

National Power Australia Investments Limited

Company No: 02782480

Annual report and financial statements

For the year ended 31 December 2018



National Power Australia Investments Limited
Index to the financial statements

Company No: 02782480

	Page
Strategic report	2
Directors' report	4
Directors' responsibilities statement	6
Independent auditor's report	7
Income statement for the year ended 31 December 2018	10
Statement of financial position as at 31 December 2018	11
Statement of changes in equity for the year ended 31 December 2018	12
Statement of cash flows for the year ended 31 December 2018	13
Notes to the financial statements	14

Strategic report

The Directors present the Strategic report of National Power Australia Investments Limited (*the Company*) for the year ended 31 December 2018.

Principal activities

The Company is an investment holding company.

Business review and KPIs

On 14 September 2018, control of the Company's shares were transferred from International Power Australia Holdings (1) Limited (IPAH1) to International Power Limited (IPL).

This occurred following a number of events which also resulted in the Hazelwood Power Partnership and its partners (including the Company) being divested from the International Power Australia (Holdings) Pty Ltd group of entities. ENGIE SA remains as the controlling party of the Hazelwood Power Partnership (including the company) following the divestment.

The events leading to a change in the control of the Company's shares were as follows:

- The Company issued ordinary shares to IPAH1 valued at A\$605,931,857 in exchange for a promissory note of the same value;
- The Company redeemed their redeemable preference shares valued at A\$605,931,857 that were on issue to IP (Australia) Investments Pty Limited with the promissory note from IPAH1 of the same value provided as consideration;
- The Company undertook a capital reduction to reduce the value of the ordinary shares issued to IPAH1 to nil;
- The Company declared a dividend of A\$32,421,955 which was equal to the outstanding loan balance due from IPAH1. Both parties agreed to offset the dividend payable by the Company and the loan payable by IPAH1;
- IPAH1 transferred 100% of the shares in the Company to IPL for nominal consideration.

These events have impacted the Company results and financial position as at 31 December 2018.

The results of the Company are as follows:

	Year ended 31 December 2018 A\$'000	Year ended 31 December 2017 A\$'000
(Loss) Profit for the financial year	(39,200)	1,343

As shown in the income statement on page 11, a loss for the year ended 31 December 2018 is reported in comparison to the prior year profit. This results from the write-off of the Company's receivables from ENGIE group undertakings, which offsets a dividend payable by the Company to ENGIE group undertakings (refer Note 7 to the financial statements).

The statement of financial position on page 12 of the financial statements shows the Company's financial position at year end of the current and preceding year. The net liabilities have decreased from A\$574,142,000 at 31 December 2017 to a net asset position of A\$0 at 31 December 2018 as a result of the redemption of the Company's redeemable preference shares valued at A\$605,931,857.

The Directors do not monitor the performance of the Company through the use of key performance indicators (KPIs). The ENGIE group manages its business and measures the delivery of its strategic objectives through the application of KPIs at both an ENGIE division and group level.

Strategic report**Principal risks and uncertainties***Investments in group undertakings*

On 31 March 2017, the Hazelwood power generation business ceased operations. The Hazelwood Power Partnership (HPP) and its partners, including the Company, are now focused on the closure and remediation phase of the Hazelwood business.

On 14 September 2018, the following events occurred which have impacted the Company's investments in subsidiary companies:

- Hazelwood Churchill Pty Ltd transferred 0.06% of its interest in HPP to the Company - leaving the Company with a 52% HPP interest; and
- The Company transferred 100% of the shares in Australian Power Partners BV to International Power Limited (IPL) for nominal consideration and, with this, an indirect interest of 20% in Hazelwood Power Partnership.

In addition to the events above, HPP entered into a new funding commitment arrangement ("New Funding Commitment Deed") with International Power Limited (IPL). The agreement enables HPP to meet its obligations with regards to its closure and rehabilitation, including funding of employee redundancy payments and accrued leave entitlements.

