

PENDEKAR NEPC HOLDINGS ApS

Sankt Peders Vej 6, 2900 Hellerup

Company reg. no. 21 85 17 44

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 30. june 2021

Miguel Bruno Nobrega Gouveia
Chairman of the meeting

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Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that USD 146.940 corresponds to the English amount of USD 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of PENDEKAR NEPC HOLDINGS ApS for the financial year 1 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Hellerup, 18 June 2021

Managing Director

Daniel Alexander Lambertsen
Gouveia

Board of directors

Mark William Ling Lee Meng Adnan Abdulhadi A Buhuligah Datuk Mohamad Nor bin Ali

Independent auditor's report

To the shareholders of PENDEKAR NEPC HOLDINGS ApS

Opinion

We have audited the financial statements of PENDEKAR NEPC HOLDINGS ApS for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, 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.

Emphasis of matter

We draw attention to note 1 in the financial statements, which describe the significant uncertainty and consequences of the ongoing winding up of subsidiary activities. Our conclusion is not modified due to this.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines 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, management is 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 management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, 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.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

Independent auditor's report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 18 June 2021

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Steen K. Bager

State Authorised Public Accountant
mne28679

Company information

The company

PENDEKAR NEPC HOLDINGS ApS
Sankt Peders Vej 6
2900 Hellerup

Company reg. no. 21 85 17 44
Financial year: 1 January - 31 December

Board of directors

Mark William Ling Lee Meng
Adnan Abdulhadi A Buhuligah
Datuk Mohamad Nor bin Ali

Managing Director

Daniel Alexander Lambertsen Gouveia

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Management commentary

Primary activities

The objective of the Company is to hold shares or interests in other companies and international power and energy projects and to conduct related activities

Development in activities and financial matters

In the financial year 01.01.2020 - 31.12.2020, the Company realised a loss of USD 1.095.192. The result is in line with Management's expectations. Included in this year loss is withholding tax on accumulated interest paid to Pendekar Holdings (NEPC) Limited ("PHNL"). Based on Danish tax laws, the company is liable to pay withholding tax on the loan interest paid to PHNL so long as the loan interest have been paid or accrued in the accounts of PNHA. The company has corresponded with the Danish tax authorities and agreed to pay the withholding tax. The payment has been made in 2021

Income statement 1 January - 31 December

All amounts in USD.

<u>Note</u>	<u>2020</u>	<u>2019</u>
3 Administrative expenses	-40.106	-88.465
Other operating costs	-1.010.556	0
Operating profit	-1.050.662	-88.465
4 Income from equity investments in group enterprises	0	937.002
Other financial income	58.467	280.795
Impairment of financial assets	0	-2.619.509
5 Other financial costs	-102.997	-1.364
Loss before tax	-1.095.192	-1.491.541
Income tax expense	0	0
Net loss for the year	-1.095.192	-1.491.541
 Proposed appropriation of net profit:		
Dividend for the financial year	7.600.000	0
Allocated from retained earnings	-8.695.192	-1.491.541
Total allocations and transfers	-1.095.192	-1.491.541

Statement of financial position at 31 December

All amounts in USD.

Assets		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Non-current assets		
6 Investments in group enterprises	25.414.937	25.414.937
Total investments	<u>25.414.937</u>	<u>25.414.937</u>
Total non-current assets	<u>25.414.937</u>	<u>25.414.937</u>
Current assets		
Receivables from group enterprises	8.641.113	1.041.113
Other receivables	993	46.746
Prepayments and accrued income	0	697
Total receivables	<u>8.642.106</u>	<u>1.088.556</u>
Cash	<u>1.488.333</u>	<u>13.399.502</u>
Total current assets	<u>10.130.439</u>	<u>14.488.058</u>
Total assets	<u>35.545.376</u>	<u>39.902.995</u>

Statement of financial position at 31 December

All amounts in USD.

Equity and liabilities		
<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	370.346	370.346
Retained earnings	26.398.258	35.093.450
Proposed dividend for the financial year	7.600.000	0
Total equity	<u>34.368.604</u>	<u>35.463.796</u>
Liabilities other than provisions		
Payables to group enterprises	0	4.236.660
Other payables	1.176.772	202.539
Total short term liabilities other than provisions	1.176.772	4.439.199
Total liabilities other than provisions	<u>1.176.772</u>	<u>4.439.199</u>
Total equity and liabilities	<u>35.545.376</u>	<u>39.902.995</u>
1	Uncertainties concerning recognition and measurement	
2	Special items	
7	Contingencies	
8	Related parties	
9	Group relations	

Statement of changes in equity

All amounts in USD.

