

National Power Australia Investments Limited

Company No: 02782480

Annual report and financial statements

For the year ended 31 December 2019

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National Power Australia Investments Limited
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National Power Australia Investments Limited

Company No: 02782480

Strategic report

The Directors present the Strategic report of National Power Australia Investments Limited (*the Company*) for the year ended 31 December 2019.

Principal activities

The Company is an investment holding company.

Business review and KPI's

The results of the Company are as follows:

	Year ended 31 December 2019 A\$'000	Year ended 31 December 2018 A\$'000
Loss for the financial year	(88,140)	(39,200)

As shown in the income statement on page 10, a loss for the year ended 31 December 2019 has increased in comparison to the prior year due to the impairment of its contributions to fund Hazelwood Power Partnership's (HPP's) station and mine rehabilitation (refer Note 6 to the financial statements).

The statement of financial position on page 11 of the financial statements shows the Company's financial position at year end of the current and preceding year. The net liabilities remain unchanged at A\$nil from 31 December 2018 to 31 December 2019.

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.

Principal risks and uncertainties*Investments in group undertakings*

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 leaving the Company with 52% direct ownership; 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 HPP.

In addition to the events above, HPP entered into a new funding commitment arrangement ("New Funding Commitment Deed") with 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 2019:

- On 28 March 2019, the Company allotted 24,232,000 ordinary shares at A\$1.00; and
- On 27 June 2019, the Company allotted 11,492,000 ordinary shares at A\$1.00.
- On 26 September 2019, the Company allotted 27,716,000 ordinary shares at A\$1.00.
- On 19 December 2019, the Company allotted 24,700,000 ordinary shares at A\$1.00.

National Power Australia Investments Limited**Company No: 02782480****Strategic report***Going concern*

The Company had no net current liabilities as at 31 December 2019 (2018: A\$nil). 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; and
- the track record of IPL and ENGIE Group for provision of financial support (such as guarantees and renewal of funding arrangements),

the Company do not expect to incur further liabilities in the future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The COVID-19 outbreak has had some negative impacts on the operations of the Company in early 2020. The Directors have considered these impacts and the future outlook for the Company and are satisfied that the going concern basis remains appropriate.

Interest rate risk

As at 31 December 2019, the Company has no interest-bearing assets and liabilities.

Employees

The Company had no employees (2018: none) and incurred no related costs during the financial year (2018: A\$nil).

Section 172(1) Statement

The Directors have considered the matters set out in Section 172(1)(a) to (f) when performing their duty to promote the success of the Company. In rehabilitating a coal mine and power station, the following are key:

- manage the spending of the rehabilitation project;
- the impact of the company's operation on the community and the environment;
- working closely with suppliers and contractors; and
- working safely

The directors have constant regard for each of these aspects of the company's operations to ensure that decisions made are both in the best interests of the Company and are fair to the Company's multiple stakeholders.

The Board meets regularly to oversee implementation of the Company's strategy. This includes, but is not limited to, reviewing the Company's performance against project forecasts, assessing compliance with environmental regulations and maintaining high level of active training to promote a safe working environment, all of which contribute directly to the long term success of the Company.

National Power Australia Investments Limited

Company No: 02782480

Strategic report**Events after the end of the reporting period and future developments***COVID-19 outbreak*

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The Company considers this to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not been reflected in the Company's financial statements at 31 December 2019.

As at the date these financial statements are authorised for issue, the directors of the company considered that the financial effects of COVID-19 on the Company's financial statements to be immaterial.

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.

On 4 February 2016, WorkSafe Victoria commenced prosecution proceedings against Hazelwood for alleged breaches of the Occupational Health and Safety Act 2004 (Vic) in relation to the mine fire. On 20 November 2019, a jury found Hazelwood to be guilty in relation to 10 of the 12 charges. On 19 May 2020, Hazelwood was fined \$1.56m in respect of these charges.

On 15 March 2016, the Victorian Environment Protection Authority commenced proceedings against Hazelwood for alleged breaches of s 41(1) of the Environment Protection Act 1970 (Vic) in relation to the mine fire. On 22 July 2019, a jury found Hazelwood guilty of causing air pollution in breach of the Act. On 19 May 2020, Hazelwood was fined \$0.38m in respect of this breach.

