Registered number: 9003179
England and Wales

Genel Energy Finance plc

Annual Report

For the period ended 31 December 2014

Contents

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2014

Strategic Report

The directors present their strategic report for Genel Energy Finance plc (company) for the period ended 31 December 2014.

Principal activities and business review

The company was incorporated on 17 April 2014 and is a wholly owned subsidiary of Genel Energy Holding Company Limited. The principal activity of the company is as the issuer for the high yield bond which was issued on 14 May 2014. The funds raised have been loaned to another group entity. The company meets interest repayments as they fall due through intercompany funding and the eventual repayment of the bond will also be made through this arrangement.

The directors are satisfied with the financial position and do not envisage any change in the conduct of the business over the next twelve months.

Results

The statement of comprehensive income is set out on page 7 and shows the results for the period. The profit for the period was $8,000. The directors do not recommend the payment of a dividend for the period.

As at 31 December 2014, the Company had net assets of $83,000

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 company is part of the Genel Energy plc group (group) and the principal risks and uncertainties affecting the group are discussed in more detail in the group's annual report which can be obtained from its website www.genelenergy.com.

Key performance indicators

This company is part of the group and the key performance indicators used to review and monitor the business are set by the directors of the group and are discussed in more detail in the annual report of the group. The directors do not consider it necessary to provide additional key performance indicators at a company level for an understanding of the development, performance or position of the business.

Subsequent events

There were no subsequent events.

D McConnachie
Director
31 Mar 2015

Directors' report

The directors present the audited financial statements for Genel Energy Finance plc (company) for the period ended 31 December 2014.

Business review and principal activities

The company was incorporated on 17 April 2014 and is a wholly owned subsidiary of Genel Energy Holding Company Limited. The principal activity of the company is as the issuer for the high yield bond. The future developments of the company include holding the high yield bond to maturity and making any interest repayments as they fall due. Both interest and principal repayments will be made through the funding of other group companies.

Political/charitable donations

This company made no political or charitable donations during the period.

Directors

The directors who held office during the period and up to the date of signing the report were:

S. Robertson (appointed 19 March 2015)
C. Proctor (resigned 19 March 2015)
D. McConnachie

Independent Auditors

PricewaterhouseCoopers LLP have been appointed as auditors.

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD
Registered Number 7814991
One Grafton Street
London
W1S 4FE

D McConnachie
Director
31 Mar 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GENEL ENERGY FINANCE PLC

Report on the financial statements

Our opinion

In our opinion, Genel Energy Finance plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss and cash flows for the period 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.

What we have audited

Genel Energy Finance plc's financial statements comprise:

- the Statement of financial position as at 31 December 2014;
- the Statement of cash flows for the period then ended;
- the Statement of comprehensive income for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF GENEL ENERGY FINANCE PLC (*continued*)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

What an audit of financial statements involves
We conducted our audit in accordance with International Standards on Auditing (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Nicholas Blackwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 March 2015

Statement of comprehensive income

For the period ended 31 December

	Notes	2014 $000
Operating profit	*3*	**-**
Interest income		**24,797**
Interest expense		**(24,787)**
Profit before income tax		**10**
Income tax expense	*4*	**(2)**
Profit for the period		**8**
Other comprehensive items		**-**
Total comprehensive profit for the period		**8**
Attributable to:		
Equity holders of the company		**8**
		8

The notes are an integral part of these financial statements.

Statement of financial position

At 31 December

	Notes	2014
ASSETS		**$000**
Current assets		
Receivables due from parent company and fellow subsidiaries	***5***	**496,297**
Cash		**100**
		496,397
Total assets		**496,397**
LIABILITIES		
Non-current liabilities		
Borrowings	***6***	**(491,303)**
		(491,303)
Current liabilities		
Trade and other payables	***7***	**(5,011)**
		(5,011)
Net liabilities		**83**
Equity attributable to equity holders of the parent		
Share capital	***8***	**75**
Retained earnings		**8**
Total equity		**83**

The notes are an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the board of directors on 31 Mar 2015 and were signed on its behalf by:

D. McConnachie

Director

Registered number: 9003179

Statement of changes in equity

For the period ended 31 December 2014

	Share capital $000	Accumulated deficit $000	Total equity $000
Balance at 17 April 2014	**-**	**-**	**-**
Shares issued for cash	**75**	**-**	**75**
Comprehensive loss for the period	**-**	**8**	**8**
Balance at 31 December 2014	**75**	**8**	**83**

Statement of cash flows

For the period ended 31 December

	2014 $000
Cash flows from operating activities	
Profit before income tax	**10**
Adjustments for:	
Finance costs	**(10)**
Cash generated from operations	**-**
Net cash from operating activities	**-**
Cash flows from financing activities	
Net proceeds from issue of $500m bond	**490,275**
Shares issued for cash	**75**
Net cash from financing activities	**490,350**
Cash flows from investing activities	
Increase in receivables	**(490,250)**
Net cash from financing activities	**(490,250)**
Net increase in cash and cash equivalents	**100**
Cash and cash equivalents at 17 April	**-**
Cash and cash equivalents at 31 December	**100**

During the period, interest costs of $18.8m were paid by other group companies with a corresponding increase in intercompany receivables.