	Contributed capital	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2020	370.346	35.093.450	0	35.463.796
Retained earnings for the year	0	-8.695.192	7.600.000	-1.095.192
	370.346	26.398.258	7.600.000	34.368.604

Notes

All amounts in USD.

1. Uncertainties concerning recognition and measurement

The company owns 100% of the shares in the subsidiary company NEPC Consortium Power Ltd., Bangladesh. The investment is measured at cost less impairment losses. As at 31. December 2020 the book value of the investment is USD 25.384.937.

Per the audited financial statements for 2020 the equity of the company amounts to USD 24.586.923. Up and to 2018 the subsidiary company has been very profitable.

NEPC Consortium Power Ltd., Bangladesh operated a power plant until June 29, 2019, where the contract with the company's sole customer ended and was not renewed. Subsequent to 29 June 2019 the subsidiary company has no activity and the financial statements of the subsidiary company is presented on a break-up bases (not going concern). Thus, certain assets and liabilities have been recognized at estimated sales values.

General uncertainty

The winding up process entails uncertainty in regards to the estimated sales values. Management has obtained a valuation report regarding to assets held for sale. Assets held for sale has been recognized at book value USD 1.220.184. meanwhile the valuation report indicates that the actual sales prices could be significantly higher. Taking into consideration that the company has no current activity and only had one customer it is very uncertain whether management will be successful in realizing the assets held for sale to the estimated prices per the valuation report. Taking into account the turmoil regarding COVID-19 the uncertainty has increased. Therefore management believes that it is prudent to maintain the net book value of USD 1.220.184. Likewise, management has recognized a provision regarding liquidation costs, barge preservation costs and land restoration costs. Though management has recognized the provisions using best estimates, there is a risk that the actual costs will vary significantly from the estimated costs, due to conditions that are unpredictable as at today, and/or beyond managements control.

Deferred tax asset

Management has recognized a Deferred tax assets of USD 1.314.922 in the balance sheet. To the extend that management is successful in selling PPE to the prices per the valuation report, the deferred tax asset can be utilized. If management will have to sell the PPE to much lower prices, the deferred tax asset will not be utilized in full. Therefore there is a significant uncertainty as to the value of the deferred tax asset.

Notes

All amounts in USD.

Qualification of the auditors opinion in the subsidiary company

The audit opinion in the subsidiary company is qualified in regards to a provision for workers profit participation (WPPF) Fund for the period from 2006 to 2013. NEPC is in the process of establishing the Workers' Profit Participation Fund and Workers Welfare Fund ("WPPF") in accordance with the judgement of the Bangladesh Labour Court in BLA (Wages) Case No. 558 of 2014 dated 24 November 2019 and the requirements of the Bangladesh Labour Act 2006 and will contribute 5% of its net profits annually to the WPPF for the period between 11 October 2006 to 22 July 2013. NEPC has made no provision on account of WPPF from 22 July 2013 onwards in reliance on the High Court's decision in Writ Petition No. 13271 of 2015, which is binding judicial precedent, until the Government enacts rules to govern 100% foreign invested companies. Per the financial statements prepared by management a provision of USD 345.546 has been recognized. Per the auditors the company's total liability should be USD 2,098,330, or an understatement of USD 1,752,784. The provision is based on a court-ruling and management has obtained a legal opinion that supports management's position. Meanwhile there is an uncertainty as to whether the court ruling will apply to the financial years subsequent to 2013 as well, hence the qualification to the auditors report.

Contingent assets - Disputed Claims from BPDB

A subsidiary of the company has secured an arbitration award for USD 16,64 million (2019: USD 16,62 million), which includes the principal amount of USD 13,30 million (2019: USD 13,30 million) owing by BPDB to NEPC under the PPA dated 10 March 1998, together with interest and cost. The subsidiary is also engaged in a second arbitration with BPDB to recover approximately USD 18,00 million or BDT 1,447 million (2019: USD 12,78 million or BDT 1,085 million) from BPDB which is due and owing under the PPA for Extended Period dated 29 April 2015.

The Arbitration Tribunal delivered its award in favour of NEPC and awarded NEPC a total sum of USD 16,64 million (2019: USD 16,62 million), including late payment interest (against original claim of USD 13,30 million (2019: USD 13,30 million)), arbitration cost and legal cost. The Arbitration Tribunal subsequently delivered an additional award in favour of the subsidiary for post awarded by the Tribunal in its award dated 11 October 2018 from the date of the award and final settlement by BPDB.

