy and is confident that this concentration of credit risk will not result in any significant loss to the Group.

Included in the Group's trade receivables balance are unimpaired debts with a carrying amount of AED 68.8 million as at 31 December 2023 (2022: AED 13.5 million) which are past due at the reporting date but there has not been a significant change in the credit quality of the customers and the amounts are still considered recoverable.

* Other receivables include nil (2022: AED 194 million) advance payment to contract under Shamal Zarafshan, AED 24.3 million (2022: AED 38 million) advance payment under Ninety Sixth Investment Company L.L.C. and AED 78.83 million (2022: AED 170 million) recoverable project expenses.

Term deposits for ninety days or more from deposit opening date as on reporting date are presented as term deposits

	2023	*2022*
	AED '000	*AED '000*
Ageing of trade receivables:		
Not past due	**113,870**	14,624
Past due but not impaired:		
Due for 61 to 120 days	**52,582**	12,367
Due for 121 to 360 days	**15,838**	1,182
Due for more than 360 days	**358**	-
	68,778	13,549
	182,648	28,173

The Group recognises expected credit loss (ECL) for trade receivables based on simplified approach. Management considers factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

14 TRADE AND OTHER RECEIVABLES continued

14.1 Trade receivables continued

Movement in the provision for expected credit losses on trade receivables is as follows:

	2023 AED '000	*2022 AED '000*
As at 1 January	**1,182**	228
Provision for expected credit losses	**-**	954
As at 31 December	**1,182**	1,182

	2023 AED '000	*2022 AED '000*
Provision of expected credit losses on trade receivables:		
Not past due	-	-
Past due but not impaired:		
Due for 61 to 120 days	-	-
Due for 121 to 360 days	-	1,182
Due for more than 360 days	**1,182**	-
	1,182	1,182

14.2 Receivable from WinWindOY, net

	2023 AED '000	*2022 AED '000*
Receivable from WinWindOY	**356,285**	356,285
Less: provision for impairment loss	**(356,285)**	(356,285)
	-	-

WinWindOY is in default under the terms of the settlement agreement. In 2014, the Group filed arbitration proceedings with the London Court of International Arbitration. In October 2015, the Group received an arbitration award of approximately AED 380.5 million (EUR 95 million). Management had applied for the recognition of the arbitration award in the courts of India, where Siva, the obligor of WinWindOY is domiciled. During 2019, Masdar became aware that one of the entities against which Masdar had a claim, Siva Industries and Holdings Limited ('SIHL'), was undergoing an insolvency resolution process in India and an independent interim resolution professional had been appointed to oversee this process, as per insolvency proceeding settlement submission in January 2021, Masdar was expected to receive USD 1.44 million in two instalments as a final settlement, however, later on a settlement proposal was submitted by the promoters of Siva to the Committee of Creditors ('COC'), which was approved by the COC in April 2021, this approval along with the application to withdraw the insolvency proceedings filed thereafter was dismissed by the National Company Law Tribunal, Chennai in August 2021, currently on account of the settlement proposal, the creditors are entitled to receive the settlement amount as per the settlement proposal and Masdar had agreed to receive as full and final settlement, INR 10.52 crores (USD 1.35 million), (AED 4.95 million) at a conversion of USD 1 = INR 77.76 as of June 7, 2022.

SIHL has maintained that they have submitted all the requisite information and the Authorised Dealer Bank has forwarded the application for approval to the Reserve Bank of India, and SIHL is regularly following up with the Authorised Dealer Bank (which will make the actual remittance). As on 31 December 2023, approval is awaited from Reserve Bank of India,

15 CONTRACT ASSETS

Service concession receivable related with the Group's operations in Uzbekistan are as follows:

	2023 AED '000	2022 AED '000
Gross receivable	**3,168,441**	324,272
Provision for expected credit losses	**(32,188)**	-
	3,136,253	324,272
Non-current	**3,109,069**	297,061
Current	**27,184**	27,211
	3,136,253	324,272

	2023 AED '000	2022 AED '000
Ageing of contract asset		
Not past due	**3,136,253**	324,272

The transition from a contract asset to a receivable occurs once the amounts to be received have no conditions, other than the passage of time. While operator is obliged to provide services (by also maintaining the asset's performance to meet contracted standards) during the operating phase in order to be paid the consideration for its earlier construction services, the contract asset remains conditional (i.e., remains as a contract asset) and does not transition to a receivable).

16 CASH AND CASH EQUIVALENTS

	2023 AED '000	2022 AED '000
Bank balances	**2,479,594**	1,962,425
Deposits	**-**	1,188,194
Cash in hand	**40**	30
	2,479,634	3,150,649

Deposit and call accounts are placed with commercial banks and are short-term in nature. Deposit and call accounts earn interest at prevailing market rates.

Geographical concentration of cash and term deposits is as follows:

	2023 AED '000	2022 AED '000
Within UAE	**1,266,112**	2,102,789
Outside UAE	**1,213,522**	1,047,860
	2,479,634	3,150,649

Cash within the UAE includes AED 452 million (2022: AED 960.81 million) held in separate accounts for funds advanced for specific special projects. Balance of nil (2022: AED 1,000 million) is held on a one month rolling fixed deposit.

16 CASH AND CASH EQUIVALENTS continued

Cash outside the UAE includes AED 581.70 million for the acquisition of a joint venture, AED 277 million (2022: AED 280.61 million) in subsidiary project companies with projects under development.

17 SHARE CAPITAL

Share capital comprises 8,000,000,000 (2022: 8,000,000,000) authorised, issued and fully paid-up ordinary shares with a par value of AED 1 each.

18 ADDITIONAL CAPITAL CONTRIBUTION AND SHAREHOLDER'S ACCOUNT

Additional capital contribution
Additional capital contribution represents additional capital contributions received from the shareholders of the Group to fund the Group's acquisition transactions. This balance is interest free and there are no contractual obligations to settle the balance in the additional capital contribution. This balance is more akin to equity instruments rather than liabilities, and accordingly, has been presented within equity. During the year, the Company received AED 3,309.36 million (2022: AED 1,083.68 million) of additional capital contribution from Shareholders for financing of investments.

Shareholder's account
Shareholder's account represents an account to record transactions with the shareholder in their capacity as shareholders of the Group. This balance is interest free and there are no contractual obligations to settle the balance in the Shareholder's account. Therefore, this balance is more akin to equity instruments rather than liabilities, and accordingly, has been presented within equity.

There has not been any transactions in shareholders current account during the year. In 2022, the Group received AED 688.95 million from shareholders, consisting of funding for acquisition of Arlington Group Service Limited of AED 72.67 million and transfer of cash attributable to Ninety-Six Investment Company L.L.C. amounting to AED 616.28 million).

Transactions with Shareholders

	2022 *AED '000*
Cash transaction	
Transfer of Ninety-Six Investment Company L.L.C.	688,955
	688,955
Non-cash transactions with Shareholders	
Transfer of Ninety-Six Investment Company L.L.C.*	2,046,886
Transfer of Masdar City Group L.L.C. to Shareholders	(3,129,526)
Shareholders current account movements during the period	(263,895)
	(1,346,535)
	(657,580)

* Acquisition of Ninety Six Investment Company include equity accounted investees AED 1,994.6 million and other assets net of liabilities AED 52.3 million.

18 ADDITIONAL CAPITAL CONTRIBUTION AND SHAREHOLDER'S ACCOUNT continued

On the completion of change in company's shareholders on 1 December 2022, the current account of shareholders amounting to AED 2,337.64 million was reclassified to retained earnings, as a transaction with owners in their capacity as owners in accordance with agreement amongst the shareholders.

19 RESERVES

Investment reserve
Investment reserve reflects funds received by the Group from Mubadala, the initial Shareholder and disbursed to Masdar Clean Tech Fund for investment purposes. This reserve is in the nature of a non-distributable capital reserve which is funded by the Government of Abu Dhabi.

Statutory reserve
In accordance with UAE Federal Law No. (32) of 2021 and the Company's Articles of Association, the Company has established a statutory reserve by appropriation of 10% of profit for each year until the reserve equals 50% of the share capital. This reserve is not available for distribution except as stipulated by the law.

