

**Company Registration Number: 5180834 (England and Wales)**

**Mitsui Power Ventures Limited**

**Report and Financial Statements**

**For the year ended 31 December 2008**



**Mitsui Power Ventures Limited**  
**Company Registration Number: 5180834 (England and Wales)**

**Report and financial statements 31 December 2008**

<b>Contents</b>	<b>Pages</b>
<b>Officers and professional advisors</b>	<b>3</b>
<b>Directors' report</b>	<b>4-5</b>
<b>Statement of Directors' responsibilities</b>	<b>6</b>
<b>Independent auditors' report</b>	<b>7-8</b>
<b>Profit and loss account</b>	<b>9</b>
<b>Balance sheet</b>	<b>10</b>
<b>Notes to the accounts</b>	<b>11-17</b>

**Mitsui Power Ventures Limited**  
**Company Registration Number: 5180834 (England and Wales)**

**Report and financial statements 31 December 2008**

**Officers and professional advisors**

**Directors:**

Kenji Akikawa (appointed 18 May 2007 and resigned 01 April 2008)  
Takashi Umezu (appointed 15 July 2004 and resigned 31 December 2008)  
Koichiro Miyazaki (appointed 26 December 2005 and resigned 01 April 2008)  
Makoto Ichikawa (appointed 26 December 2005 and resigned 18 September 2008)  
Takashi Matsuo (appointed 01 April 2008)  
Yasuhiro Sasaki (appointed 01 April 2008)  
Masaaki Furukawa (appointed 31 December 2008)  
Toru Takahashi (appointed 18 September 2008)

**Secretary**

Toru Takahashi  
Jordan Company Secretaries Limited

**Registered Office**

24 King William Street  
London  
EC4M 7QQ

**Bankers**

Sumitomo Mitsui Banking Corporation

**Solicitors**

Ashurst  
London

**Auditors**

Deloitte LLP  
Chartered Accountants  
London

**Mitsui Power Ventures Limited**  
**Company Registration Number: 5180834 (England and Wales)**

## **Directors' Report**

The directors present their report with the financial statements of the Company for the year from 1 January 2008 to 31 December 2008

## **Principal activity and business review**

The Company was incorporated on 15 July 2004. The principal activity of the Company during the period was to make investments in and to provide a loan to joint ventures with International Power plc. No significant change in the Company's principal business is expected. The Company is a 100% subsidiary of Mitsui & Co, Ltd which provides the Company with direction and access to all central resources it needs and determines policies in all key areas such as finance, risk and so on. The Company's KPI (key performance indicator) is cash flow from its investment (dividends income and return of partnership capital) and net interest income from its lending activities. Therefore, the Company focuses on the results of the business activities of underlying assets of its investee. IPM Ealge LLP has 7 assets world-wide (Australia, Indonesia, Puerto Rico, Italy, Spain and UK), and IPM (UK) Power Holdings Limited has 5 assets in United Kingdom, and directors of the Company are closely monitoring the business results of such assets.

## **Results and dividends**

Results for the period for the Company are set out in the profit and loss account on page 9

## **Financial Risk Management**

Financial risk managements are made on credit risks, foreign exchange and interest rate. Basically the Company has a policy to match the loan receivables and payable in the same currency, with the same base rate, so that the Company will not have exposure on fluctuation of foreign currency or interest rate.

### *Credit Risk*

Credit risk is derived from the potential inability of the investee companies to repay the invested amount. The management conducts a thorough due diligence of the underlying assets before investing.

### *Currency risk*

The Company is exposed to currency risk in respect of balances in currencies other than US dollars, the Company hedges its exposure by holding asset and liabilities in the same currency.

**Mitsui Power Ventures Limited**

**Company Registration Number: 5180834 (England and Wales)**

**Going concern**

The Company's activities are to invest in joint ventures with International Power plc ("IPR"), and both investments created a stable cash flow during this year. Both investments are supported by power assets with variety of geographic area (UK, Australia, Indonesia, Puerto Rico, Italy and Spain), and type of power plant (gas fired, coal fired, hydro pump and others). As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and accounts.

