

**ENI INVESTMENTS PLC
ANNUAL REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

REGISTERED OFFICE

**Eni House
10 Ebury Bridge Road
London SW1W 8PZ**

Registered Number: 04126448

ENI INVESTMENTS PLC

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

M Giusto
G L Ferrara
M Trezza

SECRETARY AND REGISTERED OFFICE

M Trezza
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

INDEPENDENT AUDITORS

The Capitol
431 Union Street
Aberdeen
AB11 6DA
United Kingdom

REGISTERED IN ENGLAND NO.04126448

The directors present their strategic report for the year ended 31 December 2019.

Principal activities

The principal activity of the company is of an investment holding company. The company controls and manages its direct subsidiary Eni Lasmo Plc, which in turn holds a number of subsidiary companies operating in the petroleum industry. The company is a private company.

Results and dividends

The results for the year are set out in the statement of comprehensive income on page 9 of the financial statements. The result of the company for the year was a loss of \$16,207,000 (2018 – loss of \$352,644,000). The company recognised impairment of investments in subsidiaries amounting to \$17,831,000 (2018: \$411,561,000). During the year the company paid interim dividends amounting to \$nil (2018 – \$500,000,000) to the sole equity shareholder Eni S.p.A..

Business review and future company developments

The directors expect the company and its subsidiaries, associates and joint controlled entities to achieve positive results from future operations and activities.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks affecting the company and its investments are set out in the notes to the financial statements. The company and its subsidiaries have adopted the most stringent standards, in accordance with Eni S.p.A. Group (Eni Group) requirements, for the evaluation and management of industrial and environmental risks.

Financial risk management

Commodity price: The company is exposed to oil price fluctuations, which are subject to international supply and demand as well as numerous other political factors. The guidelines of the Eni Group for the management of commodity risk contain limits to the price risk deriving from trading activities. Coordination in this area is carried out by a commodity risk assessment team operating at the Eni Group level.

Credit risk: The potential exposure of the company to loss in the event of non-performance by counterparty. The company follows guidelines of the Eni S.p.A. treasury department on the choice of highly credit-rated counterparties in their use of financial and commodity instruments, including derivatives.

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company has access to a wide range of funding at competitive rates through the capital markets and banks, and also has support from the ultimate parent company, Eni S.p.A. if required. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

Financial risk: The company is not exposed to significant interest rate risks. The company is exposed to foreign exchange fluctuations relating to non-GBP (mainly USD) expenditures and receipts. Effective management of exchange rate risk is performed at the Eni Group level, within the central finance department which matches opposite positions of the group operating subsidiaries and hedges net positions using derivatives (such as currency swaps, forwards and options).

Business risk management

Operation risk: The company's operations present industrial and environmental risks and are therefore subject to extensive government regulations concerning environmental protection and industrial security. The broad scope of these activities involves a wide range of operational risks such as those of explosion, fire or leakage of toxic products, and production of non-biodegradable waste. Since exploration and production activities may take place on sites that are ecologically sensitive, each site requires a specific approach to minimise the impact on the related ecosystem, biodiversity and human health.

Impact on the United Kingdom's exit from the European Union

Having formally left the European Union on 31 January 2020, the UK is now in a transition period scheduled to last until 31 December 2020, pending further negotiations with the EU over the future trading relationship and security co-operation. During the transition period, EU law will (for the most part) continue to apply in the UK as before. Eni has set up a task force to monitor developments and consider further how best to minimise the impact of Brexit on its business going forward, as further information becomes available.

Impact of coronavirus (COVID-19)

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and elsewhere. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the pandemic with serious repercussions on production.

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and the ways in which the crisis will be managed. In the worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the Company's results, cash flow, liquidity and business prospects, including the returns for the shareholder.

Eni group and the Company maintained a high degree of financial flexibility in order to deal unforeseen events and significant reductions of the scenarios capable to mitigate the impact of a price downturn, even of considerable proportions. Eni continue to assess the potential impact of coronavirus on our staff and operations and have implemented appropriate mitigation plans.