Other reserves

	2023 AED '000	*2022 AED '000*
Hedging reserve (note 34)	**378,073**	485,584
Exchange rate fluctuation reserve	**(416,482)**	(521,794)
Fair value reserve	**1,882**	-
Other reserve	**22,093**	-
	(14,434)	(36,210)

20 LOANS AND BORROWINGS

	2023 AED '000	*2022 AED '000*
At amortised cost		
Current	**1,160,272**	688,205
Non-current:	**5,280,824**	1,808,829
Less: deferred financing costs	**(54,421)**	(28,418)
	5,226,403	1,780,411
	6,386,675	2,468,616

Movement in the loans and borrowings is as follows:

	2023 AED '000	*2022 AED '000*
As at 1 January	**2,468,616**	2,105,728
Repayments during the year	**(2,055,607)**	(115,466)
Drawdowns during the year	**5,891,868**	662,739
Amortisation of deferred financing costs	**4,605**	1,402
Foreign exchange fluctuations	**77,193**	(185,787)
At 31 December	**6,386,675**	2,468,616

20 LOANS AND BORROWINGS continued

Lender	*Currency*	*Interest rate*	*Security*	***2023 AED '000***	*2022 AED '000*
Loan 1	GBP	SONIA + margin	Secured	**1,404,993**	1,444,150
Loan 2	USD	SOFR + margin	Unsecured	-	532,658
Loan 3	AED	EIBOR + margin	Unsecured	-	55,000
Loan 4	USD	SOFR+CAS+ margin	Unsecured	-	36,734
Loan 5	USD	LIBOR + margin	Unsecured	**220,338**	218,074
Loan 6	USD	LIBOR + margin	Senior Secured	**173,710**	182,000
Loan 7	USD	SOFR + margin	Senior Secured	**611,206**	-
Loan 8	USD	SOFR + margin	Senior Secured	**226,655**	-
Loan 9	USD	SOFR + margin	Senior Secured	**281,292**	-
Loan 10	USD	SOFR + margin	Senior Secured	**272,618**	-
Loan 11	USD	LIBOR + margin	Senior Secured	**470,444**	-
Green bonds	USD	Coupon rate	Unsecured	**2,725,419**	-
				6,386,675	2,468,616

Consolidated agreed-upon principal instalment schedule, net of deferred finance costs for the above-mentioned bank borrowings is as follows:

	2023 AED '000	*2022 AED '000*
Within 1 year	**147,991**	688,205
Between 1 – 2 years	**138,160**	171,960
Between 2 – 5 years	**706,614**	426,594
More than 5 years	**5,393,910**	1,181,857
	6,386,675	2,468,616

Loan 1
London Array offshore wind farm project refinanced debt amount is AED 1,983.29 million (GBP 395 million) with a maturity date of December 2032. The loan facility refinancing is secured by pledge of Masdar Energy UK Limited shares and also subject to various covenants as stipulated in the loan facility agreement. Masdar Energy UK Limited's bank borrowings are repayable in 26 semi-annual instalments starting March 2020.

This is a senior secured project finance term loan facility obtained from a syndicate of lenders including Banco Santander, S.A., London Branch - BNP Paribas Fortis SA/NV - MUFG Bank, Ltd. - Siemens Bank GmbH - Societe Generale, London Branch - Standard Chartered Bank - Sumitomo Mitsui Banking Corporation, London Branch, at interest rate SONIA + margin, secured against Masdar Energy UK Limited's share of interest held in the joint operations and other requirements per the facility agreement.

Masdar Energy UK Limited entered an interest rate swap for the full value and tenure of the term loan. The derivative is designated as a hedge and has been determined as effective. The amount of net equity of Masdar Energy UK Limited pledged against the loan as at 31 December 2023 is AED 235.62 million (GBP 50.39 million), (2022: AED 450.54 million (GBP 101.53 million).

Loan 2
During the year, AED 385.72 million (USD 105 million) (2022: AED 532.66 (USD 145 million)) was drawn against a short-term bridge-to-bond credit facility of AED 918.38 million (USD 250 million). Total outstanding loan balance was fully re-paid and the facility was discontinued before year-end.

Loan 3
During 2023, the Group settled the outstanding amount of AED 55 million against a revolving credit facility of AED 92.50 million and it remained unutilized as at 31 December 2023. This facility is from First Abu Dhabi Bank with an expiration date of 9 December 2026.

20 LOANS AND BORROWINGS continued

Loan 4
During 2023, the Group settled the outstanding amount of AED 36.74 million against a revolving credit facility of AED 734.70 million (USD 200 million) remained unutilized as at 31 December 2023. The facility is from a group of 13 banks; BAML, BNP Paribas, CACIB, Citibank, DBS, Intesa, JPM, Mizuho, Natixis, Standard Chartered Bank, Societe Generale, Sumitomo Mitsui Banking Corporation and UniCredit Bank, with an expiration date of 9 December 2026.

Loan 5
The Group availed AED 218.07 million (USD 59.36 million) facility in 2022 as equity bridge loan facility from the European Bank for Construction and Development for Nur Navoi project in Uzbekistan, under Nur Navoi Solar Holding RSC Limited. The facility is fully repayable on 09 December 2026 as a bullet payment and is supported by a corporate guarantee from the Company. Outstanding balance of AED 220.38 million at 31 December 2023 includes the loan principal amount payable, corresponding foreign exchange translation effect and the accrued interest on the loan balance.

Nur Navoi Solar Holding RSC entered an interest rate swap for the full value and tenure of the loan. The derivative is designated as a hedge and has been determined as effective.

Loan 6
During 2023, the Group repaid AED 8.3 million loan associated with Nur Navoi Solar FE Uzbekistan project (2022: AED 7.8 million) senior debt facilities from Asian Development Bank and International Financial Corporation. The aggregate amount of loan is AED 173.71 million (2022: AED 182 million), the facilities are repayable in semi-annual instalments from June 2022 to December 2040.

Nur Navoi Solar FE LLC entered into an interest rate swap for the full tenure of the loan. The derivative is designated as a hedge and has been determined as effective.

This is a senior secured project finance term loan facilities from Asian Development Bank and International Financial Corporation, repayable in semi-annual instalments from June 2022 to December 2040. These facilities comprise floating rate loans totalling AED 99.2 million (USD 27 million) with a rate of interest of LIBOR + margin, a floating rate loan in the amount of AED 64.3 million (USD 17.5 million) with a rate of interest of LIBOR + margin, and a fixed rate loan of AED 29.4 million (USD 8 million). The floating rate loans are hedged using senior secured interest rate swaps from International Financial Corporation for their full tenure.

Loan 7
During 2023, Shamol Zarafshan Energy Foreign Enterprise LLC, a subsidiary of the Group, secured AED 1,016.09 million (USD 276.6 million) of senior debt facilities from Asian Development Bank, European Bank for Construction and Development, International Finance Corporation, Japan International Cooperation Agency, First Abu Dhabi Bank.

The facilities are repayable in semi-annual instalments from March 2026 to August 2042. As at 31 December 2023, AED 611.20 million was drawn from the facilities.

Shamol Zarafshan Energy Foreign Enterprise LLC entered into an interest rate swap for the full tenure of the loan. The derivative is designated as a hedge and has been determined as effective.

This is a senior secured project finance term loan facility from Asian Development Bank, European Bank for Construction and Development, International Finance Corporation, Japan International Cooperation Agency, First Abu Dhabi Bank and Natixis, repayable in semi-annual instalments from March 2026 to August 2042. These facilities comprise floating rate loans totalling AED 505.10 million (USD 137.50 million) with a rate of interest of SOFR + margin, a floating rate loan in the amount of AED 135.92 million (USD 37 million) with a rate of interest of SOFR + margin, and floating rate loans totalling AED 374.70 million (USD 102 million) with a rate of interest of SOFR + margin. The loans are hedged using senior secured interest rate swaps from International Financial Corporation and European Bank for Construction and Development for their full tenure.

20 LOANS AND BORROWINGS continued

Loan 8
During 2023, Masdar Azerbaijan Energy LLC, a subsidiary of the Group, secured AED 397.84 million (USD 108.3 million) of senior debt facilities from Asian Development Bank, European Bank for Construction and Development, Japan International Cooperation Agency, and Abu Dhabi Fund for Development. The facilities are repayable in semi-annual instalments from August 2024 to July 2042. As at 31 December 2023, AED 226.65 million has been drawn from the senior debt facilities.

This is a senior secured project finance term loan facility from Asian Development Bank, European Bank for Construction and Development, and Abu Dhabi Fund for Development, repayable in semi-annual instalments from August 2024 to July 2042. These facilities comprise floating rate loans totalling AED 142.90 million (USD 38.90 million) with a rate of interest of SOFR + margin, a floating rate loan in the amount of AED 71.27 million (USD 19.40 million) with a rate of interest of SOFR+ margin, and a floating rate loan in the amount of AED 183.68 million (USD 50 million) with a rate of interest of SOFR + margin. The loans are hedged using senior secured interest rate swaps from European Bank for Construction and Development for their full tenure.

