

Company Registration Number 05180834 (England and Wales)

Mitsui Power Ventures Limited

Annual Report and Financial Statements

For the year ended 31 December 2019



Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Annual Report and financial statements 31 December 2019

| Contents | Page |
|---------------------------------------|------|
| Officers and professional advisers | 3 |
| Strategic report | 4 |
| Directors' report | 6 |
| Directors' responsibilities statement | 8 |
| Independent auditor's report | 9 |
| Statement of comprehensive income | 12 |
| Statement of financial position | 13 |
| Statement of changes in equity | 14 |
| Notes to the financial statements | 15 |

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Annual Report and financial statements 31 December 2019

Officers and professional advisers

Directors

Makoto Ichikawa

Teruo Wakahara

Secretaries

Makoto Ichikawa

1-3 Marunouchi 1-Chome, Chiyoda-Ku, Tokyo 100-8631, Japan

Vistra Company Secretaries Limited

First Floor, Templeback, 10 Temple Back, Bristol, BS1 6FL

Registered address

8th & 9th Floors

1 St Martin's Le Grand

London

EC1A 4AS

Banker

Sumitomo Mitsui Banking Corporation Europe Ltd

99 Queen Victoria Street, London, EC4V 4EH

Auditor

BDO LLP

Statutory Auditor

55 Baker Street, London, W1U 7EY

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Annual Report and financial statements 31 December 2019

Strategic report

Going concern

The financial statements have been prepared on the assumption that the Company will continue as a going concern. In making this assessment the Directors have considered the effects of the outbreak of COVID-19 on the Company's ability to meet its liabilities as they fall due.

Operationally, as a holding Company Mitsui Power Ventures Limited has not been significantly impacted by COVID-19. Nevertheless, as result of COVID-19 there is a possibility that no dividends are received from the Company's investments in the next 12 months from the date of signing of these accounts.

In light of forecasts prepared, as well as the existing cash and loan facility available the Directors consider that the Company has sufficient resources to meet its obligations as they fall due in the next 12 months from the date of signing of these financial statements. Accordingly, these financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes that the Company will realise its assets and discharge its liabilities in the normal course of business.

Principal activities

Mitsui Power Ventures Limited ("the Company") was incorporated on 15 July 2004. The principal activity of the Company is to make investments in joint ventures with ENGIE S.A. (formerly International Power Limited). The Company is a 100% subsidiary of Mitsui & Co., Ltd. which provides the Company with direction, access to all central resources it needs and determines policies in all key areas such as finance and risk.

As at 31 December 2019, the Company holds investments in IPM Eagle LLP and IPM Holdings (UK) Limited. IPM Eagle LLP, in which the Company has 30% partnership interest, has four assets world-wide in Australia, Puerto Rico and Spain. During 2018, IPM Holdings (UK) Limited, in which the Company has 25% shares ceased its operation.

Business review

The Company's key performance indicators include cash flows from its investments i.e. dividend income, interest income and interest charges. Therefore, the Company focuses on the results of the business activities of underlying assets of its investees.

Key performance indicators

During the year, the Company received dividend income of US\$30,000,000 (2018: US\$209,776,294).

Interest income on loans to group undertakings was US\$14,529 (2018: US\$62,243).

The Directors are satisfied with the Company's performance in the year. The Directors closely monitor the business results of all assets.

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Annual Report and financial statements 31 December 2019

Principal risks and uncertainties

The key financial risks which the Company faces relate to credit, foreign exchange and interest rate. As a result of the nature of the Company's principal activities, it is also exposed to risks and uncertainties in the performance of its investments. This could result in a material impact on the Company's performance and could cause the Company's results to differ materially from expected historical results. The Company regards the monitoring and controlling of risks as a fundamental part of the management process and has therefore set up a monitoring and reporting framework. The Company monitors its investments regularly as an investor through regular assessment of the financial performance, financial condition and the macro-economic factors impacting the sectors of its investments. The United Kingdom deciding to leave the European Union, 'BREXIT', has certainly contributed such uncertainties, however, given the principal assets of the Company's remaining assets are located outside of Europe, and the nature of the industry in which such asset operate, BREXIT may not particularly increase the risks the Company face.

Credit risk

Credit risk is derived from the potential inability of the investee companies to repay the invested amount. Management conducts a thorough due diligence of the underlying assets before investing and performs regular reviews on the ongoing financial performance of the investee companies.

Currency risk

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

Interest rate risk

Interest rate risk represents the sensitivity of the Company to changes in interest rates. The Company has the policy to match loans receivables and payables in the same base rates so that the Company minimises exposure to fluctuations of interest rates.