Key performance indicators

Key performance indicators are established each year in a business plan which covers a number of strategic, operational, HSE and finance objectives for the operations of the Eni Group in the United Kingdom. The business plan is approved at Eni Group level, and key performance indicators of the Eni Group are disclosed in the Eni S.p.A. Group annual report, which is publicly available. The company's performance is dependent upon the performance of its subsidiary and associate companies and as such does not have its own key performance indicators. Key performance indicators of all of its key subsidiary and associate companies are included in their respective financial statements, wherever required under the Companies Act 2006.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Section 172(1) UK Companies Act 2016 ("Act") Statement

Directors

As part of their induction a Director of the Company is informed of their Directors' Duties with specific reference to section 172(1) (a-f) and if necessary can seek additional support and advice from an independent adviser to ensure that they are aware and know the likely consequences of any decision the company makes in the long term.

Section 172(1) UK Companies Act 2016 (“Act”) Statement (continued)***Stakeholders***

The directors of the company believe it is fundamentally important that the values and principles which guide the company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the company for the benefit of its members as a whole having regard the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment. These values are embedded in the Eni Code of Ethics, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 23 November 2017 and by the Directors of the company on 28 March 2018. The Eni Code of Ethics sets out the challenges of sustainable development and the need to take into consideration the interests of all stakeholders to clearly define the values that the company will accept, acknowledge and share as well the responsibilities it assumes, contributing to a better future. The Eni Code of Ethics is brought to the attention of every person or body having business relations with the company.

Community and the Environment

In line with Sustainable Development Goal 8 adopted by Eni S.p.A., the ultimate parent company, one of the company's aim is to incentivise lasting, inclusive and sustainable economic growth, along with full, productive employment and dignified work for all.

Business Conduct

The Directors of the company believe that business has the responsibility to respect and support the fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The company is committed to maintaining and improving its practices to combat slavery and human trafficking violations in its operations and supply chain. These values are embedded in the Eni Modern Slavery Act Statement, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 24 April 2019 and by the Directors of the company on 20 June 2019. Moreover, as an indirect subsidiary of Eni S.p.A the Board of Directors have adopted the Eni internal Regulatory System including Management System Guidelines which sets out internal policies to achieve a high standard of business conduct. All Board of Directors decisions are taken with regard to section 172 of the Act.

Section 172(1) UK Companies Act 2016 (“Act”) Statement***Shareholders***

The Board of Directors consider and only approve items of business that would promote the success of the company and in the best interests of the company, the company's immediate shareholders, the ultimate parent Eni S.p.A and its stakeholders.

On Behalf of the Board

M Giusto


Manfredi Giusto (Apr 27, 2020)

Director
27 April 2020

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 2019.

Going concern

The directors are satisfied that the company has adequate financial resources, including access to Eni group financial resources, to continue to operate for the foreseeable future and meet its obligations as they fall due.

The company's forecasts and projections demonstrate that its assets are expected to generate free cash flow over the 12 months from the date of this report. If there is a sustained lower oil price, that is not offset by operating cost or capital expenditure savings, the cash flow or liquidity shortages will be balanced by the company's participation in the group cash pooling arrangements and the availability of funds and lines of credit to Eni Spa.

As a consequence, the directors have a reasonable expectation that the company is well placed to manage its business risks and generate sufficient funds to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors

The present directors of the company are listed on page 1 and have held office throughout the year with the following exceptions:

- M Giusto was appointed as a director on 18 November 2019.
- F Rinaldi resigned as a director on 18 November 2019.

Financial instruments

Details on the use of financial instruments and financial risk management are included in the relevant notes in the financial statements.

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting 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 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.

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 the financial statements comply with the Companies Act 2006.