Masdar Azerbaijan Energy LLC entered an interest rate swap for the full tenure of the loan. The derivative is designated as a hedge and has been determined as effective.

Loan 9
During 2023, Nur Jizzakh Solar PV FE LLC, a subsidiary of the Group, secured AED 375.31 million (USD 102.16 million) of senior debt facilities from Asian Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank, and the European Investment Bank. The facilities are repayable in semi-annual instalments from January 2026 to July 2044. As at 31 December 2023, AED 281.29 has been drawn from the senior debt facilities.

Nur Jizzakh Solar PV FE LLC entered an interest rate swap for the full tenure of the loan. The derivative is designated as a hedge and has been determined as effective.

This is a senior secured project finance term loan facility from Asian Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank, and the European Investment Bank, repayable in semi-annual instalments from January 2026 to July 2044. These facilities comprise floating rate loans totalling AED 97.37 million (USD 26.5 million) with a rate of interest of SOFR + margin, a floating rate loan in the amount of AED 75.05 million (USD 20.43 million) with a rate of interest of SOFR+ margin, a floating rate loan in the amount of AED 127.83 million (USD 34.80 million) with a rate of interest of SOFR + margin, and a floating rate loan in the amount of AED 75.05 million (USD 20.43 million) with a rate of interest of SOFR + margin. The loans are hedged using senior secured interest rate swaps from European Bank for Construction and Development for their full tenure.

Loan 10
During 2023, Nur Samarkand Solar PV FE LLC, a subsidiary of the Group, secured AED 363.67 million (USD 99 million) of senior debt facilities from Asian Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank, and the European Investment Bank. The facilities are repayable in semi-annual instalments from January 2026 to July 2044. As at 31 December 2023, AED 272.62 has been drawn from the senior debt facilities.

Nur Samarkand Solar PV FE LLC entered an interest rate swap for the full tenure of the loan. The derivative is designated as a hedge and has been determined as effective.

20 LOANS AND BORROWINGS continued

Loan 10 continued
This is a senior secured project finance term loan facility from Asian Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank, and the European Investment Bank, repayable in semi-annual instalments from January 2026 to July 2044. These facilities comprise floating rate loans totalling AED 94.41 million (USD 25.7 million) with a rate of interest of SOFR + margin, a floating rate loan in the amount of AED 72.28 million (USD 19.68 million) with a rate of interest of SOFR+ margin, a floating rate loan in the amount of AED 124.70 million (USD 33.95 million) with a rate of interest of SOFR + margin, and a floating rate loan in the amount of AED 72.28 million (USD 19.68 million) with a rate of interest of SOFR + margin. The loans are hedged using senior secured interest rate swaps from European Bank for Construction and Development for their full tenure.

Loan 11
During 2023, Nur Sherabad Solar PV FE LLC, a subsidiary of the Group, secured AED 686.60 million (USD 186.91 million) of senior debt facilities from Asian Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank, and the European Investment Bank. The facilities are repayable in semi-annual instalments from January 2026 to July 2044. As at 31 December 2023, AED 470.44 million has been drawn from the senior debt facilities.

Nur Sherabad Solar PV FE LLC entered an interest rate swap for the full tenure of the loan. The derivative is designated as a hedge and has been determined as effective.

This is a senior secured project finance term loan facility from Asian Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank, and the European Investment Bank, repayable in semi-annual instalments from January 2026 to July 2044.

These facilities comprise floating rate loans totalling AED 175.11 million (USD 47.67 million) with a rate of interest of SOFR + margin, a floating rate loan in the amount of AED 153.29 million (USD 41.73 million) with a rate of interest of SOFR+ margin, a floating rate loan in the amount of AED 204.90 million (USD 55.78 million) with a rate of interest of SOFR + margin, and a floating rate loan in the amount of AED 153.29 million (USD 41.73 million) with a rate of interest of SOFR + margin. The loans are hedged using senior secured interest rate swaps from European Bank for Construction and Development for their full tenure.

Green bonds
During the year, the Group issued a 10-year senior, unsecured green bond of USD 750 million which is listed on the London Stock Exchange's International Securities Market (ISM), with a secondary listing on the Abu Dhabi Securities Exchange. The bond carries semi-annually payable coupon rate of 4.875%. The bond is repayable on 25 July 2033. The proceeds of the bond were utilised to repay Loan 2 and other loan disclosed below and to fund the future growth.

The bond is stated net of discount and transaction costs incurred in connection with its issuance, amounting to AED 31.23 million, which are amortised to the consolidated statement of profit or loss over the repayment period of the bond using effective interest rate method.

Others
During 2023, AED 918.38 million (USD 250 million) was drawn against a short-term bridge-to-bond credit facility of AED 918.38 million (USD 250 million) and it is fully re-paid and facility is discontinued.

During the year, there has been a technical breach related to loan covenants associated with working capital loans secured from a consortium of lenders. The breach of covenants is associated with a non-financial covenant requirement of signing operating and maintenance agreements for the underlying projects in Uzbekistan. Total loan balance associated with the respective projects were reclassified from non-current to current at 31 December 2023.

Other undrawn finance facilities
During 2023, AED 1,836.5 million (USD 500 million) short-term bridge-to-bond credit facility is availed from Abu Dhabi Commercial Bank and it remained fully unutilized as at 31 December 2023.

20 LOANS AND BORROWINGS continued

Changes in liabilities arising from financing activities

	Bank Borrowing AED '000	*Finance cost payable AED '000*	*Lease liabilities AED '000*	*Additional capital contribution AED '000*	*Shareholder's Account AED '000*
2023					
Balance on 1 January 2023	**2,468,616**	**-**	**299,891**	**1,083,683**	**-**
Drawdowns	**5,891,868**	**-**	**-**	**-**	**-**
Repayments	**(2,055,607)**	**-**	**-**	**-**	**-**
Finance cost paid	-	**(141,530)**	**-**	**-**	**-**
Repayment of lease liabilities including interest	-	-	**(33,487)**	**-**	**-**
Shareholders' contribution	-	-	-	**3,309,355**	**-**
Changes from financing cashflow:	**3,836,261**	**(141,530)**	**(33,487)**	**3,309,355**	-
Others (i)	**81,798**	**-**	**24,809**	**-**	**-**
Balance at 31 December 2023	**6,386,675**	**-**	**291,213**	**4,393,038**	**-**
2022					
Balance on 1 January 2022	2,105,728	-	319,303	-	(1,680,060)
Drawdowns	662,739	-	-	-	-
Repayments	(115,466)		-	-	-
Finance cost paid		(119,488)	-	-	-
Repayment of lease liabilities including interest	-	-	(28,034)	-	-
Shareholders' contribution	-	-	-	1,083,683	-
Shareholder's account	-	-	-	-	688,954
Changes from financing cashflow:	547,273	(119,488)	(28,034)	1,083,683	688,954
Transfer to retained earnings	-	-	-	-	2,337,640
Others (i)	(184,385)	-	8,622	-	(1,346,534)
Balance at 31 December 2022	2,468,616	-	299,891	1,083,683	-

(i) Others include, deferred finance cost amortisation, non-cash impacts of new leases, termination of leases, foreign exchange fluctuations and other non-cash transactions with shareholders.

21 OTHER NON-CURRENT LIABILITIES

	2023 AED '000	*2022 AED '000*
Decommissioning liability (note 21.1)	**68,939**	62,943
Provision for employees' end of service benefits (note 21.2)	**44,080**	34,875
Deferred consideration (note 21.3)	**94,932**	79,051
	207,951	176,869

21 OTHER NON-CURRENT LIABILITIES continued

21.1 Decommissioning liability

	2023 AED '000	2022 AED '000
As at 1 January	**62,943**	87,530
Unwinding of decommissioning liability	**2,620**	900
Other movement	**-**	(16,107)
Effect of movement in exchange rates	**3,376**	(9,380)
As at 31 December	**68,939**	62,943

A provision has been recognised for the decommissioning costs related to the London Array project. The costs are expected to be incurred from 2037. However, there is a possibility that the decommissioning will not take place until after that date.

The undiscounted and un-escalated amount of the expected cash flows required to settle the decommissioning liability is estimated to be AED 60.7 million as at 31 December 2023 (2022: AED 64.6 million). The liability for the expected cash flows, as reflected in the consolidated financial statements, has been inflated at 1.88% (2022: 2.66%) and discounted using a risk-free rate of 3.95% (2022: 3.95%). Abandonments are expected to occur from 2037 and related costs will be funded mainly from the cash generated by the operating activities of Masdar Energy UK limited.