**Auditors**

Each of the persons who is a director at the date of approval of this report confirms that

- 1 So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware and
- 2 The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

Deloitte LLP have expressed their willingness to continue as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board



Toru Takahashi

Director

30 March 2010

**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the requirements and to enable them to ensure that the financial statements comply with the Companies Act 1985.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MITSUI POWER VENTURE LIMITED**

We have audited the financial statements of Mitsui Power Venture Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

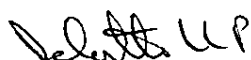
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Deloitte LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom  
30 March 2010



**Mitsui Power Ventures Limited**  
**Company Registration Number: 5180834 (England and Wales)**

**Profit and loss account**  
**For the year 31 December 2008**

		Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
	Notes		
Dividend income	1	-	25,746,502
Administrative expenses	2	-1,716,462	-124,389
Operating (loss)/profit		-1,716,462	25,622,111
Interest income and similar income	3	104,805,701	53,340,279
Interest expense and similar charges	4	-107,346,461	-30,682,331
Profit on disposal of investment		-	16,914,386
		-2,540,759	39,572,334
(Loss)/profit on ordinary activities before taxation		-4,257,222	65,194,447
Tax on profit on ordinary activities	5	-	11,464,607
(Loss)/profit for the financial period after taxation		-4,257,222	76,659,054
Retained (Loss)/Profit for the period		-4,257,222	76,659,054


All items of the profit and loss disclosed above are derived from continuing operations. There are no recognized gains or losses for the current financial period, other than as stated in the profit and loss account. Accordingly, no statement of total recognized gains and losses has been prepared.

**Mitsui Power Ventures Limited**  
**Company Registration Number: 5180834 (England and Wales)**

**Balance Sheet**  
**As at 31 December 2008**

		Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
	Notes		
Fixed assets and investments	6	657,561,803	951,781,315
		657,561,803	951,781,315
Current assets			
Debtors	7	146,281,536	134,683,411
Cash at bank and in hand		1,439,237	235,995
		147,720,773	134,919,406
Creditors			
Amounts falling due within one year	8	-55,136,209	-281,903,396
Net current assets		92,584,564	-146,983,990
Total assets less current liabilities		750,146,367	804,797,325
Amounts falling due after more than one year	9	-267,075,931	-317,469,666
Net assets		483,070,436	487,327,659
Capital and reserves			
Called up share capital	10	301,356,033	301,356,033
Profit and loss account	11	181,714,404	185,971,626
Total equity shareholders' funds		483,070,437	487,327,659

The financial statements were approved by the Board of Directors and authorized for issue on 30 March 2010  
Signed on behalf of the Board of Directors

  
Toru Takahashi  
Director

Mitsui Power Ventures Limited

Company Registration Number: 5180834 (England and Wales)

**Notes to the financial statements for the period from 1 January 2008 to 31 December 2008**

**1. Accounting policies**

The financial statements are prepared in accordance with United Kingdom law and accounting standards. The financial statements cover the period from 1 January 2008 to 31 December 2008. The particular accounting policies which have been adopted consistently in the current and prior year are described below.

**Accounting convention**

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. They are also prepared on a going concern basis as further discussed in the Directors' Report.

**Functional currency**

The accounts are prepared in US dollars, the currency of the primary economic environment in which the Company operates.

**Foreign exchange**

Assets and liabilities in foreign currencies are translated into dollars at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into dollars at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

**Cash flow statement**

Under Financial Reporting standard No 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the Company is a wholly owned subsidiary of a consolidated entity whose financial statements are publicly available (note 14).

**Dividend income**

The income relates to the dividend received on the partnership share in IPM Eagle LLP. The dividend income is recognized on accruals basis.

**Fixed asset investment**

Fixed asset investments are stated at cost less any provision for impairment. Appropriate allowances for estimated unrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired.

**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Where appropriate, deferred tax is recognized, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard No 19.

**Mitsui Power Ventures Limited****Company Registration Number: 5180834 (England and Wales)****Notes to the financial statements for the period from 1 January 2008 to 31 December 2008****2. Operating profit**

The operating profit is stated after charging

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Auditors' remuneration		
Audit of the company's statutory accounts	58,647	72,392
	<u>58,647</u>	<u>72,392</u>

The directors did not receive any fees or emoluments during the period directly attributable to their position within the Company. The Company had no employees during the financial period.

**3. Interest receivable and similar income**

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Interest on loans to group undertakings	35,449,288	39,687,622
Interest on bank deposits	124,817	787,565
Foreign exchange gains	69,231,596	4,435,174
Foreign exchange gains on group relief	0	8,429,918
	<u>104,805,701</u>	<u>53,340,279</u>

**4. Interest payable and similar charges**

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Interest on loans from group undertakings	28,680,247	27,073,047
Foreign exchange losses on group relief	15,963,551	0
others	62,702,663	3,609,284
	<u>107,346,461</u>	<u>30,682,331</u>

Notes to the financial statements for the period from 1 January 2008 to 31 December 2008