DIRECTORS' REPORT (continued)

Provision of information to auditors

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent Auditors

Due to the Eni Group policy of rotating auditors every nine years, Ernst & Young LLP were not re-appointed by the Company. Following a formal tender process by the Eni Group, PricewaterhouseCoopers Italy were selected as their replacement in Italy and as group auditors. PricewaterhouseCoopers LLP indicated their willingness to act as auditors of the Company for the year ended 31 December 2019 and their appointment was approved at a directors' meeting and general meeting. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

Subsequent Events

The new scenario, management assumptions and consequent effects on Company's economic results, cash flow, liquidity and business prospects are currently unpredictable and in accordance with IAS 10, has to be accounted for as a non-adjusting event.

The emergence and spread of the virus Covid-19 in early 2020 has affected business and economic activities in China and around the world, including UK. The subsequent rapid spread to a growing number of countries around the world triggered a profound correction in the prices of oil and other energy commodities due to the sudden drop in consumption because of increasingly stringent measures adopted by governments to contain the epidemic with serious repercussions on production. In early April, the members of the OPEC + cartel reached an agreement on production cuts required by some of them to react to the effects of Covid-19, however, oil and gas prices continue to be under significant pressure of over-supply and other factors.

The short-term trend in oil and gas prices will depend predominantly on the timing of containment of the spread of the pandemic and as well as the ways in which the crisis will be managed. In a possible worst-case scenario, the pandemic could cause a global recession with significant negative consequences on hydrocarbon demand and commodity prices. This development would have significant effects on the company's results, cash flow, liquidity and business prospects, including the returns for the shareholder. However, Eni group and the company maintain a high degree of financial flexibility in order to deal with unforeseen events and significant reductions in oil and gas prices and demand, which the directors consider to be sufficient to mitigate the impact of such a worst-case scenario.

Eni group and the company are continually monitoring developments in the Oil & Gas sector related to Covid-19 and market conditions.

By order of the Board

M Trezza


Mila Trezza (Apr 27, 2020)

Secretary
27 April 2020

Independent auditors' report to the members of Eni Investments plc

Report on the audit of the financial statements

Opinion

In our opinion, Eni Investments plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of comprehensive income, the cash flow statement and the statement of changes in shareholders' equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Eni Investments plc

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
LLP Chartered Accountants and Statutory
Auditors Aberdeen
27 April 2020

ENI INVESTMENTS PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Note</i>	2019 \$ 000	2018 \$ 000
Dividend income	4	-	50,000
Impairment of investments	7	(17,831)	(411,561)
Administrative expenses	3	(332)	(218)
Operating loss		(18,163)	(361,779)
Interest receivable and similar income	5	1,956	9,135
Loss before taxation		(16,207)	(352,644)
Taxation	6	-	-
Loss for the year		(16,207)	(352,644)
Other comprehensive income		-	-
Total comprehensive loss for the year		(16,207)	(352,644)

All results are from continuing operations and total comprehensive loss for the year is attributable to the equity holders.

ENI INVESTMENTS PLC

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share Capital	Capital Contribution Reserve	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	1,164,349	2,052,361	2,375,133	5,591,843
Total comprehensive loss for the year	-	-	(352,644)	(352,644)
Dividends paid to equity holders	-	-	(500,000)	(500,000)
Balance at 31 December 2018	1,164,349	2,052,361	1,522,489	4,739,199
Total comprehensive loss for the year	-	-	(16,207)	(16,207)
Balance at 31 December 2019	1,164,349	2,052,361	1,506,282	4,722,992

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 \$'000	2018 \$'000
Assets			
Non-current assets			
Investment in subsidiaries	7	<u>4,636,946</u>	<u>4,654,777</u>
Current assets			
Trade and other receivables	8	47	145
Cash and cash equivalents	9	<u>86,206</u>	<u>84,533</u>
		<u>86,253</u>	<u>84,678</u>
Total assets		<u>4,723,199</u>	<u>4,739,455</u>
Liabilities			
Current liabilities			
Trade and other payables	10	<u>207</u>	<u>256</u>
Total liabilities		<u>207</u>	<u>256</u>
Equity			
Share capital	12	1,164,349	1,164,349
Capital contribution reserve	13	2,052,361	2,052,361
Retained earnings		<u>1,506,282</u>	<u>1,522,489</u>
Total equity		<u>4,722,992</u>	<u>4,739,199</u>
Total liabilities and equity		<u>4,723,199</u>	<u>4,739,455</u>

The financial statements on pages 9 to 24 were approved by the Board on 26 February 2020 and were signed by an authorised director on behalf of the Board at a later date.