Notes to the financial statements

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

a) Basis of preparation

The company was incorporated in England and Wales on 17 April 2014.

The statement of financial position and related notes have been prepared in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards as adopted by the European Union (IFRS) that would have applied had the statement of financial position been prepared for a financial year of the company. The financial statements have been prepared under the historical cost convention and are presented in US Dollars, which is the company's functional currency.

The significant accounting policies are set out below and have been consistently applied throughout the period.

b) Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and consequently the financial statements have been prepared on a going concern basis.

c) Cash

Cash is cash in hand and at bank.

d) Foreign currency translation

The company's financial statements are presented in US Dollars which is the company's functional and presentation currency.

Foreign currency transactions are translated into the US Dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

e) Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and 'receivables from fellow subsidiaries' in the balance sheet. Loans and receivables are subsequently carried at amortised cost using the effective interest method

Notes to the financial statements *continued*

f) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are presented as long or short-term based on the maturity of the respective borrowings in accordance with the loan or other agreement. Borrowings with maturities of less than twelve months are classified as short-term. Amounts are classified as long-term where maturity is greater than twelve months. Where no objective evidence of maturity exists, related amounts are classified as short-term.

g) Trade and other payables

Trade and other payables are classified as financial liabilities and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

h) Current and deferred income tax

Tax on the profit or loss for the period comprises current and deferred tax.

Current tax is expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

i) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the period ended 31 December 2014. The company’s assessment of the impact of these new standards and interpretations are not expected to have a significant impact upon the company’s net results, net assets or disclosures.

Notes to the financial statements *continued*

2. Financial risk management

The company's activities expose it to a variety of financial risks. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

a) Foreign exchange risk

Foreign exchange risk arises when transactions and recognised assets and liabilities of the company are denominated in a currency that is not the company's functional currency. The company does not have significant exposure to foreign exchange risk. There are no forward exchange rate contracts in place at, or subsequent to, 31 December 2014.

b) Interest rate risk

The company had borrowings of $491.3 million as of 31 December 2014. Interest is payable at 7.5% on the nominal value of $500 million.

c) Credit risk

The company is not exposed to credit risk because it does not have sales and trade receivables.

d) Liquidity risk

Liquidity risk is the risk that the company will not have sufficient funds to meet liabilities. Since the company has amounts due from group companies which short term, repayable on demand and are in excess of current liabilities, the company is not exposed to liquidity risk. The ultimate repayment of the principal will also be funded through intercompany arrangements.

e) Capital management

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 shareholders. Capital includes share capital, contributions from parent and accumulated losses.

3. Administration expenses

The company had no employees during the year.

The directors have received no remuneration during the year for their services to this entity.

The auditors' remuneration for the year was $8,240. This was borne by the ultimate parent company.

Notes to the financial statements *continued*

4. Income tax expense

The taxation assessed for the period is calculated using the standard effective rate of corporation tax in the UK for the period 31 December 2014 of 21% as follows:

	2014
	$000
Profit before income tax	**10**
Profit on ordinary activities multiplied by standard rate in the UK 21%	**2**
Total current tax	**2**

5. Receivables due from parent

	2014
	$000
Loan to Genel Energy Holding Company Limited	**490,250**
Accrued income	**6,047**
	496,297

The loan to Genel Energy Holding Company Limited is repayable on demand and bears interest at market rates with the carrying amount a reasonable approximation of the fair value

6. Borrowings

	2014
	$000
$500 million 7.5% bond due May 2019	**491,303**
	491,303

The $500 million bond is unsecured with a coupon rate of 7.5% payable on a biannual basis and is shown net after unamortised issue costs. The fair value of the bond at 31 December 2014 was $452.1 million.

Notes to the financial statements *continued*

7. Trade and other payables

	2014 $000
Interest and tax accrual	**5,011**
	5,011

The fair values of financial liabilities approximate their carrying value

8. Share capital

	2014 $000
Allotted and fully paid (ordinary shares)	
50,000 ordinary shares at £1 each	**75**

On 17 April 2014, 1 share was issued for cash. The nominal value of this share was £1 and the consideration received was £1. On 8 May 2014, 49,999 shares were issued for cash. The nominal value of these shares was £49,999 and the consideration received was £49,999.

9. Parent company

The Company's ultimate parent undertaking and controlling party is Genel Energy plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Genel Energy plc's consolidated financial statements can be obtained from the company secretary at 12 Castle Street, St Helier, Jersey JE2 3RT.

10. Related parties

The directors have identified the ultimate parent company, key management personnel and the Board members, together with the families and companies controlled by or affiliated with each of them; and associated, investments and joint ventures as related parties of the company under IAS 24.