Future developments

The Company will continue to monitor its investment to power generation business in Spain and Puerto Rico under IPM Eagle LLP.

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



Tadafumi Kawaguchi

Director

10th July 2020

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Annual Report and financial statements 31 December 2019

Directors' report

The Directors present their annual report, together with the audited financial statements and the auditor's report for the year ended 31 December 2019.

The Company's results for the year are set out in the statement of comprehensive income on page 12.

The capital structure of the Company consists of equity attributable to the parent company. It comprises issued share capital and retained earnings as disclosed in notes 12 and 13 to the financial statements.

The directors did not propose a dividend during the year (2018: US\$190,692,303).

Financial risk management

Please refer to Strategic report, Principal risks and uncertainties.

Going concern

Investment in IPM Eagle LLP is supported by power assets in different geographic areas and different fuel types. In addition, the Company holds sufficient net current assets to sustain its activity. As a consequence, the Directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Whilst the Company has received no guarantees, the Directors have a reasonable expectation, based on experience to date, of continued and sufficient access to funding and capital facilities from its ultimate parent and that the Company has 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.

Directors' indemnities

Qualifying third party indemnity provisions for the benefit of the Company's directors remain in force at the date of this report.

Political donations

The Company has not made any political donations (2019: US\$nil) during the year.

Directors

The Directors, who served throughout the year except as noted, were as follows:

Hiromu Kayamori (resigned on 15 April 2019)

Isao Kajimura (resigned on 31 March 2019)

Makoto Ichikawa (appointed on 1 April 2019)

Teruo Wakahara (appointed on 16 April 2019)

Teruo Wakahara (resigned on 14 February 2020)

Takuji Sasaki (appointed on 14 February 2020)

Makoto Ichikawa (resigned on 2 July 2020)
Tadafumi Kawaguchi (appointed on 2 July 2020)

Auditor

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BDO LLP has expressed their willingness to continue as auditor of the Company and appropriate arrangements have been put in place for them to be re-appointed in the absence of an Annual General Meeting.

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



Tadafumi Kawaguchi
Director
10th July 2020

||

||

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Annual Report and financial statements 31 December 2019

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 'Reduced Disclosure Framework'.

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and to disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO DIRECTORS OF MITSUI POWER VENTURES LIMITED

Opinion

We have audited the financial statements of Mitsui Power Ventures Limited ("the Company") for the year ended 31 December 2019 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website, at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.



Laura Pingree (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London 14 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Statement of comprehensive income

For the year ended 31 December 2019

| | Notes | Year ended 31 December 2019 USD | Year ended 31 December 2018 USD |
|--|-------|---------------------------------------|---------------------------------------|
| Dividend income | 3 | 30,000,000 | 209,776,294 |
| Operating income | | - | 8,597 |
| Administrative expenses | | (113,883) | (304,612) |
| Operating profit | 4 | 29,886,117 | 209,480,280 |
| Impairment of investments | 8 | - | (2,124,023) |
| Interest income | 5 | 14,529 | 62,243 |
| Interest expenses(Guarantee fee) | 6 | (241,322) | (249,089) |
| Foreign exchange gain/(loss) | 6 | 213,775 | (1,307,432) |
| Profit/(loss) on ordinary activities before tax | | 29,873,099 | 205,861,978 |
| Tax credit | 7 | 713,305 | 1,253,152 |
| Profit/(loss) for the year | | 30,586,404 | 207,115,130 |

||

All items disclosed above are derived from continuing operations.

All comprehensive income is attributable to the owners of the company, as there is no non-controlling interest.

The notes on pages 15 to 25 form part of these financial statements.

||

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Statement of financial position

As at 31 December 2019

| | Notes | 31 December 2019 USD | 31 December 2018 USD |
|---------------------------------------|-------|-------------------------|-------------------------|
| Fixed asset investments | 8 | 2,498,612 | 2,498,612 |
| Current assets | | | |
| Debtors due within one year | 9 | 60,230,299 | 5,003,800 |
| Cash at bank | | 3,480,938 | 28,207,099 |
| | | 63,711,237 | 33,210,899 |
| Creditors | | | |
| Amounts due within one year | 10 | (210,368) | (296,434) |
| Net current assets | | 63,500,869 | 32,914,465 |
| Total assets less current liabilities | | 65,999,481 | 35,413,077 |
| Net assets | | 65,999,481 | 35,413,077 |
| Capital and reserves | | | |
| Called up share capital | 11 | 1 | 1 |
| Retained earnings | 12 | 65,999,480 | 35,413,076 |
| Total equity shareholder's funds | 13 | 65,999,481 | 35,413,077 |

The financial statements of Mitsui Power Ventures Limited were approved by the Board of Directors and authorised for issue on 10th July 2020. They were signed on its behalf by:

The notes on pages 15 to 25 form part of these financial statements.