G L Ferrara

gian luigi ferrara
gian luigi ferrara (Apr 27, 2020)

Director
27 April 2020

ENI INVESTMENTS PLC

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	<i>Note</i>	2019 \$'000	2018 \$'000
Cash flow from operating activities			
Loss for the year		(16,207)	(352,644)
Adjustments for:			
Dividend income	4	-	(50,000)
Impairment of investment	7	17,831	411,561
Interest receivable and similar income	5	(1,952)	(9,128)
		(328)	(211)
Changes in working capital:			
Decrease in trade and other receivables	8	98	162
Decrease in trade and other payables	10	(49)	(183)
Net cash used in operations		(279)	(232)
Cash flow from investing activities			
Dividends received	4	-	50,000
Net cash (used in)/generated from investing activities		-	50,000
Cash flow from financing activities			
Dividend paid		-	(500,000)
Interest received	5	1,952	9,128
Net cash generated/(used) in financing activities		1,952	(490,872)
Net increase/(decrease) in cash and cash equivalents		1,673	(441,104)
Cash and cash equivalents at 1 January	9	84,533	525,637
Cash and cash equivalents at 31 December	9	86,206	84,533

STATEMENT OF ACCOUNTING POLICIES (continued)

The principal accounting policies have been applied consistently, other than where new policies have been adopted in the preparation of the financial statements are set out below:

General information

The company is a public limited company, by shares, incorporated and domiciled in United Kingdom.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, IFRIC Interpretations and the Companies Act 2006 as applicable to companies reporting under IFRS.

The financial statements have been prepared on a going concern basis. See Director's report for further details..

Adoption of new and revised Standards

The company applied for the first time standards, amendments and interpretations to existing standards, issued by the International Accounting Standards Board (IASB) and endorsed by the EU, which are relevant to the company and are effective for the annual accounting years beginning on or after 1 January 2019. The company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

There were no new standards and amendments applied for the first time in 2019, that had a material impact on the financial statements of the company.

Investments

Investments in subsidiaries, associates and jointly controlled entities are accounted for at cost, less any provision for impairment.

Consolidation

Consolidated financial statements have not been prepared for the company as it is a subsidiary of Eni S.p.A, a company incorporated in Italy, which prepares consolidated financial statements as stated in note 1.

The company has taken advantage of the exemption available under International Financial Reporting Standards to present separate financial statements in accordance with paragraph 10 IAS 27(R). In addition, under section 400 of the Companies Act 2006 the company is exempt from the general requirement to prepare consolidated financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the Company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)¹ may be subject to cash pooling arrangements with the ultimate parent company Eni SpA². The Company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)³ are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The Company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the Company needs to anticipate or terminate earlier a deposit, there is no penalty on the change of period requested.

¹ BESA is a Belgian regulated bank subject to the banking regulatory requirements.

² Although Eni SpA is not a financial institution, it performs its financial activities in a strong control environment, within specific Board approved limits.

³ EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

STATEMENT OF ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets

The company classifies its financial assets in the following categories: financial assets at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost includes trade and other receivables.

Impairment of financial assets

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date and only if the conditions in IFRS 9 are satisfied.

Other financial liabilities are classified in the balance sheet as trade and other payables.

Dividends payment

Dividends are recognised at the date of the Shareholders' Meeting in which they were declared, or in the case of an interim dividend declared by the Board, when it is paid.

STATEMENT OF ACCOUNTING POLICIES (continued)

Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management annually evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Foreign currencies

The company's functional and presentation currency is US Dollars. All financial information has been rounded to the nearest thousand (\$'000), unless otherwise indicated. Transactions denominated in a foreign currency are converted to US Dollars at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting exchange gains and losses are recognised in profit or loss.

The US Dollar to Sterling exchange rate as of 31 December 2019 was 0.7579 (2018 – 0.7812).