21.2 Provision for employees' end of service benefits

Movement in the provision for employees end of service benefits is as follows:

	2023 AED '000	2022 AED '000
As at 1 January	**34,875**	25,355
Charge for the year	**9,521**	9,799
Paid during the year	**(316)**	(279)
As at 31 December	**44,080**	34,875

21.3 Deferred consideration

Deferred consideration relates to the acquisition of Masdar Arlington Energy Storage UK Holdco and is expected to be paid in 2030. Deferred consideration is recognized as part of the cost of investment in Arlington Group Services Ltd in accordance with IFRS 3 and represents future payments contingent on certain performance criteria being met.

The fair value of the deferred consideration was determined using a discounted cash flow model, incorporating relevant market data and assumptions about the probability of achieving the performance criteria, discounted using 9.8% per annum.

The fair value of the deferred consideration is classified as Level 3 within the fair value hierarchy, as it incorporates significant unobservable inputs. These inputs primarily relate to the assessment of future cash flows and the probability of meeting performance targets.

22 TRADE AND OTHER PAYABLES

	2023	*2022*
	AED '000	*AED '000*
Trade payables	**54,722**	30,809
Project advances	**711,144**	1,218,942
Deferred income	**7,046**	11,894
Retentions	**-**	26,039
Accrued expenses	**373,390**	201,900
Other payables	**119,304**	101,975
	1,265,606	1,591,559

The average credit period on trade payables is 31 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The Group is engaged by the Crown Prince Courts ("CPC") to carry out the mandate of the Government of Abu Dhabi with respect to the "Al Dhafra Wind Energy Program" which comprises the construction of 23 wind turbines and a solar plant at different locations in the UAE. In this regard, the Group acts as an agent between the CPC and the EPC contractors engaged for the development of these assets as the Group neither has control over the assets before they are transferred to CPC nor the ability to direct their use or benefit therefrom. Hence, the contract revenue and costs related to this arrangement have not been recorded in the consolidated financial statements of the Group. The Group does not have any profit or margin specifically linked to the EPC contracted amount.

As at 31 December 2022, the Group had capitalized total cost of AED 303.1 million incurred on the project under 'Capital work in progress' based on its initial interpretation of the arrangement and subject to clarification from the CPC. These costs have been adjusted against 'Project advances' in the consolidated financial statements as at 31 December 2023.

23 REVENUES

	Year ended 31 December 2023	*Year ended 31 December 2022*
	AED '000	*AED '000*
Revenue from contracts with customers	**3,348,047**	617,289
Finance lease and rental income	**4,513**	4,104
	3,352,560	621,393
Disaggregation of revenue from contracts with customers:		
Renewable power generation	**442,976**	482,592
Concession revenue (i)	**2,842,211**	73,141
Special projects	**27,621**	58,090
Trading income	**23,230**	-
Development fee income	**12,009**	3,466
	3,348,047	617,289
Geographical markets		
United Kingdom	**442,957**	481,797
United Arab Emirates	**50,697**	60,395
Uzbekistan	**2,845,057**	74,292
Serbia	**2,716**	-
Azerbaijan	**5,205**	-
Kingdom of Saudi Arabia	**1,415**	805
	3,348,047	617,289

23 REVENUES continued

Timing of revenue recognition:		
Over time	**2,833,969**	60,799
At a point in time	**514,078**	556,490
	3,348,047	617,289

(i) Concession revenue

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Revenue from construction	**2,833,969**	60,799
Revenue from operation	**8,242**	12,342
	2,842,211	73,141

Trade receivables and contract assets from contracts with customers:

		2023 AED '000	*2022 AED '000*
Trade receivable	14.1	**182,648**	28,173
Contract assets	15	**3,136,253**	324,272
Contract liabilities – deferred income	22	**7,046**	11,894

Movement in contract assets:

	2023 AED '000	*2022 AED '000*
As at 1 January	**324,272**	280,026
Concession revenue	**2,842,211**	73,141
Interest income (note 29.1)	**51,015**	-
Transfer to receivable	**(26,949)**	(18,235)
Provision for expected credit losses	**(32,188)**	-
Effect of movement in exchange rates	**(22,108)**	(10,660)
As at 31 December	**3,136,253**	324,272

The Group as operator is obligated to deliver the electricity to grantor JSC National Electric Grid – Uzbekistan based on specified power generation capacity of each plant and grantor is obligated to pay the agreed minimum price as per purchase price agreement.

Project	*Technology*	*Capacity*	*Duration*
Nur Navoi Solar FE	Solar Photovoltaic Plant	100 MW	25 years
Shamol Zarafshan Energy FE LLC	Wind Power	500 MW	25 years
Nur Jizzak Solar PV FE LLC	Solar Photovoltaic Plant	220 MW	25 years
Nur Samarkand Solar PV FE LLC	Solar Photovoltaic Plant	220 MW	25 years
Nur Sherabad Solar PV FE LLC	Solar Photovoltaic Plant	457 MW	30 years

Movement in contract liabilities as follows:

	2023 AED '000	*2022 AED '000*
As at 1 January	**11,894**	11,788
Net movement in profit or loss	**(4,848)**	106
As at 31 December	**7,046**	11,894

24 DIRECT COSTS

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Service concession cost of sale - construction	**2,398,190**	59,607
Service concession cost of sale – operation	**8,079**	4,571
Depreciation of property, plant and equipment (note 6)	**85,328**	84,108
Operation and maintenance	**51,500**	75,787
Depreciation of right-of-use assets (note 7)	**21,359**	19,952
Others	**14,102**	41,568
	2,578,558	285,593

25 GOVERNMENT GRANTS

25.1 Income from Government grants

	2023 AED '000	*2022 AED '000*
Income from Government grants	**84,571**	57,568
Expenses incurred in relation to Government grants	**(84,571)**	(57,568)
	-	-

Income from Government grants mainly represents the annual budgetary grants related to income for operation of the IRENA and Zayed Sustainability Prize. Grants related to assets or activities which are yet to be undertaken are included within amount due to related parties AED 56.92 million (2022: AED 37.12 million).

25.2 Land grants

The Group has received the following parcels of land by way of Government grants, which have been classified into the 'future economic benefits established', 'no future economic benefits' and 'future economic benefits uncertain' categories. Where future economic benefit has been established, land is recognised as either property, plant and equipment ("PPE").

Land identification	*Granted year*	*Area in square ft*	***Cost as at 31 December 2023 AED '000***	*Cost as at 31 December 2022 AED '000*	*Recognised as*
Future economic benefits established					
Madinat Zayed	2008	26,909,776	-	-	PPE
Hai Al Dawoody	2009	1,076	-	-	PPE
Hamran	2009	1,076	-	-	PPE
Future economic benefits uncertain					
Madinat Zayed	2008	116,202,049	-	-	PPE

25 GOVERNMENT GRANTS continued

Future economic benefits established
The part of the Madinat Zayed land that has been identified and used for the purpose of construction and operation of a solar power station has been recorded as property, plant and equipment at nominal value.

The Hai Al Dawoody and Hamran land have been identified for the purpose of testing of solar radiation in relation to solar plants projects and, accordingly, have been recorded as property, plant and equipment at nominal value. The remainder of the land has been classified as future economic benefit uncertain as discussed below.

Future economic benefits uncertain
The Group is of the view that the future economic benefits from the use of the remaining Madinat Zayed land is uncertain as the future use of this land is unknown and the Group may not comply with the conditions attaching to them or there is a possibility that it will not be used for commercial purposes and may, possibly, revert to the Government. Accordingly, it is uncertain that future economic benefits will flow to the Group from the ownership of the Madinat Zayed land.

26 OTHER INCOME

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Dividend income from a joint venture (i)	**98,815**	85,085
Others (ii)	**86,726**	365,307
	185,541	450,392

(i) During the year, the Group recognized dividend income amounting to AED 98.82 million (2022: AED 85.08 million (GBP 18.9 million) from a joint venture, Dudgeon Offshore Wind UK Limited. The amount of dividend, being in excess of the carrying amount of the investment in joint venture, has been recognised in the consolidated statement of comprehensive income.

(ii) Others include Project Baynonah development fee of AED 20.51 million, Blue Palm indemnity income of AED 19.49 million, sale of Urban Emission Reduction (UER) credits of AED 15.9 million, sponsorship income of AED 23.8 million, Digital Technology and other miscellaneous income AED 7.03 million.

