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**Impairment of property, plant and equipment**—The Group reviews the carrying amounts of its fixed and intangible assets to determine if there are any indications that the assets might be impaired. The Group estimates the recoverable amount as the higher of its fair value less costs to sell and value in use. Estimated future cash flows are discounted to present value to determine the value in use at the pretax discount rate that reflects a current market assessment rate of the time value of money and the risks specific to the asset for which the future cash flow estimate was not adjusted. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its estimated recoverable amount, with a corresponding loss immediately recognized in profit or loss. If a previously recognized impairment loss reverses sometime in the future, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable value, provided that it does not exceed the carrying amount that would have been obtained if no impairment loss had been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in income.

During the periods presented, the Group did not recognize any impairment losses.

**Cash and Cash Equivalents**—In the combined balance sheets, cash and cash equivalents include cash on hand and other short-term, highly-liquid investments with original maturities of three months or less, which are subject to an insignificant risk of change in value, and are used to manage the Group's short-term obligations.

**Trade Receivables**—Trade receivables are recorded at amounts billed for energy, adjusted for any write-offs and provisions for impairment, if necessary.

**Restricted Deposits**—Restricted deposits represent cash and highly-liquid investments maintained at financial institutions which are restricted as to their use pursuant to the terms of certain of the Group's borrowings agreements. Restricted deposit balances with maturity or restriction periods of greater than one year are classified as non-current. Changes in the restricted deposit balances are reflected as investing activities in the combined statements of cash flows.

**Borrowings**—Borrowings are recognized initially at fair value, net of related issuance and transaction costs. Interest is recognized over the period of the borrowings using the effective interest method. Accrued and unpaid interest is recorded as part of the recorded amount of borrowings.

**Trade Payables**—Trade payables represent obligations to pay for goods or services acquired in the normal course of business, principally consisting of amounts spent on maintenance and operating costs of the Group's power generation plants.

**Provisions**—A provision is recognized for present obligations (legal or constructive) as a result of past events, for which the amount of the obligation can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation.

The amounts recognized as provisions represent the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured based on the estimated cash flows to settle an obligation, its carrying amount corresponds to the present value of such cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, an asset is recognized if, and only if, reimbursement is virtually certain and the amount can be reliably measured.

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