The Company has allotted share capital to IPL with the funding provided to HPP, per the arrangement above, as consideration on a periodic basis. The following share capital allotments occurred during the year ended 31 December 2018:

- On 14 September 2018, the Company allotted 2 ordinary shares at A\$6,587,999.00;
- On 5 November 2018, the Company allotted 8,196,000 ordinary shares at A\$1.00; and
- On 18 December 2018, the Company allotted 18,460,000 ordinary shares at A\$1.00.

On 6 November 2018, the Company's investment in European Power Holdings BV (EPH) was expired as EPH was deregistered on this day.

Going concern

The Company had no net current liabilities as at 31 December 2018 (2017: A\$605,932,000). The Directors have considered the application of the going concern basis of accounting. Given the facts that:

- the Company is a non-operating entity; and
- the New Funding Commitment Deed enables HPP to meet its obligations with regards to its closure and rehabilitation,

there are no reasonable grounds on which to expect the Company to incur further liabilities in the future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Loans to group undertakings

On 14 September 2018, the Company declared a dividend of A\$32,421,955 (2017: A\$nil) equal to the outstanding loan balance due from International Power Australia Holdings (1) Limited (IPAH1). Both parties agreed to offset the dividend payable by the Company and the loan payable by IPAH1 which resulted in the loan to IPAH1 being fully settled.

As at 31 December 2018, there are no amounts owed by ENGIE group undertakings.

Strategic report

Interest rate risk

As at 31 December 2018, the Company has no interest-bearing assets and liabilities.

Employees

The Company had no employees (2017: none) and incurred no related costs during the financial year (2017: A\$nil).

Events after the end of the reporting period and future developments

There are no matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

The company has no significant future developments to report.

By order of (approved by and signed on the behalf of) the Board of directors



L Kim
Company Secretary

26 September 2019

Directors' report

The Directors present their annual report and audited financial statements of National Power Australia Investments Limited for the year ended 31 December 2018.

Information disclosed in the Strategic report

The following information has been disclosed in the strategic report and forms part of this report by cross-reference:

- Principal activities
- Business review
- Principal risks and uncertainties, including going concern
- Employees
- Events after the end of the reporting period and future developments

Financial risk management objectives and policies

Please refer to the Strategic report where these have been disclosed.

Going concern

The Company had no net current liabilities as at 31 December 2018 (2017: A\$605,932,000). The Directors have considered the application of the going concern basis of accounting. Given the facts that:

- the Company is a non-operating entity; and
- the New Funding Commitment Deed enables HPP to meet its obligations with regards to its closure and rehabilitation,

there are no reasonable grounds on which to expect the Company to incur further liabilities in the future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The Directors who held office during the financial year and to the date of this report were as follows:

Name	Position held in the Company	Date appointed	Date resigned
M Omura	Director	23 January 2015	14 September 2018
M Donaldson	Chairman	1 July 2017	14 February 2018
M Gantois	Chairman	14 February 2018	8 June 2018
C Wishart	Chairman	8 June 2018	7 December 2018
P Maguire	Chairman	14 September 2018	
L Kim	Director	14 September 2018	
A Honorat	Director	7 December 2018	

Political donations

The Company did not make any political donations during the year (2017: A\$nil).

Share capital

The Company's share capital comprises 2 ordinary shares of £1 each, 2 ordinary shares of A\$6,587,999 each and 26,656,000 ordinary shares of A\$1 each (2017: 2 ordinary shares of £1 each and 605,931,857 preference shares of A\$1). The ordinary shares rank pari passu with each other in respect of all rights, including dividend, voting and return of capital.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and

Directors' report

each Director has taken all the steps that he ought to have taken as a Director 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 Section 418 of the *Companies Act 2006*.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

Directors' and officers' liability insurance

ENGIE S.A. has implemented global insurance arrangements covering the Company's directors and officers against legal liabilities that arise from their position as directors or officers of the Company.

In addition, a local policy has been procured for International Power (Australia) Holdings Pty Ltd and its subsidiaries which cover the Company's directors and officers against similar liabilities.

The terms of the contracts of insurance prohibit the disclosure of the nature of the liabilities insured against and the amount of the premium.