During 2022, others included pre-hedge derivative gain of AED 317.11 million from Azerbaijan, Jizzak, Samarkand, Sherabad, Zarafshan and Ella projects, Dudgeon extension other income AED 20.98 million, sponsorship income of AED 8.81 million, Urban Emission Reduction AED 9.62 million, special projects of AED 3.61 million, Digital Technology and other miscellaneous income of AED 5.18 million.

27 GENERAL AND ADMINISTRATIVE EXPENSES

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Staff cost	**314,721**	252,160
Advertising, publicity, and events	**151,809**	75,990
Depreciation (note 6 and note 7)	**15,104**	2,194
Amortization of intangible assets (note 8)	**4,074**	4,304
Others	**88,012**	58,896
	573,720	393,544

General and administrative expenses during the year included AED 84.57 million (2022: AED 57.57 million) charged as part of expenses incurred in relation to Government grants (note 25).

Included in other expenses is fees incurred by the Group towards the assurance services provided by the Group's auditors, as follows:

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Fees to statutory auditor, UAE		
Fees for auditing the statutory financial statements of the Group	**2,468**	2,661
Fees to statutory auditor, other		
Fees for auditing the statutory financial statements of the subsidiaries overseas	**2,682**	1,514
	5,150	4,175

28 PROJECT EXPENSES

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Project expense	**143,741**	144,460

Project expenses are related to legal, technical, financial and tax consultancies for upcoming projects.

28 PROJECT EXPENSES continued

Included in the project expenses is fees incurred by the Group towards the assurance services provided by the Group's auditors, as follows:

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Fees to statutory auditor, UAE		
Fees for assurance services required by legislation or contractual arrangements, to be provided by auditors	**3,257**	1,175

29 FINANCE INCOME AND EXPENSES

29.1 Finance income

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Interest income from service concession arrangements	**51,015**	-
Interest income from fixed deposits	**24,080**	5,786
Interest income from related party loans	**73,542**	36,344
	148,637	42,130

29.2 Finance expenses

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Interest expense on borrowings	**167,192**	58,021
Bank charges	**14,488**	8,783
Interest on lease liabilities (note 7)	**13,590**	13,327
Net foreign exchange loss	**34,949**	40,347
	230,219	120,478

30 TAXATION

The Group's subsidiaries in the United Kingdom, Uzbekistan, Azerbajan and other countries are subject to taxation. Income tax for the current year is provided on the basis of estimated taxable income computed by the Group using tax rates, enacted or substantially enacted at the reporting date, applicable in the respective countries in which the subsidiaries operate and any adjustment to tax in respect of previous years.

30.1 Income tax recognised in consolidated statement of profit or loss

Major components of taxation for the years ended 31 December 2023 and 2022 are:

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Tax expense		
Prior year	**(3,005)**	(4,661)
Current year	**(17,011)**	(16,263)
Income tax	**(20,016)**	(20,924)
Deferred tax	**(34,121)**	(26,697)
Total income tax expense recognised in the current year relating to continuing operations	**(54,137)**	(47,621)

The Company operates in the UAE and, accordingly, is not subject to tax on its profits. The Group's net income tax expense of AED 54.2 million (2022: AED 47.6 million) is a result of income taxes associated with subsidiaries that operate in the United Kingdom and Uzbekistan. Deferred tax assets primarily relate to taxable losses, and the deferred tax liability relates to capital allowances in advance of depreciation.

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 31 December 2023 AED '000	*Year ended 31 December 2022 AED '000*
Profit before income tax from continuing operations	**9,423**	507,151
Profit subject to tax	**308,963**	269,369
Income tax expense on accounting profit at effective tax rate of 22% (2022:19%)	**(67,317)**	(51,180)
Effect of non-deductible items and taxable allowances	**7,870**	(6,588)
Effect of temporary differences arising from other assets	**4,138**	5,712
Utilization of brought forward tax losses	**(27,816)**	21,451
Effect of difference in applicable tax rates	**31,993**	(12,355)
Prior year adjustment	**(3,005)**	(4,661)
Income tax expense recognised in consolidated statement of profit or loss	**(54,137)**	(47,621)

The tax rate used for the 2023 and 2022 reconciliations above is the effective corporate tax rate of 22 % (2022: 19%) on Masdar United Kingdom and Uzbekistan entities related taxable profits under tax laws in the Uzbekistan and United Kingdom.

30 TAXATION continued

30.1 Income tax recognised in consolidated statement of profit or loss continued

Current tax movement

	2023 AED '000	*2022 AED '000*
As at 1 January	**3,476**	(5,821)
Current tax expense, including prior period over/under provision	**20,016**	20,924
Tax paid	**(24,805)**	(12,128)
Effect of movement in exchange rates	**(682)**	501
Income tax (recoverable) payable	**(1,995)**	3,476

30.2 Deferred tax balances

The following is the analysis of deferred tax assets (liabilities) presented in the consolidated statement of financial position:

	2023 AED '000	*2022 AED '000*
Deferred tax liabilities	**(177,411)**	(148,082)

	At 1 January AED '000	*Recognised in profit or loss AED '000*	*Recognised in other reserves AED '000*	*Effect of movement in exchange rate AED '000*	*At 31 December AED '000*
2023:					
Deferred tax liabilities in relation to:					
Property, plant and equipment	**(197,053)**	**(32,408)**	**-**	**(11,411)**	**(240,872)**
Other liabilities	**(59,022)**	**(27,218)**	**16,427**	**(3,086)**	**(72,899)**
	(256,075)	**(59,626)**	**16,427**	**(14,497)**	**(313,771)**
Deferred tax assets in relation to:					
Tax losses	**103,599**	**29,815**	**-**	**2,946**	**136,360**
Other assets	**4,394**	**(4,310)**	**-**	**(84)**	**-**
	107,993	**25,505**	**-**	**2,862**	**136,360**
	(148,082)	**(34,121)**	**16,427**	**(11,635)**	**(177,411)**
2022:					
Deferred tax liabilities in relation to:					
Property, plant and equipment	(224,601)	3,689	-	23,859	(197,053)
Other liabilities	(7,084)	(3,723)	(50,120)	1,905	(59,022)
	(231,685)	(34)	(50,120)	25,764	(256,075)
Deferred tax assets in relation to:					
Tax losses	135,477	(21,451)	-	(10,427)	103,599
Other assets	10,635	(5,212)	-	(1,029)	4,394
	146,112	(26,663)	-	(11,456)	107,993
	(85,573)	(26,697)	(50,120)	14,308	(148,082)

30 TAXATION continued

30.2 Deferred tax balances continued

Tax losses carried forward of AED 718.9 million carried forward at 31 December 2023 (2022 AED 414.4 million) do not have any expiry period and are applied at an average tax rate of 25% for the tax losses in United Kingdom and average tax rate of 15% for the tax losses in Uzbekistan (2022: 19% for the tax losses in United Kingdom and 15% for the tax losses in Uzbekistan), giving rise to a deferred tax asset of AED 136.4 million (2022: AED 103.6 million).

UAE Corporate Tax Law
On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime is effective from 1 June 2023 and accordingly, it has an income tax related impact on the consolidated financial statements for accounting periods beginning on or after 1 June 2023.

Decision No. 116 of 2022 (published in December 2022 and considered to be effective from 16 January 2023) specifies that taxable income not exceeding AED 375,000 would be subject to the 0% UAE CT rate, and taxable income exceeding AED 375,000 would be subject to the 9% UAE CT rate. With the publication of this Decision, the UAE CT Law is considered to be substantively enacted for the purposes of accounting for Income Taxes.

The UAE CT Law shall apply to the Group with effect from 1 January 2024. The MoF continue to issue supplemental Decisions of the Cabinet of Ministers of the UAE (Decisions) to further clarify certain aspects of the UAE CT Law. Such Decisions, and other interpretive guidance of the UAE Federal Tax Authority, are required to fully evaluate the impact of the UAE CT Law on the Group.

Since the provisions of UAE CT law will apply to Tax Periods commencing on or after 1 June 2023, the related current taxes shall be accounted for in the consolidated financial statements for the period beginning 1 January 2024.

The Group has undertaken an assessment for the application of the UAE CT Law and IAS 12 – Income Taxes. The Group did not identify any material deferred tax implications to the Group consolidated financial statements as at December 31, 2023 arising as a result of the adoption of UAE CT Law.

