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PENDEKAR NEPC HOLDINGS ApS

Sankt Peders Vej 6
2900 Hellerup
Business Registration No
21851744

Annual report 2019

The Annual General Meeting adopted the annual report on 14.09.2020

Chairman of the General Meeting

Name: Miguel Bruno Nobrega Gouveia

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Entity details

Entity
PENDEKAR NEPC HOLDINGS ApS
Sankt Peders Vej 6
2900 Hellerup

Central Business Registration No (CVR): 21851744
Registered in: Gentofte
Financial year: 01.01.2019 - 31.12.2019

Board of Directors
Mark William Ling Lee Meng, Chairman
Adnan Abdulhadi A Buhuligah
Datuk Mohamad Nor Bin Ali

Executive Board
Miguel Bruno Nobrega Gouveia , Director

Bank
HSBC Bank plc
Harry Weston Road Binley
Coventry CV3 2SH

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PENDEKAR NEPC HOLDINGS ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14.09.2020

Executive Board

Miguel Bruno Nobrega
Gouveia
Director

Board of Directors

Mark William Ling Lee Meng Chairman	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 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) 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 regarding circumstances in the financial statements

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has 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 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.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 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 Entity'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 use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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 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 do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent auditor's report

Moreover, 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 conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 14.09.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Flemming Larsen

State Authorised Public Accountant

Identification No (MNE) mne27790

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 finances

In the financial year 01.01.2019-31.12.2019, the Company realised a loss of USD 1.491.541. The result is in line with Management's expectations. The loss is due to an impairment loss in the investment in NEPC Consortium Power Ltd. The subsidiary company has terminated its commercial activities and is in the process of being wound up. Reference is made to note disclosure 1 "Uncertainty relating to recognition and measurement".

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	Notes	2019 USD	2018 USD'000
Administrative expenses	2	(88.465)	(131)
Operating profit/loss		**(88.465)**	**(131)**
Income from investments in group enterprises	3	937.002	7.469
Other financial income		280.795	390
Impairment losses on financial assets		(2.619.509)	0
Other financial expenses	4	(1.364)	(376)
Profit/loss for the year		**(1.491.541)**	**7.352**
Proposed distribution of profit/loss			
Retained earnings		(1.491.541)	7.352
		(1.491.541)	**7.352**

Balance sheet at 31.12.2019

	Notes	2019 USD	2018 USD'000
Investments in group enterprises		25.414.937	28.034
Fixed asset investments	5	**25.414.937**	**28.034**
Fixed assets		**25.414.937**	**28.034**
Receivables from group enterprises		1.041.113	0
Other receivables		46.746	62
Prepayments		697	0
Receivables		**1.088.556**	**62**
Cash	6	**13.399.502**	**13.161**
Current assets		**14.488.058**	**13.223**
Assets		**39.902.995**	**41.257**

Balance sheet at 31.12.2019

	Notes	2019 USD	2018 USD'000
Contributed capital		370.346	370
Retained earnings		35.093.450	36.585
Equity		**35.463.796**	**36.955**
Payables to group enterprises		4.236.660	4.228
Other payables		202.539	74
Current liabilities other than provisions		**4.439.199**	**4.302**
Liabilities other than provisions		**4.439.199**	**4.302**
Equity and liabilities		**39.902.995**	**41.257**
Uncertainty relating to recognition and measurement	1		
Contingent liabilities	7		
Related parties with controlling interest	8		
Group relations	9		

Statement of changes in equity for 2019

	Contributed capital USD	Retained earnings USD	Total USD
Equity beginning of year	370.346	36.584.991	36.955.337
Profit/loss for the year	0	(1.491.541)	(1.491.541)
Equity end of year	**370.346**	**35.093.450**	**35.463.796**

Notes

1. Uncertainty relating to 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 2019 the book value of the investment is USD 25.069.389.

Per the audited financial statements for 2019 the equity of the company amounts to USD 25.069.389. 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 property, plant and equipment (PPE). PPE has been recognized at book value USD 120.184. 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 PPE 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 120.184.

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 1.787.413 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.

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

Notes

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 1.998.409, or an understatement of USD 1.652.863. The provision is based on a court-ruling and management has obtained a legal opinion that supports managements 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
The subsidiary company has issued a claim against the former customer. The Arbitration Tribunal delivered its award in favor of NEPC and awarded NEPC a total sum of USD 16,622,882.26, including late payment interest (against original claim of USD 13.3 million), arbitration costs and legal costs. The Arbitration Tribunal subsequently delivered an additional award in favor of NEPC for post award interest to be paid by BPDB calculated at the rate of 5% per annum on all sums awarded by the Tribunal in its award dated 11 October 2018 from the date of the award until full and final settlement by BPDB. Moreover, for another claim by NEPC amounting BDT 1,085,282,044 (approximately USD 12.7 million) against BPDB, a jurisdictional hearing concluded on October 2019 where the claimant (NEPC) succeeded. The ICSID Arbitration will therefore proceed to the merits phase, which is scheduled to be held on 9 to 13 November 2020 There are no counterclaims being pursued by BPDB in this ICSID Arbitration. Management has not recognized the receivable in the 31.12.2019 balance sheet, as is uncertain when and if the counterpart can honor the claim.

Contingent liabilities – tax disputes
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. 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.

3. Income from investments in group enterprises
Dividend from a subsidiary company

	2019	2018
	USD	USD´000
Dividend from a subsidiary company	1.041.113	8.299
Local tax	(104.111)	(830)
	937.002	7.469

Notes

	2019 USD	2018 USD'000
4. Other financial expenses		
Financial expenses from group enterprises	0	374
Other financial expenses	1.364	2
	1.364	**376**

5. Fixed asset investments

	Registered in	Corporate form	Equity interest %
Investments in group enterprises comprise:			
NEPC Consortium Power Ltd.	Bangladesh	Ltd.	100,0
PEL Bangladesh Services Limited (PELBSL)*	Bangladesh	Ltd.	97,0

*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.

6. Cash

	2019 USD	2018 USD´000
Short term investments	11.296.847	13.014
Deposits and bank balances	2.102.655	147
	13.399.502	**13.161**

7. Contingent liabilities

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 with controlling interest

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

Pendekar Holdings (NEPC) Limited (incorporated in Malta)

Notes

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

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B.

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

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year

Other financial income

Other financial income comprise interest income.

Impairment of financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

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.

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost and are written down to the lower of recoverable amount and carrying amount.

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.

Cash

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.

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.

Other financial liabilities

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