Dividends

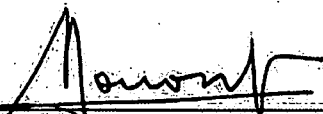
The Directors declared A\$32,421,955 in dividends during the year ended 31 December 2018 (2017: A\$nil). The dividend was equal to the outstanding loan balance due from International Power Australia Holdings (1) Limited (IPAH1) therefore both parties agreed to offset the dividend payable by the Company and the loan payable by IPAH1.

Auditor

Deloitte LLP was appointed as the Company's statutory auditor for the year ended 31 December 2018.

Pursuant to Section 487 of the *Companies Act 2006*, the auditor will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

By order of (approved by and signed on the behalf of) the Board of directors



**A Honorat
Director**

26 September 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 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 judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its 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 the members of National Power Australia Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of National Power Australia Investments Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; and
- the related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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

Independent auditor's report to the members of National Power Australia Investments Limited

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 respect of these matters.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

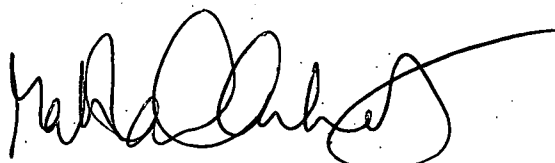
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law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

We have nothing to report in respect of these matters.

Independent auditor's report to the members of National Power Australia Investments Limited

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.



Makhan Chahal ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
26 September 2019

Income statement

For the year ended 31 December 2018

		Year ended 31 December 2018 A\$'000	Year ended 31 December 2017 A\$'000
	Note		
Reversal of impairment loss on amounts owed by ENGIE group undertakings			440
Waiver of amounts owed by ENGIE group undertakings			(2)
Amounts written off investments	6	(39,832)	
(Loss) Profit before interest and tax		(39,832)	438
Interest receivable and similar income	4	632	905
(Loss) Profit before taxation		(39,200)	1,343
Tax charge on profit	5	-	-
(Loss) Profit for the financial year		(39,200)	1,343

All results are from continuing operations.

There is no other comprehensive income attributable to the shareholder of the Company (2016: nil).

The notes on pages 14 to 32 form part of these financial statements.

National Power Australia Investments Limited

Company No: 02782480

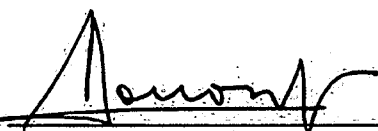
Statement of financial position**As at 31 December 2018**

		As at 31 December 2018 A\$'000	As at 31 December 2017 A\$'000
Fixed assets	Note		
Investments	6	-	-
Non-current assets			
Debtors	7	-	31,790
		-	31,790
Creditors: amounts falling due within one year	8	-	(605,932)
Net current liabilities		-	(605,932)
Total assets less current liabilities		-	(574,142)
Net assets		-	(574,142)
Capital and reserves			
Called-up share capital	9	39,832	-
Retained loss		(39,832)	(574,142)
Equity shareholder's funds		-	(574,142)

The notes on pages 14 to 32 form part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on

26 September 2019 and signed on its behalf by:



A Honorat
Director

Statement of changes in equity

For the year ended 31 December 2018

	Called-up share capital A\$'000	Retained loss A\$'000	Total A\$'000
Equity shareholder's funds at 1 January 2017	-	(575,485)	(575,485)
Profit for the financial year	-	1,343	1,343
Equity shareholder's funds at 31 December 2017	-	(574,142)	(574,142)
Equity shareholder's funds at 1 January 2018	-	(574,142)	(574,142)
Loss for the financial year	-	(39,200)	(39,200)
Total comprehensive income	-	(39,200)	(39,200)
Reduction of share capital (Note 8)		605,932	605,932
Dividends to equity holders/distributions (Note 7)		(32,422)	(32,422)
Issue of share capital	39,832	-	39,832
Total transactions with equity holders	39,832	573,510	613,342
Equity shareholder's funds at 31 December 2018	39,832	(39,832)	-

The notes on pages 14 to 32 form part of these financial statements.