31 DISCONTINUED OPERATIONS

31.1 Sustainable Real Estate as discontinued operation

Following the guidance of His Highness Sheikh Mohammed bin Zayed Al Nahyan, an announcement was made by the shareholder on 5th December 2021 to sell a majority interest in the Company. The transaction involves the sale of a stake in the Clean Energy (CE) business and then shareholder retaining 100% equity interest in the Sustainable Real Estate (SRE) business. The SRE business will be structured through a separate legal entity and this legal entity will then be wholly owned by the sole shareholder. This was achieved through a series of transactions completed on 1 December 2022 and the SRE business was classified as Held for Sale (HFS) in the consolidated statement of financial position and as discontinued operations in the consolidated statement of comprehensive income up until this disposal date.

31 DISCONTINUED OPERATIONS continued

Financial performance:

	2022 *AED 000*
Revenue	354,153
Cost of sales	(102,020)
Gross profit	252,133
Other income	5,503
Share of results of equity-accounted investees	(1,884)
Provision for expected credit losses on trade receivable, net	(6,411)
Government grant income	13,397
Change in fair value of investment properties	-
General expenses	(181,927)
Profit after tax from discontinued operations	80,811

The significant classes of assets and liabilities in the consolidated financial statements were as follows:

	30 November 2022 *AED '000*
Assets	
Property, plant and equipment	169,766
Investment properties	2,856,006
Finance lease receivables	305,736
Intangible assets	5
Inventories	363,863
Cash and cash equivalents	139,012
Due from related parties	-
Investment in equity accounted investees	2,647
Non-current trade receivables	-
Trade and other receivables	416,602
Total assets	4,253,637
Liabilities	
Due to related parties	-
Other non-current liabilities	694,467
Trade and other payables	429,641
Total liabilities	1,124,108

Cash flows from discontinued operations	*For the period from 01 January to 30 November 2022*
	AED 000
Net cash flows used in operating activities	134,240
Net cash flows used in investing activities	(73,569)
Net cash flows generated by financing activities	(9,502)

32 BUSINESS COMBINATIONS

32.1 Acquisition of Ninety Sixth Investment Company LLC

On 30 November 2022, the Group acquired a 100% interest in the shares of Ninety Sixth Investment Company LLC ("96th Investment"), a company registered in the UAE. 96th Investment was previously fully owned by the Shareholder and transferred at the fair value of the assets and liabilities as at 30 November 2022.

96th Investment holds investments in operating wind and solar jointly controlled entities and provides asset management services of these investments on behalf of the Company. Operational investments include: Sterling Wind, a 30 MW wind farm in Lea County, New Mexico, USA; Rocksprings, a 149 MW wind farm in Val Verde County, Texas, USA; and six assets under the Blue Palm structure of Coyote, a 243 MW wind farm in Scurry County, Texas, USA; Desert Harvest 1, a 114 MW solar PV farm in Riverside County, California, USA; Desert Harvest II, a 100 MW solar PV farm and 40 MW battery storage project in Riverside County, California, USA; Las Majadas, a 273 MW wind farm in Willacy County, Texas, ISA; Maverick I, a 173 MW Solar PV farm in Riverside County, California, USA; Maverick 4, a 136 MW Solar PV farm in Riverside County, California, USA.

The Group accounted for the acquisition of 96th Investment as a common control business combination. The acquisition is excluded from the scope of International Financial Reporting Standard 3 (IFRS 3) "Business Combinations" as the business combination of the entity is under common control, given that the Company and the acquired entities are ultimately controlled by the same party before and after the acquisition. The acquisitions have been accounted for in the consolidated financial statements using the pooling of interest method, which reflects the economic substance of the transaction.

32.2 Acquisition of Arlington (Group Services) Limited

On 20 October 2022, the Group acquired a 90% equity interest in the Arlington (Group Services) Limited (AGSL), a company registered in the United Kingdom.

AGSL comprises a group of companies in the early stage of developing battery energy storage businesses in the United Kingdom and has the rights to such development at a number of determined sites in the United Kingdom. The consideration payable includes a contingent proportion, payable if certain battery storage development milestones are achieved. The Group has assessed the likelihood of these milestones being achieved and estimated the consideration due. The excess of this total consideration over the net assets of the AGSL group at the date of acquisition has been provisionally recognised as goodwill. The Group carried out a formal assessment of the purchase price allocation during the year and concluded that no other assets or liabilities except for provisionally recognised net assets exist. Goodwill recognised on acquisition is adjusted for the final purchase price allocation by AED 5.7 million.

The consideration for the acquisition consists of:

- AED 20.76 million (GBP 4.56 million) in cash on completion of the sale for all 900 Class A ordinary shares and AED 54.04 million (GBP 11.88 million) for the acquisition of underlying sites for Battery Energy Storage Systems (BESS) in the United Kingdom.
- AED 28.92 million (GBP 6.50 million) deferred cash planning condition consideration. The planning consideration was paid in January 2023 at AED 29.41 million (GBP 6.50 million).
- A deferred consideration of a minimum of AED 56.11 million (GBP 12 million) and a maximum of AED 140.27 million (GBP 30 million) based on installed capacity that has become operational by the end of 31 December 2030.

The Group recognised net assets from the acquisition of Arlington (Group Services) Limited (AGSL) during the year ended 31 December 2022 based on provisional values. The Group carried out final purchase price allocation exercise during the year and updated the acquisition accounting to reflect the measurement of completion adjustments associated with deferred consideration of AED 5.7 million.

32 BUSINESS COMBINATIONS

32.2 Acquisition of Arlington (Group Services) Limited continued

The identifiable assets acquired and liabilities assumed at the acquisition date as follows:

	AED 000
Property plant and equipment	5,673
Cash and cash equivalent	10,242
Receivables and prepayments	4,305
Payable and accruals	(4,165)
Total identifiable net assets acquired	16,055

Goodwill arising from the acquisition has been recognized as follows:

	AED 000
Consideration transferred	71,861
Planning condition consideration	28,918
Deferred consideration	79,408
Total consideration	180,187
Identifiable net assets acquired	(16,055)
Provisional goodwill on acquisition of AGSL	164,132
Completion adjustment on deferred consideration	5,663
Goodwill on acquisition of AGSL	169,795

33 COMMITMENTS AND CONTINGENCIES

Capital commitments
Capital commitments as at 31 December are as follows:

	1 year or less AED '000
2023	
Capital commitments	**1,709,931**
Group's share in the commitments of its equity-accounted investees	**78,996**
Commitments towards financials investments	**104,935**
Group's share in the commitments of its joint operations	**2,078**
2022	
Capital commitments	925,851
Group's share in the commitments of its equity-accounted investees	36,604
Commitments towards Financials Investment FVTP&L	113,570
Group's share in the commitments of its joint operations	1,606

33 COMMITMENTS AND CONTINGENCIES continued

Operating commitments
As at 31 December 2023, the Group has operating lease commitments amounting to AED 9.36 million (2022: AED 12.25 million) repayable within one year from the end of the reporting period.

Guarantees
As at 31 December 2023, the Group had issued corporate guarantees which benefit lenders in respect of USD-denominated equity bridge loan facilities amounting to AED 531 million (2022: AED 531 million) for the purposes of funding its equity commitments on the Dumat Al Jandal Wind Energy Company LLC, Dhafra PV2 Energy Company LLC and Noor Jeddah Energy. In addition, the Company has issued a corporate guarantee for the benefit of lender in respect of an equity bridge loan in its subsidiary Nur Navoi Solar Holding RSC limited for the amount of AED 312 million (2022: AED 312 million).

The Group has issued performance guarantees amounting to AED 4,626 million against various projects as at 31 December 2023 (2022: AED 2,315 million).

As at 31 December 2023, the banks have issued guarantees and letters of credit for the Group under various uncommitted trade finance facilities with banks including Abu Dhabi Commercial Bank, First Abu Dhabi Bank, Societe Generale, Emirates NBD and MUFG amounting to AED 2,317 million (2022: AED 1,204 million).

34 FINANCIAL RISK MANAGEMENT

34.1 Capital management

The policy of the Board of Directors is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital.

The Company and its subsidiaries incorporated in the UAE are subject to certain capital requirements of the UAE Federal Decree Law No. (32) of 2021, which they are compliant with. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The capital structure of the Group consists of net debt (bank borrowings offset by cash and bank balances, excluding restricted cash) and equity of the Group (comprising share capital, additional capital contribution and reserves, offset by accumulated losses).

Gearing ratio
The gearing ratio as at 31 December is as follows:

	2023	*2022*
	AED '000	*AED '000*
Debt (i)	**6,677,888**	2,768,507
Cash and cash equivalents	**(2,479,634)**	(3,150,649)
Net debt	**4,198,254**	(382,142)
Equity (ii)	**9,805,323**	6,518,906
Net debt to equity ratio	**42.81%**	(5.86%)

(i) Debt comprises bank borrowings (note 20) and lease liabilities (note 7).