Revenue recognition

Interest income is recognised on a time proportion basis. Dividend income is recognised when the right to receive payment is established.

Related party transactions

The company has complied with the requirements of International Accounting Standard ("IAS") 24 – Related party disclosures in these financial statements. Transactions with related parties are disclosed in each relevant note.

STATEMENT OF ACCOUNTING POLICIES (continued)

Use of accounting estimates, judgements and assumptions

The company's financial statements are prepared in accordance with IFRS. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes there to, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgments, past experience and other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the Financial Statements are in relation to the accounting for impairment of investments. Although the company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

a) Impairment of non-financial assets

The company assesses its investments measured at cost, for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the investment's business plans, changes in commodity prices leading to unprofitable performance and, for investments with underlying oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Proved oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, that is, prices and costs as at the date that the estimate is made.

- (i) Reservoirs are considered proved if reserves that can be economically produced are supported by either actual production or conclusive formation tests. The area of a reservoir considered proved includes: (a) that portion delineated by drilling and defined by gas-oil or oil-water contacts, if any, or both, and; (b) the immediately adjoining portions not yet drilled, but which can be reasonably judged as economically productive on the basis of available geological and engineering data. In the absence of information on fluid contacts, the lowest known structural occurrence of hydrocarbons controls the lower proved limit of the reservoir.
- (ii) Reserves that can be produced economically through the application of improved recovery techniques (such as fluid injection) are generally only included in the proved classification if successful testing by a pilot project, or the operation of an installed programme in the reservoir, provides support for the engineering analysis on which the project or programme was based.
- (iii) Estimates of proved reserves do not include the following: (a) crude oil, natural gas and natural gas liquids that may become available from known reservoirs but are classified separately as indicated additional reserves; (b) crude oil, natural gas and natural gas liquids, the recovery of which is subject to reasonable doubt because of uncertainty as to geology, reservoir characteristics, or economic factors; and (c) crude oil, natural gas and natural gas liquids that may be recovered from oil shales, coal and other such sources.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted

ENI INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS

1 Parent undertakings

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei 1, 00144 Rome, will produce consolidated financial statements for the year ended 31 December 2019, which will be available from its website (www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese, Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni S.p.A.

2 Directors and employee information

None of the directors received any emoluments in respect of their services to the company during the year (2018 - \$nil) and the company had no employees (2018 – none).

3 Administrative expenses

	2019 \$'000	2018 \$'000
Affiliate companies		
Eni UK Limited	181	178
Banque Eni S.A.	3	3
Third parties	148	37
	332	218

Administrative expenses include auditors' remuneration of \$7,064 (2018 - \$8,357) for these financial statements. Audit fees of the subsidiary companies which are borne by the company were \$131,606 for 2019 (2018 - \$188,942).

4 Dividend income

	2019 \$'000	2018 \$'000
Subsidiary companies		
Eni Lasso Plc	-	50,000
	-	50,000

5 Interest receivable and similar income

	2019 \$'000	2018 \$'000
Interest income on financing receivable	1,952	9,128
Foreign exchange gain	4	7
	1,956	9,135

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 Taxation

	2019 \$'000	2018 \$'000
UK corporation tax at 19% (2018 – 19%)		
UK corporation tax on profits for the year	-	-
Foreign tax credit	-	-
	-	-

The tax assessed for the year is higher (2018 - higher) than the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are explained below:

	2019 \$'000	2018 \$'000
Loss before tax	(16,207)	(352,644)
Taxation on profit/(loss) at 19% (2018 – 19%)	(3,079)	(67,002)
Income not taxable	(2)	(9,520)
Group relief claimed	(307)	(1,674)
Expenditure not allowable for tax	3,388	78,196
Total tax charge for the year	-	-

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporate tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

7 Investments in subsidiaries, associates and jointly controlled entities

	2019 \$'000	2018 \$'000
Cost		
At 1 January and 31 December	5,797,820	5,797,820
Accumulated impairment		
At 1 January	(1,143,043)	(731,482)
Impairment for the year	(17,831)	(411,561)
At 31 December	(1,160,874)	(1,143,043)
Net book value		
At 31 December	4,636,946	4,654,777