5. Taxation

	Year ended 31 December 2008 \$	Year ended 31 December 2007 \$
Current tax		
Group relief receivable	-	(11,464,607)
Adjustment in respect of prior years	-	-
Total current tax charge / (credit)	-	(11,464,607)
Deferred tax		
Origination and reversal of deferred tax asset	-	-
Total deferred tax	-	-
Total tax on profit on ordinary activities	-	(11,464,607)

The current tax credit assessed for the year is lower than the average standard rate of corporation tax in the UK (28.5%)

The differences are explained below

	Year ended 31 December 2008 \$	Year ended 31 December 2007 \$
Profit/(loss) on ordinary activities before tax	(4,257,221)	56,764,528
Tax on profits/(losses) at statutory rate of 28.5% (2007: 30%)	(1,213,308)	17,029,358
Effects of		
Expenses not deductible for tax purposes	4,854,064	37,237
Non taxable income/gains	(3,960,973)	(19,834,318)
Loss not consolidated from transparent entities	(4,695,923)	(8,696,884)
Current year losses not recognised	5,016,140	
Current tax charge/(credit) for the year	-	(11,464,607)

**Mitsui Power Ventures Limited****Company Registration Number: 5180834 (England and Wales)****Notes to the financial statements for the period from 1 January 2008 to 31 December 2008**

There is an unrecognised deferred tax asset at 31 December 2008 of USD 4,928,138 (2007: nil) in relation to tax losses. This has not been recognised on the basis that there is insufficient evidence of taxable benefits in the future against which the asset could be offset. There are no unprovided deferred tax liabilities (2007: nil).

**6. Fixed asset investment**

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Cost - group undertakings		
Investment in partnership undertaking	225,735,012	159,741,012
Investment in shares	272,784,801	272,784,801
Investment in preference shares	0	300,000,000
Long term loan investment	159,041,989	219,255,501
	<u>657,561,803</u>	<u>951,781,315</u>

At 7 December 2004, the Company held 30% of the shares in IPM Eagle LLP, a partnership incorporated in the United Kingdom, and contributed US\$290,596,489. On 28 July 2005, the Company contributed a further US\$10,759,543, retaining the same percentages of shares. IPM Eagle LLP is controlled by International Power (Impala) Limited, a Company registered in the United Kingdom and is consolidated at International Power PLC, the immediate and ultimate holding Company of International Power (Impala) Ltd. The registered office of IPM Eagle LLP is Senator House, 85 Queen Victoria Street, London, EC4V 4DP. The carrying value as of 31 December 2007 was US\$159,741,012. The Company received repayment of partnership capital of US\$18,000,000 on 31 January 2008 and US\$6,006,000 on 18 July 2008 respectively. And the Company injected US\$90,000,000 to IPM Eagle LLP on 08 September 2008 in order to provide funding for redemption of redeemable shares of Impala Magpie Limited of US\$300,000,000. Therefore, the carrying value of investment in partnership undertakings as of 31 December 2008 is US\$225,731,012.

ON 20 June 2007, the Company made a restructuring of investment in IPM Eagle LLP to be returned partnership capital in the form of 30% shares in Normantrail (UK Co 3) Limited, which was 100% subsidiary of IPM Eagle LLP and owns First Hydro (hydro pump) and Saltend (gas-fire), and contributes that shares in Normantrail (UK Co 3) Limited into IPM (UK) Power Holdings Limited and obtained 22.5% shares in IPM (UK) Power Holdings Limited. IPM (UK) Power Holdings Limited is controlled by IP Karugamo Holdings Limited, a Company registered in Gibraltar and is consolidated at International Power PLC, the ultimate holding Company of IP Karugamo Holdings Limited. The registered office of IPM (UK) Power Holdings Limited is Senator House, 85 Queen Victoria Street, London, EC4V 4DP. This investment is recorded at cost and value is US\$272,784,801. And there is no change in value of investment in IPM (UK) Power Holdings Limited during the year ending 31 December 2008.

The total investment of \$ 300,000,000 was made in Impala Magpie on 16 December 2004, which was incorporated on 26 July 2004, on that date, Impala Magpie issued to the Company 300,000 'A' redeemable preference shares of US\$ 0.01 at a premium of \$ 999.99. The Company is entitled to preferred dividend coupon of US dollar Libor plus 2%. The preference shares are redeemable from 16 December 2008 and may also be redeemed if funds become available following the sale of certain assets. The entire US\$300,000,000 was redeemed on 08 September 2008.