National Power Australia Investments Limited

Company No: 02782480

Statement of cash flows**For the year ended 31 December 2018**

	Note	Year ended 31 December 2018 A\$'000	Year ended 31 December 2017 A\$'000
Cash flows from operating activities			
Net cash from operating activities		-	-
Cash flows from investing activities			
Net cash used in investing activities		-	-
Cash flows from financing activities			
Net cash used in financing activities		-	-
Net increase/(decrease) in cash held		-	-
Cash and cash equivalents - 1 January		-	-
Cash and cash equivalents - 31 December		-	-

Note: The Company does not operate banking facilities.

The notes on pages 14 to 32 form part of these financial statements.

Notes to the financial statements**For the year ended 31 December 2018****General information**

National Power Australia Investments Limited (*the Company*) is a private limited company incorporated in England and Wales and domiciled in Australia. The Company is limited by shares. The address of its registered office is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom. The nature of the Company's operations and its principal activities are set out in the Strategic report on pages 2 to 3.

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Basis of preparation

The Company meets the definition of a qualifying entity under FRS (*Financial Reporting Standard*) 100 issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with FRS 101 *Reduced Disclosure Framework* and in accordance with applicable accounting standards. These financial statements have also been prepared on the going concern basis, and under the historical cost convention.

The Company had no net current liabilities as at 31 December 2018 (2017: A\$605,932,000). The Directors have considered the application of the going concern basis of accounting. Given the facts that:

- the Company is a non-operating entity; and
- the New Funding Commitment Deed enables HPP to meet its obligations with regards to its closure and rehabilitation,

there are no reasonable grounds on which to expect the Company to incur further liabilities in the future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

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

- (a) Financial instruments as required by IFRS 7 *Financial Instruments, Disclosures*;
- (b) the requirement in paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information in respect of paragraph 79(a)(iv) of IAS 1 (a reconciliation of the number of shares outstanding at the beginning and at the end of the period);
- (c) the following paragraphs of IAS 1:
 - i. 16 (the requirement to make an explicit and unreserved statement of compliance with IFRSs),
 - ii. 38B-D (the requirement to disclose comparative information for narrative disclosures information going beyond the requirements of IFRSs additional comparative information),
 - iii. 40A-D (the requirement to present a third statement of financial position), and
 - iv. 134 to 136 (the requirement to disclose the entity's objectives, policies and processes for managing capital);
- (d) the requirements of paragraphs 30 and 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;
- (e) the requirements of paragraph 17 and 18A of IAS 24 *Related Party Disclosures* to disclose key management personnel compensation; and
- (f) the requirements in IAS 24 *Related Party Disclosures* to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Notes to the financial statements**For the year ended 31 December 2018****(a) Basis of preparation (continued)**

Where relevant, equivalent disclosures have been given in the group accounts of ENGIE S.A.. The group accounts of ENGIE S.A. are available to the public and can be obtained as set out in note 11.

The Company is a wholly owned subsidiary of International Power Limited and of its ultimate parent, ENGIE S.A.. It is included in the consolidated financial statements of ENGIE S.A. which are publicly available. Therefore, under Section 400 of the *Companies Act 2006* and paragraph 4(a) of IFRS 10 *Consolidated Financial Statements*, the Company is exempt from the requirement to prepare consolidated financial statements. Consequently, these financial statements present information about the Company as an individual undertaking and not its group.

The Company's functional currency is Australian dollars. The financial statements of the Company are presented in Australian dollars and are rounded to the nearest thousand Australian dollars.

New standards, interpretations and amendments adopted by the Company

The Company has not early adopted any standard, interpretations or amendment that has been issued but is not for an accounting period that begins on or after 1 January 2018.

The Company has applied a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2018. These comprise:

- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation,
- Amendments to IAS 1 Disclosure Initiative,
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception,
- The Annual Improvements 2012-2014 cycle,
- Introduction of IFRS 9 Financial Instruments, and
- Introduction of IFRS 15 Revenue from Contracts with Customers.

Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(b) Foreign currencies

Foreign currency transactions are recorded in the functional currency at the exchange rates prevailing on the date of the transactions. At each reporting date:

- Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. The related translation gains and losses are recorded in the profit and loss account for the year to which they relate; and
- Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical cost applicable at the date of the transaction.