As a result of the impairment review, there is an impairment charge in the subsidiary Eni Lasmo PLC for 2019: \$17,831,000 (2018 – impairment of \$411,561,000). The impairment charge is mainly due to the distribution of dividends in the year by subsidiaries and relates to the Eni Lasmo Sanga Sanga and Burren Congo investments. The annual impairment review calculates the carrying value of its investments to their recoverable amounts based on the fair value of subsidiaries held, calculated using their net assets and net present value of the underlying operating assets held by the subsidiaries.

ENI INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 Investments in subsidiaries, associates and jointly controlled entities (continued)

The company's directly held investment comprised 99.99% of the ordinary equity share capital of the following company, which is an investment holding company:

Company Name	Country of incorporation	Holding	Registered address
Eni Lasmo plc	England	99.99%	A

The principal indirect subsidiaries, associates and jointly controlled entities of Eni Investments Plc, which are directly or indirectly involved in oil and gas exploration and production activities, are:

Company Name	Country of incorporation	Holding	Registered address
Eni Oil Algeria Limited	England	100%	A
Eni ULX Limited *	England	100%	A
Eni Pakistan Limited*	England	100%	A
Eni ULT Limited	England	100%	A
Eni UK Holding Plc	England	99.99%	A
Burren Energy Plc*	England	99.99%	A
Eni CBM Limited	England	100%	A
VIC CBM Limited **	England	50%	A
Virginia Indonesia Co CBM Limited **	England	50%	A
Petrojunin S.A. ***	Venezuela	40%	C
Petrobicentenario S.A.***	Venezuela	40%	B
Eni Hydrocarbons Venezuela Limited	England	100%	A
Eni India Limited	England	100%	A
Eni Cote d'Ivoire Limited	England	100%	A
Eni Mozambique Engineering Limited	England	100%	A

* Indirect holdings

** Joint control

*** Associate

A – Eni House, 10 Ebury Bridge Road, London SW1W 8PZ

B – Avenue Libertador W/ Empalme Street, Building Petroleos De Venezuela, West Tower, Floor 7 of #28 La Campiña, Caracas – Capital District Zip 1050 Venezuela

C – Avenue: Veracruz, Building PAWA, Floor 5 'Office Presidency' - Residential: Las Mercedes, City: Caracas, State: Miranda, Zip code: 1061, Country: Venezuela

The other investments in which the company has a significant interest of 20% or more are set out in note 16.

8 Trade and other receivables

	2019	2018
	\$'000	\$'000
Receivables from third parties	47	145

The company believes that the carrying amounts are a reasonable approximation to the fair value.

The receivables are unsecured in nature and bear no interest. All the receivables are current and not impaired. The carrying amounts are all denominated in US dollars. The maximum exposure to credit risk at the reporting date is the fair value mentioned above. The company does not hold any collateral security.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 Trade and other receivables (continued)

Credit risk is the potential exposure of the company and its subsidiaries to loss in the event of non-performance by a counterparty. The credit risk arising from the company's normal commercial operations is controlled according to guidelines established by the Eni Group. In addition, the company follows guidelines of the Eni S.p.A. treasury department on the choice of highly credit-rated counterparties in their use of financial and commodity instruments, including derivatives.

The company has not experienced material non-performance by any counterparty. As of 31 December 2019, the company has no significant concentrations of credit risk (2018 – \$nil). The maximum exposure to credit risk is equal to the carrying amount of the trade and other receivables.

9 Cash and cash equivalents

	2019 \$'000	2018 \$'000
Affiliate company		
Banque Eni S.A.	206	133
Short term bank deposits – Affiliate company		
Eni Finance International S.A.	86,000	84,400
	86,206	84,533

Short-term deposits are held with Eni Finance International S.A. which is a subsidiary of Eni S.p.A. These are repayable within 3 months, and carry interest rates which vary in-line with market rates. The effective interest rate on short-term deposits was 1.65%-2.50% during 2019 (2018: 1.50%-3.06%) All deposits mature within one month of year end.