For another claim by the subsidiary amounting to USD 18,00 million or BDT 1,448 million (2019 USD 12,78 million or BDT 1,085 million) against BPDB, a jurisdictional hearing concluded in October 2019 where the claimant (NEPC) succeeded. The merits hearing in the ICSID Arbitration took place on the 9 and 10 November 2020. There are no counter claims being pursued by BPDB in this ICSID Arbitration.

The ICSID Arbitration Tribunal delivered its Award on 12 April 2021 in favour of NEPC.

The subsidiary is considering various options, including enforcement proceedings to recover the amounts owing pursuant to the arbitration award under the PPA dated 10 March 1998 and PPA for the Extended Period dated 29 April 2015.

Notes

All amounts in USD.

Contingent liabilities - tax dispute

The subsidiary company is part of a tax dispute. Against the disputed demand raised by the Deputy Commissioner of Taxes (DCT) for the accounting years 2005 to 2013 for an aggregating BDT 500,686,665 (USD 5,897,369), the Company has filed reference application to the High Court for each of the years which are now pending for hearing. The Company has paid as a mandatory payment (i.e. 25% of the disputed amount) to file an appeal amounting to BDT 125,171,666 out of the said demand and obtained stay order for the balance demand. No provision in this regard has been set up in the books pending disposal of the cases.

2. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

Included in this year loss is withholding tax on accumulated interest paid to Pendekar Holdings (NEPC) Limited ("PHNL"). Based on Danish tax laws, the company is liable to pay withholding tax on the loan interest paid to PHNL so long as the loan interest have been paid or accrued in the accounts of PNHA. The company has corresponded with the Danish tax authorities and agreed to pay the withholding tax as shown below. The payment has been made in 2021.

The management considered this to differ to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

Expenses:

Payment of with-holding tax	-1.010.556
	<u>-1.010.556</u>

Special items are recognised in the following items in the financial statements:

Other operating costs	1.010.556
Profit of special items, net	<u>1.010.556</u>

Notes

All amounts in USD.

3. Administrative expenses

The Company has had no employees during the financial year with the exception of the Executive Board. No remuneration has been paid to the Board of Directors or Executive Board.

	<u>2020</u>	<u>2019</u>
4. Income from equity investments in group enterprises		
Dividends, group enterprises	0	1.041.113
Local tax	<u>0</u>	<u>-104.111</u>
	<u>0</u>	<u>937.002</u>
5. Other financial costs		
Financial costs, group enterprises	73.956	0
Other financial costs	<u>29.041</u>	<u>1.364</u>
	<u>102.997</u>	<u>1.364</u>

6. Investments in group enterprises

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest
NEPC Consortium Power Ltd.,	100 %
PEL Bangladesh Services Limited (PELBSL), *	97 %

*Pursuant to the requirements on director share qualification under the Articles of Association, 3 ordinary shares, representing 3% of the total issued and paid up share capital of PELBSL, are registered and held by the directors of PELBSL respectively.

Notes

All amounts in USD.

7. Contingencies

Joint taxation

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable from the financial year 2013 for income taxes etc for the jointly taxed entities, and from 1 July 2012 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8. Related parties

The following holds 100% of the Company's capital:

Pendekar Holdings (NEPC) Limited (incorporated in Malta)

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Pendekar Energy (L) Ltd., Level 1, Lot 7, Block F, Saguking Commercial Building, Jalan Patau Patau, 87000 Federal Territory of Labuan, Malaysia

The consolidated financial statements of Pendekar Energy (L) Ltd. are available at the Danish Business Authority (Erhvervsstyrelsen) and the company's registered office.

Accounting policies

The annual report for PENDEKAR NEPC HOLDINGS ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies applied to these financial statements are consistent with those applied last year.

The reporting currency is US dollar (USD)

Consolidated financial statements

Referring to 112(2) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Administrative costs

Administrative expenses comprise expenses for administration.

Accounting policies

Other financial expenses

Other financial expenses comprise interest expenses, realised and unrealised losses on securities and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme.

Other financial income

Other financial income comprise interest income.

Income from investments in group enterprises

Dividend from equity investments in group enterprises is recognised in the financial year in which the dividend is declared.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Investments

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Accounting policies

Cash

Short term investments:

Placement in fixed deposits with financial institutions with original maturity more than 3 months despite can be easily converted into cash are considered as investments. Investment with original maturity of 3 months but less than 12 months is classified as short term investment.

Deposits and bank balances:

Short term demand deposits and bank balances are highly liquid investments with original maturity of 3 months or less that are readily convertible to known amounts of cash with insignificant risk of change in value, excluding restricted cash requirements from certain financial institutions.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value