Tadafumi Kawaguchi
Director

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Statement of changes in equity

For the year ended 31 December 2019

| | Share capital | Retained earnings | Total |
|---|---------------|-------------------|---------------|
| | USD | USD | USD |
| As at 1 January 2018 | 81,356,033 | 18,990,249 | 100,346,282 |
| Total comprehensive income for the year | - | 207,115,130 | 207,115,130 |
| Reduction in Share capital | (81,356,032) | - | (81,356,032) |
| Interim dividend (equivalent to USD1.491 per ordinary share) | - | (190,692,303) | (190,692,303) |
| As at 31 December 2018 | 1 | 35,413,076 | 35,413,077 |
| Total comprehensive income for the year | - | 30,586,404 | 30,586,404 |
| Interim dividend | - | - | - |
| As at 31 December 2019 | 1 | 65,999,480 | 65,999,481 |

The notes on pages 15 to 25 form part of these financial statements.

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

1. Basis of preparation

Mitsui Power Ventures Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 3.

The nature of the Company's operations and its principal activities are set out in the Strategic report on page 4. These financial statements are presented in USD because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2019 the financial statements have been prepared in accordance with FRS 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to:

- IAS 1 para 134 to 136 requirement to disclose the Company's objectives, policies and processes for managing capital;
- the requirements of IAS 7 Statement of Cash Flows to present a statement of cash flows for the period and the disclosure of cash flow information;
- financial instruments as required by IFRS 7 Financial Instruments: Disclosures and from the disclosure requirements of IFRS 13 'Fair Value Measurement';
- the requirements in IAS 24 Related Party Disclosures for transactions entered into between two or more members of group undertakings, and key management compensation;
- the requirements of para 30 to 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose when an entity has not applied a new IFRS that has been issued but is not yet effective; and
- IAS 1 para 16 requirement to state compliance with all the requirements of IFRSs.
- Where relevant, equivalent disclosures have been given in the consolidated financial statements of Mitsui & Co., Ltd. The consolidated financial statements of Mitsui & Co., Ltd. are available to the public and can be obtained as set out in note 15.

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

2. Accounting policies

The financial statements are prepared in accordance with FRS 101 and under the historical cost convention. The accounting policies adopted have been consistently applied in the current and prior years and are described below.

Going concern

As set out on the Directors' report on page 6, the Directors believe that the Company has adequate resources and group support to continue in operational existence for the foreseeable future, and accordingly, continue to adopt the going concern basis in preparing these financial statements.

Consolidation

The Company has taken advantage of the exemption clauses within section 401 of the Companies Act 2006 and has not prepared consolidated accounts. The financial statements present information about the Company as an individual entity and not its group. The ultimate parent company of Mitsui Power Ventures Limited is Mitsui & Co. Ltd, a company incorporated in Japan, which prepares consolidated accounts under IFRS. The consolidated financial statements of Mitsui & Co., Ltd. are available to the public and can be obtained as set out in note 15.

Functional currency and foreign exchange

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

All monetary 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 included in the profit or loss. All non-monetary assets and liabilities are recorded at historical cost, and any capital reduction in the investment is recorded using the rate of exchange ruling at the transaction date.

Dividend income

Such income relates to the dividends received on the shares in IPM Eagle LLP Limited except to the extent those payments relate to capital reductions in the investee companies. The dividend income is accrued for when the dividend is declared and when the contractual right to receive the cash is established.

Administrative expenses

Administrative expenses are recognised on an accrual basis.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

2. Accounting policies (continued)**Interest expenses**

Interest expenses are accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to that liability's carrying amount.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment.

Impairment of fixed asset investments

In accordance with IAS 36, impairment tests are carried out where there is an indication that the asset may be impaired. Such indicators may be based on events or changes in the market environment, or on internal sources of information. Fixed asset investments are only tested for impairment when there is an indication that they may be impaired.

The main impairment indicators used are (i) significant changes in the economic, technological, legal, regulatory, political or market environment in which the investee operates, (ii) fall in demand, (iii) changes in energy prices and US dollar exchange rates, (iv) unexpected evidence of obsolescence or physical damage and (v) deterioration in financial performance.