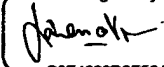
On 7 February 2020, the Country Fire Authority (CFA) commenced legal proceedings against Hazelwood to recover \$18.3m in respect of firefighting activities carried out by the CFA during the Hazelwood mine fire in 2014. The claim will be vigorously defended by Hazelwood.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the entity in subsequent 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

DocuSigned by:



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L Kim**Company Secretary****18 December 2020**

National Power Australia Investments Limited

Company No: 02782480

Directors' report

The Directors present their annual report and audited financial statements of National Power Australia Investments Limited for the year ended 31 December 2019.

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 2019 (2018: A\$nil). The Directors have considered the application of the going concern basis of accounting. Given the facts that:

- the Company is a non-operating entity;
- the New Funding Commitment Deed enables HPP to meet its obligations with regards to its closure and rehabilitation; and
- the track record of IPL and ENGIE Group for provision of financial support (such as guarantees and renewal of funding arrangements),

the Company do not expect to incur further liabilities in the future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The COVID-19 outbreak has had some negative impacts on the operations of the Company in early 2020. The Directors have considered these impacts and the future outlook for the Company and are satisfied that the going concern basis remains appropriate.

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
P Maguire	Chairman	14 September 2018
L Kim	Chairman	14 September 2018
A Honorat	Director	7 December 2018

Political donations

The Company did not make any political donations during the year (2018: 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 114,796,000 ordinary shares of A\$1 each (2018: 2 ordinary shares of £1 each, 2 ordinary shares of A\$6,587,999 each and 26,656,000 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.

National Power Australia Investments Limited

Company No: 02782480

Directors' report

Disclosure of information to 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 are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of 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

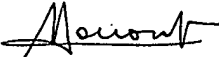
The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: A\$32,421,955).

Auditor

Deloitte LLP was appointed as the Company's statutory auditor for the year ended 31 December 2019.

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

DocuSigned by:

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A Honorat
Director
18 December 2020

National Power Australia Investments Limited

Company No: 02782480

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; 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.

National Power Australia Investments Limited

Company No: 02782480

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 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; 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 11.

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).

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.

National Power Australia Investments Limited

Company No: 02782480

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

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 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.

National Power Australia Investments Limited

Company No: 02782480

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

Matters on which we are required to report by exception

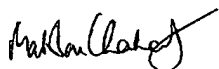
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

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, United Kingdom
18 December 2020

National Power Australia Investments Limited

Company No: 02782480

Income statement

For the year ended 31 December 2019

		Year ended 31 December 2019 A\$'000	Year ended 31 December 2018 A\$'000
	Note		
Amounts written off investments	6	(88,140)	(39,832)
Loss before interest and tax		(88,140)	(39,832)
Interest receivable and similar income	4	-	632
Loss before taxation		(88,140)	(39,200)
Tax charge on loss	5	-	-
Loss for the financial year		(88,140)	(39,200)

All results are from continuing operations.

There is no other comprehensive income attributable to the shareholder of the Company (2018: nil).

The notes on pages 15 to 22 form part of these financial statements.

National Power Australia Investments Limited

Company No: 02782480

Statement of financial position**As at 31 December 2019**

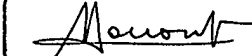
		As at 31 December 2019 A\$'000	As at 31 December 2018 A\$'000
Fixed assets			
Investments	6	-	-
		-	-
Non-current assets		-	-
Net current liabilities		-	-
Total assets less current liabilities		-	-
Net assets		-	-
Capital and reserves			
Called-up share capital	7	127,972	39,832
Retained loss		(127,972)	(39,832)
Equity shareholder's funds		-	-

The notes on pages 15 to 22 form part of these financial statements.

These financial statements of National Power Australia Investments Limited (Company no. 02782480) were approved by the Board of Directors and authorised for issue on 18 December 2020.