(c) Dividend income

Dividend income is recognised in the income statement when the Company's right to receive payment is established.

Notes to the financial statements**For the year ended 31 December 2018****(d) 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 net carrying amount.

(e) Taxation

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 reporting date.

In accordance with IAS 12 *Income taxes*, deferred taxes are recognised according to the liability method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases, using tax rates that have been enacted or substantively enacted by the reporting date. However, no deferred taxes are recognised for temporary differences arising from the initial recognition of an asset or liability in a transaction which, at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognised to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilised.

Deferred taxes are reviewed at each reporting date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

(f) Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment. At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the asset's recoverable amount (greater of fair value less cost to sell and value in use). Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

(g) Amounts owed by group undertakings

Amounts owed by group undertakings are carried at amortised cost using the effective interest method less allowances for estimated impairment.

(h) Financial instruments

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

Financial assets and financial liabilities are initially measured 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.

Notes to the financial statements

For the year ended 31 December 2018

(h) Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see *Equity instruments designated as at FVTOCI* below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see *Financial assets at FVTPL* below).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Notes to the financial statements**For the year ended 31 December 2018****(h) Financial instruments (continued)**

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "interest income" line item (note 4).

Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

Notes to the financial statements**For the year ended 31 December 2018****(h) Financial instruments (continued)***Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see *Amortised cost and effective interest method* and *Equity instruments designated as at FVTOCI* above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see *Equity instruments designated as at FVTOCI* above).
- Debt instruments that do not meet the amortised cost criteria (see *Amortised cost and effective interest method* above) or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'Unrealised gains on financial instruments' line item in the statement of profit or loss and other comprehensive income.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions 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.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes to the financial statements**For the year ended 31 December 2018****(h) Financial instruments (continued)**

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments**Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Notes to the financial statements**For the year ended 31 December 2018****(h) Financial instruments (continued)***Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) a contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Unrealised gains on financial instruments' line item in the statement of profit or loss and other comprehensive income.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

Notes to the financial statements**For the year ended 31 December 2018****(h) Financial instruments (continued)***Financial liabilities measured subsequently at amortised cost*

Financial liabilities that are not (i) a contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 20.

Derivatives are classified as at FVTPL in line with the notes above at the date the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge 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; and

the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Notes to the financial statements**For the year ended 31 December 2018****(h) Financial instruments (continued)**

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Company designates only the intrinsic value of option contracts as a hedged item, i.e. excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time-period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis – the Company applies straight-line amortisation. Those reclassified amounts are recognised in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognised non-financial item. Furthermore, if the Company expects that some or all of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Notes to the financial statements**For the year ended 31 December 2018****(h) Financial instruments (continued)***Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the

ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Company expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Company discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

(i) Critical accounting estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires the use of estimates and judgements to determine the value of assets and liabilities, and contingent assets and liabilities at the balance sheet date, as well as income and expenses reported during the period.

The Company regularly revises its estimates and judgements in light of currently available information because of uncertainties inherent in the estimation process. Final outcomes could differ from those estimates and judgements.

The key estimates and judgements used in preparing the Company's financial statements predominately relate to:

- the recoverable amount of investments
- recoverability of debtors

Recoverable amount of investments

Determining whether the Company's investments in its subsidiaries have been impaired requires estimation of the investments' value in use. The value in use calculation requires the Company to estimate the future cash flows expected to be generated from the investees and a suitable discount rate in order to calculate present values. The carrying amount of the investments at the reporting date was A\$nil. No impairment loss was recognised during the year.

Notes to the financial statements

For the year ended 31 December 2018

(i) Critical accounting estimates and judgements (continued)

Recoverability of debtors

Management regularly assesses whether there is objective evidence that an impairment loss on debtors has been incurred. The Company's risk management procedures include an assessment of risk – in particular counterparty risk – in the measurement of its financial instruments.