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

2. Accounting policies (continued)**Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, including amounts owed by group depending on the classification of the financial assets.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been affected.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of the estimated future cash flows. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

Financial liabilities

Financial liabilities include borrowings, amounts owed to group undertakings and other creditors, which are measured at amortised cost using the effective interest rate method. The Company derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or they expire.

Critical accounting judgements and key sources of estimation uncertainty

In applying the accounting policies, the Directors are required to make judgements, estimates and assumptions. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

2. Accounting policies (continued)

The key judgements and estimates used in preparing the financial statements predominately relate to the measurement of (i) recoverable amount of fixed asset investments and (ii) recoverability of loan receivables.

The recoverable amount of fixed asset investments is based on estimates and assumptions regarding the expected business outlook, whose sensitivity varies depending on activity, which will affect measurement of future cash flows and applicable discount rate. Any changes in these assumptions may have a material impact on the recoverable amount and could result in adjustments to the impairment test result. The Directors assess the recoverability of its loan receivables on a periodic basis.

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

3. Dividend income

| | Year ended 31 December 2019 USD | Year ended 31 December 2018 USD |
|----------------------------------|---------------------------------------|---------------------------------------|
| Dividend income from investments | 30,000,000 | 209,776,294 |

During 2019, the Company received cash dividends of US\$30,000,000 from IPM Eagle LLP.

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

| | Year ended 31 December 2019 USD | Year ended 31 December 2018 USD |
|---|---------------------------------------|---------------------------------------|
| Audit fee: Fees payable to the Company's auditor for the audit of the financial statements | 22,104 | 20,416 |
| Non-audit services: taxation compliance services | 31,959 54,063 | 56,370 76,786 |
| Directors' emoluments | | |
| Aggregate emoluments | - | - |
| Highest paid Director's emoluments | - | - |

The average number of employees during 2019 was 0 (2018: 0).

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

5. Interest receivable and similar income

| | Year ended 31 December 2019 USD | Year ended 31 December 2018 USD |
|---|---------------------------------------|---------------------------------------|
| Interest on loans to group undertakings | 14,529 | 62,243 |
| | <u>14,529</u> | <u>62,243</u> |

6. Interest payable and similar charges

| | Year ended 31 December 2019 USD | Year ended 31 December 2018 USD |
|---|---------------------------------------|---------------------------------------|
| Interest on loans from group undertakings | - | - |
| Other interest charges(Guarantee fee) | 241,322 | 249,089 |
| | <u>241,322</u> | <u>249,089</u> |
| Foreign exchange (loss) on group relief | (10,471) | (11,148) |
| Other foreign exchange gain/(loss) | 224,246 | (1,295,984) |
| | <u>213,775</u> | <u>(1,307,432)</u> |

7. Taxation

| | Year ended 31 December 2019 USD | Year ended 31 December 2018 USD |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Current tax | | |
| Group relief receivable | - | - |
| Adjustments in respect of prior years | (713,305) | (1,253,152) |
| Total current tax | <u>(713,305)</u> | <u>(1,253,152)</u> |
| Total tax credit | <u>(713,305)</u> | <u>(1,253,152)</u> |

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

7. Taxation (continued)

| | Year ended 31 December 2019 USD | Year ended 31 December 2018 USD |
|--|---------------------------------------|---------------------------------------|
| Profit/(loss) before tax | 29,873,099 | 205,861,978 |
| Tax at statutory rate of 19% (2018: 19%) | 5,675,889 | 39,113,776 |
| Effects of: | | |
| Other expenses not deductible for tax purposes | - | 403,564 |
| Non-taxable income | (5,700,000) | (39,857,496) |
| Loss not consolidated from transparent entities | (343,238) | (504,126) |
| Current year loss not recognised | 367,349 | 844,282 |
| Adjustment in respect of prior years | (713,305) | (1,253,152) |
| Total tax credit | (713,305) | (1,253,152) |

There is an unrecognised deferred tax asset at 31 December 2019 of US\$17m (2018: US\$19.9m) in relation to tax losses carried forward. This asset has not been recognised on the basis that there is insufficient evidence of suitable taxable profits arising in the future against which the asset could be offset. There are no unprovided deferred tax liabilities (2018: US\$nil).