They were signed on its behalf by:

DocuSigned by:



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A Honorat
Director

National Power Australia Investments Limited

Company No: 02782480

Statement of changes in equity

For the year ended 31 December 2019

	Called-up share capital A\$'000	Retained loss A\$'000	Total A\$'000
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 (i)	-	605,932	605,932
Dividends to equity holders/distributions (ii)	-	(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)	-
Equity shareholder's funds at 1 January 2019	39,832	(39,832)	-
Loss for the financial year	-	(88,140)	(88,140)
Total comprehensive income	-	(88,140)	(88,140)
Issue of share capital (iii)	88,140	-	88,140
Total transactions with equity holders	88,140	-	88,140
Equity shareholder's funds at 31 December 2019	127,972	(127,972)	-

- (i) On 14 September 2018, the Company redeemed their redeemable preference shares valued at A\$605,931,857 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.
- (ii) On 14 September 2018, the Company declared a dividend of A\$32,421,955 (A\$1216.12 per share) 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.
- (iii) Proceeds from issue of share capital were immediately used as an additional investment in HPP. Investments were subsequently impaired (refer to Note 6 and 7).

The notes on pages 15 to 22 form part of these financial statements.

National Power Australia Investments Limited

Company No: 02782480

Statement of cash flows

For the year ended 31 December 2019

		Year ended 31 December 2019 A\$'000	Year ended 31 December 2018 A\$'000
	Note		
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 15 to 22 form part of these financial statements.

National Power Australia Investments Limited

Company No: 02782480

Notes to the financial statements

For the year ended 31 December 2019

General information

National Power Australia Investments Limited (*the Company*) is a private limited company incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. 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.

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.

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 9.

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

National Power Australia Investments Limited

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Notes to the financial statements

For the year ended 31 December 2019

(a) Basis of preparation (continued)

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 2019.

The Company has applied IFRS 16 Leases which was issued by the International Accounting Standards Board (IASB) is mandatorily effective for an accounting period that begins on or after 1 January 2019.

The adoption of IFRS 16 has had no impact on the disclosures or on the amounts reported in these financial statements.

(b) Going concern

The Company had no net current liabilities as at 31 December 2019 (2018: A\$nil). The Directors have considered the application of the going concern basis of accounting. Given the facts that:

- the Company is a non-operating entity;
- the New Funding Commitment Deed enables HPP to meet its obligations with regards to its closure and rehabilitation; and
- the track record of IPL and ENGIE Group for provision of financial support (such as guarantees and renewal of funding arrangements),

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.

The COVID-19 outbreak has had some negative impacts on the operations of the Company and its customers in early 2020. The Directors have considered these impacts and the future outlook for the Company and are satisfied that the going concern basis remains appropriate.

(c) 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.

(d) Dividend income

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

National Power Australia Investments Limited

Company No: 02782480

Notes to the financial statements

For the year ended 31 December 2019

(e) 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.

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

National Power Australia Investments Limited

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Notes to the financial statements**For the year ended 31 December 2019***Current tax and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

(g) 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.

(h) 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.

(i) Impairment of financial assets

The Company assess on a forward-looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For receivables, the Company requires expected lifetime losses to be recognised from initial recognition of the receivables. Lifetime ECL represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(j) 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.

There are no significant areas of estimation, uncertainty and critical judgements in the application of accounting policies that had a significant effect on the values recognised in the financial statements.

2 Directors' and employees' remuneration

The Directors did not receive any fees or emoluments from the Company during the year (2018: 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 (2018: none).

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Notes to the financial statements

For the year ended 31 December 2019

3 Auditor's remuneration

The auditor's remuneration in respect of the statutory audit for the year ended 31 December 2019 and 31 December 2018 was borne by International Power (Australia) Pty Limited.

The auditor's remuneration was as follows:

	Year ended 31 December 2019 A\$'000	Year ended 31 December 2018 A\$'000
Auditor's remuneration for the year	14	8

4 Interest income

	Year ended 31 December 2019 A\$'000	Year ended 31 December 2018 A\$'000
Interest income from ENGIE group undertakings	-	632

ENGIE group undertakings are subsidiaries of ENGIE S.A..

5 Tax charge on profit

	Year ended 31 December 2019 A\$'000	Year ended 31 December 2018 A\$'000
Total tax (charge)	-	-

	Year ended 31 December 2019 A\$'000	Year ended 31 December 2018 A\$'000
Reconciliation of the total tax charge		
Loss before tax	(88,140)	(39,200)
Current tax credit at 30% (2018: 30%)	26,442	11,760
Derecognition of Australian income tax asset	(26,442)	(11,760)
Total tax	-	-

The Company is a tax resident of Australia and therefore a tax reconciliation using the Australian Corporate tax rate has been presented above.

Derecognition of Australian income tax asset 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.