(j) Going concern

The Company had no net current liabilities as at 31 December 2018 (2017: A\$605,932,000). The Directors have considered the application of the going concern basis of accounting. Given the facts that:

- the Company is a non-operating entity; and
- the New Funding Commitment Deed enables HPP to meet its obligations with regards to its closure and rehabilitation,

there are no reasonable grounds on which to expect the Company to incur further liabilities in the future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

2 Directors' and employees' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2017: A\$nil) directly attributable to their position within the Company. There exist no qualifying services from Directors attributable to the company and Director fees are paid by other entities in their management of the group as a whole (of which nil is applicable to this entity).

The Company had no employees during this financial year (2017: none).

3 Auditor's remuneration

The auditor's remuneration in respect of the statutory audit for the year ended 31 December 2018 and 31 December 2017 was borne by International Power (Australia) Pty Limited.

The auditor's remuneration was as follows:

	Year ended 31 December 2018 A\$'000	Year ended 31 December 2017 A\$'000
Auditor's remuneration for the year	8	8

4 Interest receivable and similar income

	Year ended 31 December 2018 A\$'000	Year ended 31 December 2017 A\$'000
Interest receivable from ENGIE group undertakings	632	905

ENGIE group undertakings are subsidiaries of ENGIE S.A.

National Power Australia Investments Limited

Company No: 02782480

Notes to the financial statements**For the year ended 31 December 2018****5 Tax charge on profit**

	Year ended 31 December 2018 A\$'000	Year ended 31 December 2017 \$'000
Reconciliation of the total tax charge		
(Loss) Profit before tax	(39,200)	1,343
Current tax credit / (charge) at 30% (2017: 30%)	11,760	(403)
Derecognition of Australian income tax (asset) / liability	(11,760)	403
Total tax	-	-

Derecognition of Australian income tax asset (2017 liability) relates to the contractual agreement for all Australian tax credits and charges recognised by National Power Australia Investments Limited to be settled within the group with no consideration due.

6 Investments

At 31 December 2018 and 31 December 2017, the Company had the following directly held subsidiaries:

Name	Address of registered office and business address	Type of shares	Ownership 2018	Ownership 2017
Hazelwood Power Partnership	Level 33, Rialto South Tower, 525 Collins Street, Melbourne, Victoria 3000 Australia.	Partners' capital	52%	71.94%
Australia Power Partners BV	Level 33, Rialto South Tower, 525 Collins Street, Melbourne, Victoria 3000 Australia.	Ordinary shares	0%	100%
European Power Holdings BV (i)	Level 33, Rialto South Tower, 525 Collins Street, Melbourne, Victoria 3000 Australia.	Ordinary shares	0%	100%

(i) This entity was deregistered on 6 November 2018.

At 31 December 2018 and 31 December 2017, the Company had the following indirectly held investments:

Name	Address of registered office and business address	Type of shares	Ownership 2018	Ownership 2017
Hazelwood Power Corporation Pty Ltd	Level 33, Rialto South Tower, 525 Collins Street, Melbourne, Victoria 3000 Australia.	Ordinary shares	52%	71.94%
Australia Power Investments BV (i)	Level 33, Rialto South Tower, 525 Collins Street, Melbourne, Victoria 3000 Australia.	Ordinary shares	0%	100%

(i) This entity was deregistered on 12 October 2018.

Notes to the financial statements

For the year ended 31 December 2018

6 Investments (continued)

On 14 September 2018, the following events occurred which have impacted the Company's investments in subsidiary companies:

- Hazelwood Churchill Pty Ltd transferred 0.06% of its interest in the Hazelwood Power Partnership leaving the Company with 52% direct ownership; and
- The Company transferred 100% of the shares in Australian Power Partners BV to IPR for nominal consideration and, with this, an indirect interest of 20% in Hazelwood Power Partnership and 100% in Australian Power Investments BV.

In addition to the events above, Hazelwood Power Partnership (HPP) entered into a new funding commitment arrangement ("New Funding Commitment Deed") with International Power Limited (IPL). The agreement enables HPP to meet its obligations with regards to its closure and rehabilitation, including funding of employee redundancy payments and accrued leave entitlements.