Eni Finance International S.A. has a credit rating of Baa1 as issued by Moody's. The company believes that the carrying amounts are a reasonable approximation to the fair value.

10 Trade and other payables

	2019 \$'000	2018 \$'000
Affiliate company		
Eni UK Limited	207	256
	207	256

The payables to related parties arise mainly from purchase of services and are due one month after the date of purchase. The payables are unsecured and bear no interest.

The company believes that the carrying amounts are a reasonable approximation to the fair value.

11 Deferred tax

The deferred corporation tax asset calculated at the rate of 17% (2018 – 17%) which was not recognised in the financial statements amounted to:

	2019 \$'000	2018 \$'000
Unrecognised tax losses carried forward	4,079	4,079

The directors considered that it is unlikely that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted; therefore the deferred tax asset was not recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 Share capital

	2019 \$'000	2018 \$'000
Authorised £1 ordinary equity shares (1,000,000,000)	1,552,361	1,552,361
Issued, allotted and fully paid £1 ordinary shares (750,050,000)	1,164,349	1,164,349

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for the shareholder and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to its shareholders.

The company regularly reviews its capital structure on the basis of its expected capital requirements in order to achieve the defined strategic objectives and manages its capital accordingly. The company's capital structure fully satisfies its capital requirements and the company has no necessity or intention of altering the current position.

13 Capital contribution reserve

Capital contribution reserves of \$2,052,361,000 (2018 - \$2,052,361,000) have accumulated since incorporation as a result of capital injections made by the parent company, Eni S.p.A.

14 Commitments

There were no capital commitments at the year end (2018 - \$nil).

15 Market risks

Market risks include liquidity risk, foreign exchange rate risk and operational risk.

Liquidity risk

Liquidity risk is the risk that suitable sources of funding for the company's business activities may not be available. The company has access to a wide range of funding at competitive rates through the capital markets and banks. The company believes it has access to sufficient funding to meet currently foreseeable borrowing requirements.

Effective management of the liquidity risk has the objective of ensuring the availability of adequate funding to meet short term requirements and due obligations as well as the objective of ensuring a sufficient level of flexibility in order to fund the development plans of the company's businesses.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining year at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

There are no balances over 12 months.

As at 31 December 2019	Less than one year \$ '000	More than one year \$ '000
Trade and other payables	207	-

The above financial liabilities will be settled on a gross basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 Market risks (continued)

As at 31 December 2018	Less than one year	More than one year
	\$ '000	\$ '000
Trade and other payables	256	-

The above financial liabilities will be settled on a gross basis.

Foreign exchange rate risk

Exchange rate risk derives from the fact that the company's operations are conducted in currencies other than the US Dollar (in particular Sterling and Euro) and by the time lag existing between the recording of costs and revenues denominated in currencies other than the functional currency and the actual time of the relevant monetary transaction (transaction exchange rate risk). The transaction exchange rate risk arising from payables and receivables in currencies other than the functional currency, is not considered to be material due to the fact that these will be realised within 30 days. Generally speaking, an appreciation of Sterling versus the US Dollar has a positive impact on the company's results of operations, and vice-versa.

Effective management of exchange rate risk is performed at the group level, within the central finance department which matches opposite positions of the group operating subsidiaries and hedges net positions using derivatives (such as currency swaps, forwards and options).

Operational risk

The company's subsidiaries and affiliates' activities may present industrial and environmental risks and are therefore subject to extensive government regulations concerning environmental protection and industrial security.

The broad scope of these activities involves a wide range of operational risks such as those of explosion, fire or leakage of toxic products, and production of non biodegradable waste.