**Mitsui Power Ventures Limited****Company Registration Number: 5180834 (England and Wales)****Notes to the financial statements for the period from 1 January 2008 to 31 December 2008**

On 28 July 2005, the Company provided a loan to Normantrail (UK Co 3) Limited, which is one of the Group companies, for the amount of GBP60,000,000. The loan will expire no later than 26<sup>th</sup> July 2010, however it is repayable by the borrower at any time on demand of the lender. During the restructuring on 20 June 2007 as noted above, all the outstanding balances of a loan to Normantrail (UK Co 3) was repaid, and the Company provide a loan of GBP91,085,764.50 to IPM (UK) Power Holdings Limited on 20 June 2007. In addition, the Company provided additional loan of GBP18,734,400 on 22 October 2007. Therefore, the outstanding balance as of 31 December 2007 was GBP109,820,164.50 (recorded at US\$219,255,501 using the exchange rate as of that date). And there is no change in value of loan in IPM (UK) Power Holdings Limited, so the outstanding balance as of 31 December 2008 is GBP109,820,164.50 and this is recorded at US\$159,041,989 using exchange rate as of the balance sheet date.

**7. Debtors**

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Amounts falling due within one year		
Amounts owed by group undertakings	143,512,400	130,511,659
Others	2,769,136	4,171,752
	<u>146,281,536</u>	<u>134,683,411</u>

Mitsui & Co, Ltd (the parent company of the Company) has group policy of cash management to deposit all excess cash to Mitsui & Co Financial Services (Europe) BV. The outstanding balance as of 31 December 2007 was US\$74,612,636 and the outstanding balance as of the balance sheet date is increased to US\$115,329,237 reflecting the cash generating during the year.

**8. Creditors: amounts falling due within one year**

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Amounts owed to group undertakings	55,025,051	281,112,254
Deferred income - on investment made in group undertakings	0	718,750
Other creditors	111,158	72,392
	<u>55,136,209</u>	<u>281,903,396</u>

The USD borrowing amounting to USD210,000,000 was repaid on 09 September 2008 as a result of the receipt of funds of US\$300,000,000 from Impala Magpie Limited on 08 September 2008.

Notes to the financial statements for the period from 1 January 2008 to 31 December 2008

9. Creditors: amounts falling due after more than one year

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Amounts falling due in more than one year		
- group undertakings	267,075,931	317,469,666
	<u>267,075,931</u>	<u>317,469,666</u>

The GBP loan amounting to GBP 91,100,000 (USD131,931,374) is repayable in 2010 and carries an interest rate of Libor plus 0.45% per annum. And USD loan amounting to US\$130,391,647 is repayable in 2040 and carries an interest rate at 7.25% (fixed rate interest) per annum.

10. Called up share capital

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Authorized		
360,000,000 ordinary shares of US\$1.0 each	360,000,000	360,000,000
	<u>360,000,000</u>	<u>360,000,000</u>
301,356,033 ordinary shares of US\$1.0 each	301,356,033	301,356,033
	<u>301,356,033</u>	<u>301,356,033</u>

11. Profit and loss account

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
At the beginning of the period	185,971,626	130,912,572
Profit/Loss for this financial period	-4,257,222	76,659,054
Dividends on ordinary shares	0	-21,600,000
At the end of the period	<u>181,714,404</u>	<u>185,971,626</u>



**Mitsui Power Ventures Limited****Company Registration Number: 5180834 (England and Wales)****Notes to the financial statements for the period from 1 January 2008 to 31 December 2008****12. Reconciliation of movements in equity shareholder's funds**

	Year ended 31 December 2008 (USD)	Year ended 31 December 2007 (USD)
Opening equity shareholders' funds	487,327,659	432,268,606
Profit for the period	-4,257,222	76,659,053
Dividends on ordinary shares	0	-21,600,000
Net additions to shareholders' funds	-4,257,222	55,059,053
Closing equity shareholders' funds	483,070,437	487,327,659

**13. Related party transactions**

As detailed in note 14, the Company is wholly owned subsidiary of the Mitsui group. As such, the Company has taken advantage of exemption available in FRS 8 'Related Party Transactions' from disclosing transactions with entities that are part of the group or investees of the group qualifying as related parties. There are no other related party transactions requiring disclosure.

**14. Ultimate parent Company**

The ultimate and immediate parent Company and controlling party of Mitsui Power Ventures Limited, is Mitsui & Co, Ltd, a Company incorporated in Japan. A copy of the consolidated financial statements of the ultimate parent Company can be obtained from that Company's registered office at 2-1 Ohtemachi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan. The parent Company of both the largest and smallest groups of which the Company is a part is Mitsui & Co, Ltd.

**15. Subsequent Event**

The company paid ordinary dividend to the parent company amount USD 110,000,000 on 19 May 2009.