The Company has allotted share capital to IPL with the funding provided to HPP, per the arrangement above, as consideration on a periodic basis. The following share capital allotments occurred during the year ended 31 December 2018:

- On 14 September 2018, the Company allotted 2 ordinary shares at A\$6,587,999.00;
- On 5 November 2018, the Company allotted 8,196,000 ordinary shares at A\$1.00; and
- On 18 December 2018, the Company allotted 18,460,000 ordinary shares at A\$1.00.

As these contributions fund the HPP's station and mine rehabilitation they are irrecoverable and have thus been impaired.

	Subsidiary undertakings A\$'000
Cost	
At 31 December 2017	737,360
Contributions	39,832
At 31 December 2018	<u>777,192</u>
Impairment	
At 31 December 2017	(737,360)
Impairment loss	(39,832)
At 31 December 2018	<u>(777,192)</u>
Net book value	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>-</u>

Notes to the financial statements

For the year ended 31 December 2018

7 Debtors

	As at 31 December 2018 A\$'000	As at 31 December 2017 A\$'000
Amounts owed by ENGIE group undertakings:		
Interest	-	1,792
Loan	-	250,933
	-	252,725
Provision for impairment of amounts owed by ENGIE group undertakings	-	(220,935)
Net debtors: amounts falling due after one year	-	31,790

ENGIE group undertakings are subsidiaries of ENGIE S.A.

On 14 September 2018, the Company declared a dividend of A\$32,421,955 (A\$1216.12 per share) (2017: A\$nil) equal to the outstanding loan balance due from International Power Australia Holdings (1) Limited (IPAH1). Both parties agreed to offset the dividend payable by the Company and the loan payable by IPAH1 which resulted in the loan to IPAH1 being fully settled.

As at 31 December 2018, there are no amounts owed by ENGIE group undertakings.

8 Creditors: amounts falling due within one year

	As at 31 December 2018 A\$'000	As at 31 December 2017 A\$'000
Preference shares	-	605,932
	-	605,932

The Company redeemed their redeemable preference shares valued at A\$605,931,857 (2017: A\$nil) which were on issue to IP (Australia) Investments Pty Limited with a promissory note from International Power Australia Holdings (1) Limited of the same value provided as consideration.

9 Issued and called-up share capital

	As at 31 December 2018 A\$'000	As at 31 December 2017 A\$'000
Issued and called-up share capital:		
2 ordinary shares of £1.00 each (2017: 2 shares of £1.00 each)	-	-
2 ordinary shares of A\$6,587,999.00 each (2017: 0)	13,176	-
26,656,000 ordinary shares of A\$1.00 each (2017: 0)	26,656	-
	39,832	-

Notes to the financial statements**For the year ended 31 December 2018****9 Called-up share capital (continued)**

On 14 September 2018, control of the Company's shares were transferred from International Power Australia Holdings 1 Limited (IPAH1) to International Power Limited (IPL).

The Company also allotted the following shares to IPL:

- On 14 September 2018, the Company allotted 2 ordinary shares at A\$6,587,999.00;
- On 5 November 2018, the Company allotted 8,196,000 ordinary shares at A\$1.00; and
- On 18 December 2018, the Company allotted 18,460,000 ordinary shares at A\$1.00.

The share capital represents the Ordinary Shares in the Company issued at par which carry a right to participate in the distribution of dividends or capital of the Company.

Ordinary shares rank equally between each other with regard to voting rights, the right to receive dividends and also in a distribution of assets on the winding up of the Company.

10 Related party disclosure

As at 31 December 2018, the Company and its parent, International Power Limited, were wholly owned subsidiaries of ENGIE S.A. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 and has therefore not disclosed transactions with wholly owned subsidiaries of ENGIE S.A. There are no transactions with related parties that are not wholly owned by ENGIE S.A.

As at 31 December 2017, the Company and its parent at that time, International Power Australia Holdings (1) Limited, were wholly owned subsidiaries of International Power (Australia) Holdings Pty Limited. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 and has therefore not disclosed transactions with wholly owned subsidiaries of International Power (Australia) Holdings Pty Limited. There are no transactions with related parties that are not wholly owned by International Power (Australia) Holdings Pty Limited.