(ii) Equity includes all capital and reserves of the Group that are managed as capital.

34 FINANCIAL RISK MANAGEMENT

34.2 Categories of financial instruments

	2023	*2022*
	AED '000	*AED '000*
Financial assets not carried at fair value		
Finance lease receivables	**56,854**	52,201
Loans to related parties	**923,043**	530,076
Trade and other receivables	**514,565**	731,290
Contract assets	**3,136,253**	324,272
Due from related parties	**151,991**	94,236
Cash and cash equivalents	**2,479,634**	3,150,649
	7,262,340	4,882,724
Financial liabilities not carried at fair value		
Bank borrowings	**6,386,675**	2,468,616
Lease liabilities	**291,213**	299,891
Trade and other payables	**547,416**	360,723
Due to related parties	**65,812**	41,103
	7,291,116	3,170,333

As at 31 December 2023 and 2022, the Group considers that the carrying amounts of above financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

34.3 Financial risk management continued

Financial risk management
The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk.

Risk management framework
The Company's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

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

The Group's Audit, Risk and Compliance Committee (ARCC) oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

34 FINANCIAL INSTRUMENTS continued

34.3 Financial risk management continued

Risk management framework continued

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and credit risk.

Currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk on its transactions, investments that are denominated in foreign currencies, primarily the EUR and GBP. There is no significant currency risk exposure on the USD transactions and balances as the UAE Dirham is pegged to the USD.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Average exchange rate		***Assets***		***Liabilities***	
	2023	*2022*	***2023*** ***AED '000'***	*2021* AED '000'	***2023*** ***AED '000'***	*2022* AED '000'
GBP	**4.5567**	4.7040	**558,751**	148,223	**1,464,773**	1,447,616
EUR	**3.9929**	4.0538	**411,035**	214,636	**6,139**	193

Based on the sensitivity analysis to a 10% increase in the AED against the relevant foreign currencies (assumed outstanding for the full year). The effect would be opposite of the balances if decreases:

	Profit or loss	*Profit or loss*
	2023	*2022*
Currency	***AED '000'***	*AED '000'*
GBP	**(90,602)**	(129,939)
EUR	**40,490**	21,444

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's variable rate borrowings.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group's borrowings at fixed rate of interest amounted to AED 2,725.4 million (2022: nil) (43% of total borrowings at 31 December 2023 (2022: nil)). The Group enters into interest rate swaps with respect to its variable rate borrowings, in which it agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. At 31 December 2023, the Group's borrowings are substantially hedged against interest rate risk by virtue of interest rate swaps.

Interest rate swap contracts
Under interest rate swap contracts, the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the curves at reporting date and the credit risk inherent in the contract. The notional principal amounts are disclosed in note 13.

34 FINANCIAL INSTRUMENTS continued

34.3 Financial risk management continued

Cashflow sensitivity analysis for variable rate instruments:

Interest rate swap contracts continued

	Profit or loss		*Equity, net of tax*	
Effects in AED '000'	*100 bp Increase*	*100 bp Decrease*	*100 bp Increase*	*100 bp Decrease*
31 December 2023				
Variable-rate instruments	-	-	-	-
Interest rate swaps	-	-	**(36,315)**	**36,315**
Cash flow sensitivity (net)	-	-	**(36,315)**	**36,315**
31 December 2022				
Variable-rate instruments	(6,244)	6,244	-	-
Interest rate swaps	-	-	(17,900)	17,900
Cash flow sensitivity (net)	(6,786)	6,786	(17,900)	17,900

The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract. The average interest rate is based on the outstanding balances at the end of the reporting period.

The Group designates derivatives (interest rate swaps) as cash flow hedging instruments, therefore, a change in interest rates booked in other comprehensive income and would not affect profit or loss. The Group also undertake derivatives for upcoming projects on the basis of fair value hedges and book fair value through profit or loss.

The following table provides a reconciliation by risk category of components of equity and analysis of other comprehensive income, net of tax, resulting from cash flow hedge accounting:

	2023 Hedging reserve AED '000	*2022 Hedging reserve AED '000*
As at 1 January	**485,584**	(126,722)
Change in fair value – interest rate swaps	**(112,871)**	199,427
Share of movement in equity accounted investees	**(20,835)**	460,773
Deferred tax movement	**15,813**	(50,120)
Effect of movement in exchange rates	**10,382**	2,226
As at 31 December	**378,073**	485,584

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from the Group's trade and other receivables and cash and bank balances.

The Group has adopted a policy of only dealing with creditworthy counterparties. The Group attempts to control credit risk by monitoring credit exposures and continually assessing the creditworthiness of third parties. Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by the central banks in the country of operation.

34 FINANCIAL INSTRUMENTS continued

34.3 Financial risk management continued

Credit risk continued
Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. The Group is exposed to credit risk on cash and bank balances, trade, and other receivables, due from related parties, loans to related parties and finance lease receivables.

The amount that best represents the maximum credit risk exposure on financial assets at the end of the reporting period, in the event of counterparties failing to perform their obligations generally approximates their carrying value. Trade and other receivables and balances with banks are not secured by any collateral.

Maximum exposure to credit risk without considering any collateral or bilateral netting agreements:
The table below shows the maximum exposure to credit risk for the components of the statement of financial position. The maximum exposure is shown gross, before the effect of mitigation through the use of bilateral netting and collateral agreements.

	2023	*2022*
	AED '000	*AED '000*
Finance lease receivables	**56,854**	52,201
Loan to related parties	**923,043**	530,076
Due from related parties	**151,991**	94,236
Contract assets	**3,136,253**	324,272
Trade and other receivables	**514,565**	731,290
Derivative financial asset	**194,123**	403,212
Cash and bank balances	**2,479,634**	3,150,649
Total credit risk exposure	**7,456,463**	5,285,936

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Cash and bank balances with Fitch ratings:

	2023	*2022*
Fitch Rating	***AED '000'***	*AED '000'*
A-	**190,841**	102,051
A	**51,667**	-
A+	**324,605**	225,520
AA-	**1,491,984**	2,795,152
B-	**60,141**	-
BBB-	**359,783**	-
Cash and others	**613**	27,926
	2,479,634	3,150,649

34 FINANCIAL INSTRUMENTS continued

34.3 Financial risk management continued

Credit risk continued

Credit quality per class of financial assets

The Group's credit risk rating systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss. Loans to related parties relate to Shams Power Company PJSC, Sharjah Waste to Energy LLC, Infinity Power Holdings B.V and Baynouna Holdings BV, refer note 9 and 12 for details.