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Notes to the financial statements

For the year ended 31 December 2019

6 Investments

At 31 December 2019 and 31 December 2018, the Company had the following directly held subsidiaries:

Name	Address of registered office and business address	Type of shares	Ownership 2019	Ownership 2018
Hazelwood Power Partnership	Level 33, Rialto South Tower, 525 Collins Street, Melbourne, Victoria 3000 Australia.	Partners' capital	52%	52%

At 31 December 2019 and 31 December 2018, the Company had the following indirectly held investments:

Name	Address of registered office and business address	Type of shares	Ownership 2019	Ownership 2018
Hazelwood Power Corporation Pty Ltd	Level 33, Rialto South Tower, 525 Collins Street, Melbourne, Victoria 3000 Australia.	Ordinary shares	52%	52%

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 2019:

- On 28 March 2019, the Company allotted 24,232,000 ordinary shares at A\$1.00; and
- On 27 June 2019, the Company allotted 11,492,000 ordinary shares at A\$1.00.
- On 26 September 2019, the Company allotted 27,716,000 ordinary shares at A\$1.00.
- On 19 December 2019, the Company allotted 24,700,000 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 2018	777,192
Contributions	88,140
At 31 December 2019	<u>865,332</u>
Impairment	
At 31 December 2018	(777,192)
Impairment loss	(88,140)
At 31 December 2019	<u>(865,332)</u>
Net book value	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>-</u>

National Power Australia Investments Limited

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Notes to the financial statements

For the year ended 31 December 2019

7 Issued and called-up share capital

	As at 31 December 2019 A\$'000	As at 31 December 2018 A\$'000
Issued and called-up share capital:		
2 ordinary shares of £1.00 each (2018: 2 shares of £1.00 each)	-	-
2 ordinary shares of A\$6,587,999.00 each (2018: A\$6,587,999.00)	13,176	13,176
114,796,000 ordinary shares of A\$1.00 each (2018: A\$26,656,000)	114,796	26,656
	127,972	39,832

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 2019:

- On 28 March 2019, the Company allotted 24,232,000 ordinary shares at A\$1.00; and
- On 27 June 2019, the Company allotted 11,492,000 ordinary shares at A\$1.00.
- On 26 September 2019, the Company allotted 27,716,000 ordinary shares at A\$1.00.
- On 19 December 2019, the Company allotted 24,700,000 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.

8 Related party disclosure

As at 31 December 2019 and 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.

9 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 2019 and the year ended 31 December 2018. 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 2019 and the year ended 31 December 2018 was that headed by International Power

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Notes to the financial statements

For the year ended 31 December 2019

Limited. The consolidated financial statements of International Power Limited may be obtained from its registered office at Level 20, 25 Canada Square, London E14 5LQ, United Kingdom.

10 Subsequent events

COVID-19 outbreak

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments as well as the travel and trade restrictions imposed by Australia and other countries in early 2020 have caused disruption to businesses and economic activity. The Company considers this to be a non-adjusting post balance sheet event and accordingly the financial effects of COVID-19 have not been reflected in the Company's financial statements at 31 December 2019.

As at the date these financial statements are authorised for issue, the directors of the company considered that the financial effects of COVID-19 on the Company's financial statements to be immaterial.

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.

On 4 February 2016, WorkSafe Victoria commenced prosecution proceedings against Hazelwood for alleged breaches of the Occupational Health and Safety Act 2004 (Vic) in relation to the mine fire. On 20 November 2019, a jury found Hazelwood to be guilty in relation to 10 of the 12 charges. On 19 May 2020, Hazelwood was fined \$1.56m in respect of these charges.

On 15 March 2016, the Victorian Environment Protection Authority commenced proceedings against Hazelwood for alleged breaches of s 41(1) of the Environment Protection Act 1970 (Vic) in relation to the mine fire. On 22 July 2019, a jury found Hazelwood guilty of causing air pollution in breach of the Act. On 19 May 2020, Hazelwood was fined \$0.38m in respect of this breach.

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the entity in subsequent financial years.

11 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.

On 7 February 2020, the Country Fire Authority (CFA) commenced legal proceedings against Hazelwood to recover A\$18.3m in respect of firefighting activities carried out by the CFA during the Hazelwood mine fire in 2014. The claim will be vigorously defended by Hazelwood.