The balances outstanding with related parties are as follows:

	As at 31 December 2018 A\$'000	As at 31 December 2017 A\$'000
Amounts owed by related parties		
Parent		31,790

The loans International Power Australia Holdings (1) Limited were made on an arm's length basis.

Notes to the financial statements

For the year ended 31 December 2018

11 Controlling party and ultimate parent undertaking

The Company's immediate parent undertaking is International Power Limited, the registered address of which is Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

The Directors consider the Company's ultimate parent undertaking and controlling party to be ENGIE S.A. which was incorporated in France and is headquartered in Paris, France and which is the parent undertaking of the largest group in which the results of the Company are consolidated for the year ended 31 December 2018 and the year ended 31 December 2017. The consolidated financial statements of ENGIE S.A., may be obtained from its registered office at 1 Place Samuel de Champlain, 92400 Courbevoie, Paris, France.

The smallest group in which the results of the Company were consolidated for the year ended 31 December 2018 was that headed by ENGIE S.A. and for the year ended 31 December 2017 it was that headed by International Power (Australia) Holdings Pty Limited incorporated in Australia. The consolidated financial statements of International Power (Australia) Holdings Pty Limited for the year ended 31 December 2017 may be obtained from its registered office by calling or writing to Level 33, Rialto South Tower, 525 Collins Street, Melbourne, Victoria 3000.

12 Subsequent events

There are no matters or circumstances occurring subsequent to the end of the financial year that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Notes to the financial statements**For the year ended 31 December 2018****13 Contingent liabilities***Hazelwood mine fire*

The Hazelwood coal mine was impacted by a fire which broke out in a number of locations on 9 February 2014 as a consequence of spotting from adjacent bushfire activity. The fire took hold in the mine and took approximately 45 days to be brought under control. Hazelwood worked with authorities including the Country Fire Authority (CFA) and Metropolitan Fire Brigade (MFB) to extinguish the fire.

A Board of Inquiry in relation to the mine fire, chaired by the Hon. Justice Bernard Teague, was established by the Victorian Government on 21 March 2014, and a further Board of Inquiry process commenced on 26 May 2015 in relation to (amongst other matters) potential health impacts of the mine fire and future operations for rehabilitating mines in the Latrobe Valley. The Boards of Inquiry presented reports to the Governor of Victoria on 29 August 2014, 31 August 2015, 2 December 2015, 29 January 2016 and 7 April 2016.

The reports made a number of recommendations concerning Hazelwood, Victorian State Government agencies, the CFA and MFB in respect of a diverse range of issues including fire preparedness and response, inter-agency cooperation, communications with the community, mine rehabilitation and public health. In addition, the Board affirmed a range of actions which various parties had committed to undertaking throughout the course of the inquiries. The various affirmations and recommendations attributable to Hazelwood are either completed or ongoing / progressing satisfactorily. Progress on the implementation of these affirmations and recommendations is formally reported in an annual report prepared by the Hazelwood Mine Fire Inquiry Implementation Monitor / Inspector-General for Emergency Management.

On 4 February 2016, WorkSafe Victoria commenced prosecution proceedings against Hazelwood Power Corporation Pty Ltd (HPC) (a subsidiary of the HPP) for alleged offences under ss 21 and 23 of the Occupational Health and Safety Act 2004 (Vic) in relation to the February 2014 mine fire. There are 14 charges the subject of the proceeding before the Supreme Court of Victoria, with the maximum statutory penalty that may be imposed in the event of a conviction on all charges of A\$18,189,360.

On 15 March 2016, the Victorian Environment Protection Authority commenced proceedings against the four HPP entities for alleged breaches of s 41(1) of the Environment Protection Act 1970 (Vic) in relation to the mine fire. There are 12 charges the subject of the proceeding before the Supreme Court of Victoria (3 charges against each HPP entity). The maximum legislative penalty that may be imposed in the event of a conviction on all charges is A\$4,157,568 (or for each HPP entity, A\$1,039,392).