8. Fixed asset investments

| | Investment in partnership undertaking USD | Investment in shares USD | Total USD |
|---------------------|--|--------------------------------|--------------|
| At 1 January 2018 | 45,000 | 56,759,477 | 56,804,477 |
| Addition | - | - | - |
| Disposals | - | (52,181,842) | (52,181,842) |
| Impairment | - | (2,124,023) | (2,124,023) |
| At 31 December 2018 | 45,000 | 2,453,612 | 2,498,612 |
| Addition | - | - | - |
| Disposals | - | - | - |
| Impairment | - | - | - |
| At 31 December 2019 | 45,000 | 2,453,612 | 2,498,612 |

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

8. Fixed asset investments (continued)

The recoverable amount was estimated at US\$2,453,612 on the basis of the value in use, based on the Company's share of the unaudited net assets of IPM UK as of 31 December 2019.

The Company has investments in the following partnership undertakings and other investments which principally affected its profits or net assets.

| | Principal place of business | Principal activity | Holding | % |
|---------------------------|-----------------------------|--------------------|-------------------|-----|
| IPM Eagle LLP | United Kingdom | Investment holding | Partners' capital | 30% |
| IPM Holdings (UK) Limited | United Kingdom | Investment holding | Ordinary shares | 25% |

The registered office address of IPM Eagle LLP and IPM Holdings (UK) Limited is Level 20, 25 Canada Square, London, E14 5LQ.

9. Debtors due within one year

| | 31 December 2019 USD | 31 December 2018 USD |
|---------------------------------------|-------------------------|-------------------------|
| Amounts owed by associates | 30,000,000 | - |
| Amounts owed by other related parties | 30,230,299 | 5,003,800 |
| Other debtors | - | - |
| | <u>60,230,299</u> | <u>5,003,800</u> |

Mitsui & Co., Ltd. (the parent company) has a group policy of cash management to deposit all excess cash with Mitsui & Co. Financial Services (Europe) PLC (MFSE). The Company has an outstanding short term interest bearing deposit of US\$24,700,000 in MFSE at 31 December 2019 (2018: nil).

10. Creditors: amounts falling due within one year

| | 31 December 2019 USD | 31 December 2018 USD |
|---------------------------------|-------------------------|-------------------------|
| Amounts owed to related parties | 152,736 | 112,444 |
| Value added tax | - | 3,510 |
| Others | 84,632 | 180,480 |
| | <u>210,368</u> | <u>296,434</u> |

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

11. Called up share capital

| | 31 December 2019 USD | 31 December 2018 USD |
|---|-------------------------|-------------------------|
| Authorised, issued, called up and fully paid ordinary shares of USD 1.00 each (2018: 1 ordinary shares of USD 1.00 each) | 1 | 1 |

12. Retained earnings

| | 31 December 2019 USD | 31 December 2018 USD |
|------------------------------|-------------------------|-------------------------|
| As at 1 January | 35,413,076 | 18,990,249 |
| Profit/(loss) for the year | 30,586,404 | 207,115,130 |
| Dividends on ordinary shares | - | (190,692,303) |
| As at 31 December | 65,999,480 | 35,413,076 |

13. Reconciliation of movements in equity shareholder's funds

| | 31 December 2019 USD | 31 December 2018 USD |
|------------------------------|-------------------------|-------------------------|
| As at 1 January | 35,413,077 | 100,346,282 |
| Profit/(loss) for the year | 30,586,404 | 207,115,130 |
| Reduction in share capital | - | (81,356,032) |
| Dividends on ordinary shares | - | (190,692,303) |
| Subtotal | 65,999,481 | (64,933,205) |
| As at 31 December | 65,999,481 | 35,413,077 |

Mitsui Power Ventures Limited

Company Registration Number 05180834 (England and Wales)

Notes to the financial statements for the year ended 31 December 2019

14. Related party transactions

As detailed in note 15, the Company is a wholly owned subsidiary of the Mitsui group. As such, the Company has taken advantage of the exemption available in FRS 101 from disclosing transactions with entities that are wholly owned by the group.

The total balances receivable from and payable to related parties are shown in debtors and creditors notes on pages 23.

15. 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 its registered office 2-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8631, Japan. The parent company of both the largest and smallest groups of which the Company is a part is Mitsui & Co., Ltd.

16. Subsequent events

On 18 June 2020, an interim dividend of US\$ 27,000,000 was paid to the Company's sole shareholder.

On March 11, 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. We cannot reasonably estimate the length or severity of this pandemic and its ultimate effect on the markets. The Company is monitoring the potential impact of COVID-19 virus, along with global supply and demand dynamics. The Company has determined that this trigger event will require the Company to test its investment in IPM Eagle LLP and IPM Holdings (UK) Limited for recoverability in subsequent periods. It is reasonably possible that the carrying value of such investments may require an impairment in future periods. The extent to which this event may impact the Company's business will depend on future developments, which are highly uncertain and cannot be predicted at this time.