16 Other investments

The following list of subsidiaries and associate companies include the direct and indirect investments above 20% shareholding held by the company, in addition to those disclosed in Note 7, results of which are not material to its activities:

Name of company	Country of incorporation	Ownership	Registered address
(subsidiaries under Eni Lasmo Plc)			
Eni MOG Limited (in liquidation)	UK	100%	A
Lasmo Sanga Sanga Limited	Bermuda	100%	B
(subsidiaries under Burren Energy Plc)			
Burren Energy (Bermuda) Limited	Bermuda	100%	B
Burren Energy (Egypt) Limited	UK	100%	A
Burren Energy India Limited	UK	100%	A
Eni Yemen Limited	UK	100%	A
(subsidiaries under Burren Energy (Bermuda) Limited)			
Eni Turkmenistan Limited	Bermuda	100%	B
Burren Energy Congo Limited	British Virgin Islands	100%	C

ENI INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Other investments (continued)

(subsidiaries under Burren Energy Congo Limited)

Zetah Congo Limited	Bahamas	33%	K
Zetah Kouilou Limited	Bahamas	37%	K

(subsidiaries under Burren Energy India Limited)

Burren Shakti Limited	Bermuda	100%	B
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(subsidiaries under Eni ULT Limited)

Eni Middle East Limited	UK	100%	A
Eni UHL Limited	UK	100%	A

(subsidiaries under Eni Middle East Limited)

Khaleej Petroleum Company WLL	Kuwait	49%	I
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(subsidiaries under Eni UHL Limited)

Eni America Limited	USA	100%	D
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(subsidiaries under Eni America Limited)

Eni Oil & Gas Inc	USA	100%	D
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(subsidiaries under Eni ULX Limited)

Eni Indonesia Limited	UK	100%	A
Eni Oil Holdings B.V.	Holland	100%	H
Liverpool Bay Limited	UK	100%	A

(subsidiaries under Eni Oil & Gas Inc)

Eni USA Inc.	USA	100%	D
Liberty National Development Co. LLC	USA	33%	E

(subsidiaries under Eni Indonesia Limited)

Eni Ambalat Limited	UK	100%	A
Eni Arguni I Limited	UK	100%	A
Eni Bukat Limited	UK	100%	A
Eni East Ganai Limited	UK	100%	A
Eni East Sepinggan Limited	UK	100%	A
Eni Ganai Limited	UK	100%	A
Eni Indonesia OTS 1 Limited	Cayman Island	100%	J
Eni Krueng Mane Limited	UK	100%	A
Eni North Ganai Limited	UK	100%	A
Eni Rapak Limited	UK	100%	A
Eni West Timor Limited	UK	100%	A
Eni West Ganai Limited	UK	100%	A

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Other investments (continued)

(subsidiaries under Eni Oil Holdings BV)

Eni Algeria Limited S.a.r.l	Luxembourg	100%	G
Eni Pakistan M Limited S.a.r.l.	Luxembourg	100%	G
subsidiaries under Eni Algeria S.a.r.l)			
EURL/Eni Algeria Limited	Algeria	100%	F

A – Eni House, 10 Ebury Bridge Road, London, SW1W 8PZ

B – Thistle House, 4 Burnaby Street, Hamilton, HM11, Bermuda

C – Commerce House, Wickhams Cay 1, P.O. Box 3140, Road Town, Tortola, VG1110, British Virgin Islands

D – Capitol Corporate Services, Inc., 1675 South State St., Suite B, Dover, Delaware 19901

E – Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, USA

F – N.13 Centre des affaires 'Business Centre', Pino Maritimes – Mohammadia Algeri

G – 2-8 Avenue Charles De Gaulle L-1653 Luxembourg

H – Strawinskyalaan 1727, 1077XX Amsterdam

I – PO BOX 3204, Safat, 13033, Kuwait

J – Quorum Services Limited, c/o Nelson & Company, Maricorp Services Limited, PO Box 2075, #31 the Strand, 46 Canal Point Road, West Bay Road, Grand Cayman, KY1-1105, Cayman Islands

K – Trident Corporate Services (Bahamas) Limited, Suite 200B, 2nd Floor, Centre of Commerce, One Bay Street, PO Box N3944, Nassau, Bahamas

L – Arch Makariou III, 2-4, Capital Center, 9th Floor, P.C. 1065, Nicosia, Cyprus