	31 December 2023				*31 December 2022*			
	Stage 1 12-month ECL AED'000	***Stage 2 Lifetime ECL Not credit-impaired AED'000***	***Stage 3 Lifetime ECL Credit-impaired AED'000***	***Total AED'000***	*Stage 1 12-month ECL AED'000*	*Stage 2 Lifetime ECL Not credit-impaired AED'000*	*Stage 3 Lifetime ECL Credit-impaired AED'000*	*Total AED'000*
Finance lease receivables	**-**	**57,946**	**-**	**57,946**	-	53,889	-	53,889
Provision for expected credit losses	**-**	**(1,092)**	**-**	**(1092)**	-	(1,688)	-	(1,688)
Total carrying amount	**-**	**56,854**	**-**	**56,854**	-	52,201	-	52,201
Trade receivable	**183,830**		**-**	**183,830**	29,355		-	29,355
Provision for expected credit losses	**(1,182)**	**-**	**-**	**(1,182)**	(1,182)	-	-	(1,182)
Total carrying amount	**182,648**	**-**	**-**	**182,648**	28,173	-	-	28,173
Contract assets	**3,168,441**	**-**	**-**	**3,168,441**	324,272		-	324,272
Provision for expected credit losses	**(32,188)**	**-**	**-**	**(32,188)**	-	-	-	-
Total carrying amount	**3,136,253**	**-**	**-**	**3,136,253**	324,272	-	-	324,272
Loan to related parties	**969,194**	**-**	**-**	**969,194**	439,487	164,231	-	603,718
Provision for expected credit losses	**(46,151)**	**-**	**-**	**(46,151)**	(32,582)	(41,060)	-	(73,642)
Total carrying amount	**923,043**	**-**	**-**	**923,043**	406,905	123,171	-	530,076
Due from related parties	**151,991**		**-**	**151,991**	94,236	-	-	94,236
Provision for expected credit losses	**-**	**-**	**-**	**-**	-	-	-	-
Total carrying amount	**151,991**	**-**	**-**	**151,991**	94,236	-	-	94,236
Movement in impairment loss allowance or ECL provision								
Finance lease receivables provision								
At the beginning of the year	**1,688**	**-**	**-**	**1,688**	1,759		-	1,759
ECL reversed/recognised under IFRS 9	**(596)**	**-**	**-**	**(596)**	(71)	-	-	(71)
Total carrying amount	**1,092**	**-**	**-**	**1,092**	1,688	-	-	1,688
i								
Trade receivables								
At the beginning of the year	1,182		**-**	**1,182**	228		-	228
Allowances for impairment made during the year	**-**	**-**	**-**	**-**	954	-	-	954
Total carrying amount	**1,182**	**-**	**-**	**1,182**	1,182	-		1,182
Loan to related parties' provision								
At the beginning of the year	**32,582**	**41,060**	**-**	**73,642**	26,015	94,240	-	120,255
ECL recognised under IFRS 9	**-**	**-**	**-**	**-**	-	-	-	-
At the beginning of the year (as per IFRS 9)	**32,582**	**41,060**	**-**	**73,642**	26,015	94,240	-	120,255
Transfer from stage 2 to stage 1	**41,060**	**(41,060)**	**-**	**-**	-	-	-	-
Allowances for impairment made during the year	**12,685**		**-**	**12,685**	8,909	420	-	9,329
Reversal on recoveries during the year	**(39,291)**		**-**	**(39,291)**	(1,570)	(46,283)	-	(47,853)
Effect of movement in exchange rates	**(885)**	**-**	**-**	**(885)**	(772)	(7,317)	-	(8,089)
Total carrying amount	**46,151**	**-**	**-**	**46,151**	32,582	41,060	-	73,642
Contract assets								
At the beginning of the year	**-**	**-**	**-**	**-**	-	-	-	-
Allowances for impairment made during the year	**32,188**	**32,188**	**-**	**32,188**	-	-	-	-
Total carrying amount	**-**	**32,188**	**-**	**32,188**	-	-	-	-

The loss allowance for other trade receivables is measured at an amount equal to lifetime expected credit losses under simplified approach as presented in note 14 to the Group's consolidated financial statements.

34 FINANCIAL INSTRUMENTS continued

34.3 Financial risk management continued

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

The Group ensures that it has sufficient cash and liquid assets on demand to meet its expected operational expenses; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group maintains adequate amount of its cash resources in bank and in short term deposits.

The Group has significant future capital commitments (note 33) for which it relies on funding from the shareholders and borrowings from banks and issuance of green bonds.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows and excluding the impact of netting arrangements. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

	Within 1 year AED '000	*Between 1 - 2 years AED '000*	*Between 2 - 5 years AED '000*	*More than 5 years AED '000*	*Total AED '000*	*Carrying amount AED '000*
2023						
Bank borrowing	**453,566**	**509,651**	**1,872,538**	**7,033,666**	**9,869,421**	**6,386,675**
Due to related parties	**65,812**	**-**	**-**	**-**	**65,812**	**65,812**
Trade and other payables	**547,416**	**-**	**-**	**-**	**547,416**	**547,416**
Lease liabilities	**36,616**	**34,077**	**90,520**	**215,382**	**376,595**	**291,213**
	1,103,410	**543,728**	**1,963,058**	**7,249,048**	**10,859,244**	**7,291,116**
2022						
Bank borrowing	810,335	166,954	764,870	1,002,960	2,745,119	2,468,616
Due to related parties	41,103	-	-	-	41,103	41,103
Trade and other payables	360,723	-	-	-	360,723	360,723
Lease liabilities	38,243	36,486	85,955	230,491	391,175	299,891
	1,250,404	203,440	850,825	1,233,451	3,538,120	3,170,333

The amount included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The following table details the Group's liquidity analysis for its interest rate swaps. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

	Within 1-year AED '000	*Between 1 - 2 years AED '000*	*Between 2 - 5 years AED '000*	*Total AED '000*	*Carrying amount AED '000*
2023					
Interest rate swaps	**49,624**	**42,030**	**288,220**	**379,874**	**194,123**
2022					
Interest rate swaps	57,563	52,979	317,024	427,566	403,212

34 FINANCIAL INSTRUMENTS continued

34.3 Financial risk management continued

Financing facilities
The Group has access to financing facilities as described in note 20, of which AED 3,588.65 million were unused at the end of the reporting period (2022: AED 2,520.63 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The following table details various information regarding interest rate swap contracts outstanding at the end of the reporting period:

	Notional principle value 2023 AED '000'	*Notional principle value 2022 AED '000'*	***Fair value 2023 AED '000'***	*Fair value 2022 AED '000'*
Outstanding receives floating pay fixed contracts				
Less than 1 year *	**(693,566)**	(570,453)	**17,092**	166,693
1 to 2 years *	**(478,192)**	(457,591)	**18,779**	21,683
2 to 5 years	**969,739**	971,735	**74,764**	105,684
5 years +	**1,968,886**	1,874,429	**83,488**	109,152
	1,766,867	1,818,120	**194,123**	403,212

*Notional profile in first two years are negative (increasing) due to Shamol Zarafshan and Azerbaijan loan drawdowns.

The following analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis
Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		*Fair value hierarchy*	*Valuation technique(s) and key input(s)*
	2023 AED'000	*2022 AED'000*		
Financial Assets				
Derivative financial assets	**194,123**	403,212	Level 2	Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of reporting period)
Financial assets carried at fair value through profit or loss				
Equity investment – Zouk	**35,642**	21,961	Level 3	Net Asset Value

34 FINANCIAL INSTRUMENTS continued

34.3 Financial risk management continued

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis continued

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant observable inputs being the discount rate that reflects the credit risk of counterparties.

The fair values of the financial assets and financial liabilities included in the level 3 category above have been determined based on net asset values.

As at 31 December 2023 and 2022, the Group considers that the carrying amounts of other financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

35 GEOGRAPHICAL INFORMATION AND SEGMENT REPORTING

Group is mainly in the business of renewable power generation across different geographies and accordingly, the Chief Operating Decision Maker (CODM) reviews the results of operating activities of the Group as a single business segment.

The following tables present revenue and certain asset information relating to the Group based on geographical location as at 31 December:

	United Arab Emirates AED'000'	*Europe AED '000'*	*Central Asia AED '000'*	*Indonesia AED '000'*	*United States of America AED '000'*	*Egypt AED '000'*	*Others AED '000'*	*Total AED '000*
2023								
Revenues	**55,210**	**442,957**	**2,845,057**	**-**	**-**	**-**	**9,336**	**3,352,560**
Non-current assets	**775,880**	**3,831,018**	**3,791,512**	**1,488,336**	**2,082,675**	**1,449,618**	**165,627**	**13,584,666**
2022								
Revenues	64,499	481,797	74,292	-	-	-	805	621,393
Non-current assets	1,022,882	2,152,732	297,061	-	1,994,576	-	713,113	6,180,364

Reconciliation of total non-current assets:

	***2023* AED '000**	*2022 AED '000*
Non-current assets allocated to geographical locations	**13,584,666**	6,180,364
Derivative financial assets	**194,123**	403,212
Other non-current financial assets	**35,642**	21,961
Total non-current assets	**13,814,431**	6,605,537

36 EVENTS AFTER REPORTING DATE

- In February 2024, the Company acquired a 49% interest in the Dogger Bank South project, a planned GBP 11 billion joint investment with RWE to construct a 3 GW offshore wind farm that will be one of the largest in the world.

- In February 2024, DEWA VI, a joint venture between the Company and Dubai Water and Electricity Authority (DEWA), reached financial close. DEWA VI is a 1,800 MW Solar farm in the UAE.

- In March 2024, the Company signed an agreement to acquire a 50% interest in Terra -Gen, a US entity that has approximately 2.4 GW of wind and solar capacity as well as 5.1 GWh of energy storage facilities. The transaction is expected to complete later in the year subject to the fulfilment of certain conditions precedent.

- In April 2024, the severe weather in the UAE has caused some damage to the Shuaa Energy 2 PV solar farm, an 800 MW joint venture in the UAE. Quantification of the damage is ongoing with the assessors and insurance companies. While the solar farm remains operational, there is currently some curtailment of operations while replacement panels are procured.

37 COMPARATIVE INFORMATION

Certain comparative figures have been reclassified, wherever necessary, to confirm to the presentation adopted in the current year consolidated financial statements. Such reclassification has no impact on previously reported profit or equity of the Group.