

Registered number: 9003179
England and Wales

Genel Energy Finance plc

Interim Report

For the period ended 30 June 2015

Statement of comprehensive income

For the period ended 30 June

	<i>Notes</i>	30 Jun 2015 \$000 \$000	31 Dec 2014 \$000 \$000
Operating profit	3	-	-
Interest income		24,941	24,797
Interest expense		(24,936)	(24,787)
Profit before income tax		5	10
Income tax expense	4	(1)	(2)
Profit for the period		4	8
Other comprehensive items		-	-
Total comprehensive profit for the period		4	8
Attributable to:			
Equity holders of the company		4	8
		4	8

The notes are an integral part of these financial statements.

Statement of financial position

At 30 June

	<i>Notes</i>	30 Jun 2015 \$000	31 Dec 2014 \$000
ASSETS			
Current assets			
Receivables due from parent company and fellow subsidiaries	5	699,001	496,297
Cash		100	100
		699,101	496,397
Total assets		699,101	496,397
LIABILITIES			
Non-current liabilities			
Borrowings	6	(689,812)	(491,303)
		(689,812)	(491,303)
Current liabilities			
Trade and other payables	7	(9,202)	(5,011)
		(9,200)	(5,011)
Net liabilities		87	83
Equity attributable to equity holders of the parent			
Share capital	8	75	75
Retained earnings		12	8
Total equity		87	83

The notes are an integral part of these financial statements.

The financial statements on pages 1 to 9 were approved by the board of directors on 13 Aug 2015 and were signed on its behalf by:

L. Clements

Director

Registered number: 9003179

Statement of changes in equity

For the period ended 30 Jun 2015

	Share capital \$000	Accumulated deficit \$000	Total equity \$000
Balance at 1 Jan 2015	75	8	83
Comprehensive profit for the period	-	4	4
Balance at 31 Jun 2015	<u>75</u>	<u>12</u>	<u>87</u>

For the period ended 31 Dec 2014

Balance at 17 April 2014	-	-	-
Shares issued for cash	75	-	75
Comprehensive profit for the period	-	8	8
Balance at 31 Dec 2014	<u>75</u>	<u>8</u>	<u>83</u>

Statement of cash flows

For the period ended 30 June

	30 June	31 Dec
	2015	2014
	\$000	\$000
Cash flows from operating activities		
Profit before income tax	5	10
Adjustments for:		
Finance costs	(5)	(10)
Cash generated from operations	-	-
Net cash from operating activities	-	-
Cash flows from financing activities		
Net proceeds from issue of \$730m bond	196,229	490,275
Shares issued for cash	-	75
Net cash from financing activities	196,229	490,350
Cash flows from investing activities		
Loan granted to parent company	(196,229)	(490,250)
Net cash from financing activities	-	(490,250)
Net increase in cash and cash equivalents	-	100
Cash and cash equivalents at beginning of period	100	-
Cash and cash equivalents at end of period	100	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 30 June 2015. 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, 30 June 2015.

b) Interest rate risk

The company had borrowings of \$689.8 million as of 30 June 2015. Interest is payable at 7.5% on the nominal value of \$730 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.

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:

	30 June 2015 \$000	31 Dec 2015 \$000
Profit before income tax	5	10
Profit on ordinary activities multiplied by standard rate in the UK 21%	1	2
Total current tax	1	2

5. Receivables due from parent

	30 June 2015 \$000	31 Dec 2015 \$000
Genel Energy Holding Company Limited	699,001	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

	30 June 2015 \$000	31 Dec 2015 \$000
\$730 million 7.5% bond due May 2019	689,812	491,303

On 10 April 2015, Genel Energy Finance 3 plc, a fellow subsidiary of Genel Energy Plc, issued a new \$230m bond with a maturity of May 2019 and a coupon rate of 7.5% payable twice annually on the same terms as the bond issued by the Company in May 2014. It was intended that the bonds issued by Genel Energy Finance 3 plc be merged with the existing bonds of the Company.

In May 2019, the Company issued new bonds to holders of the Genel Energy Finance 3 Plc bonds in exchange for the net funds raised by Genel Energy Finance 3 Plc. At the same time Genel Energy Finance Plc 3 cancelled its existing bonds.

Notes to the financial statements *continued*

The bonds newly issued by the Company were then subsequently merged with the existing \$500m 7.5% bonds with the same maturity date, resulting in a merged \$730m 7.5% with a maturity date of May 2019.

The \$730 million bond is unsecured and is shown net after issue discount and unamortised issue costs. The fair value of the bond at 30 June 2015 was \$665 million.

7. Trade and other payables

	30 June 2015 \$000	31 Dec 2015 \$000
Interest and tax accrual	9,202	5,011

The fair values of financial liabilities approximate their carrying value

8. Share capital

	30 June 2015 \$000	31 Dec 2015 \$000
Allotted and fully paid (ordinary shares) 50,000 ordinary shares at £1 each	75	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.