Registered number: 9003179
England and Wales

Genel Energy Finance plc

Annual Report

For the year ended 31 December 2015

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STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2015

Strategic Report

The directors present their strategic report for Genel Energy Finance plc (Company) for the year ended 31 December 2015.

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 year. The profit for the year was $8,000 (2014 - $8,000). The directors do not recommend the payment of a dividend for the period.

At 31 December 2015, the Company had net assets of $91,000 (2014 - $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.

Luke Clements
Director
4 April 2016

Directors' report

The directors present the audited financial statements for Genel Energy Finance plc (Company) for the year ended 31 December 2015.

Business review and principal activities

The Company is a wholly owned subsidiary of Genel Energy Holding Company Limited. The principal activity of the Company is as the issuer for high yield bonds on behalf of the Genel Energy Plc group. The Company is not permitted to have any business other than issue Bonds and on-lend to its Parent. On 25 May 2015, a new bond ($230m) was issued and merged with the existing bonds issued on 14 May 2014 resulting in a merged senior unsecured $730 million bond.

Political/charitable donations

This Company made no political or charitable donations during the year.

Directors

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

Sarah Robertson - appointed 19 March 2015 and resigned 6 January 2016
Luke Clements - appointed 30 June 2015
Ben Monaghan - appointed 6 January 2016
Charles Proctor - resigned 19 March 2015
David McConnachie - resigned 30 June 2015

Independent Auditors

PricewaterhouseCoopers LLP have been re-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 or she ought to have taken as a director to make himself or herself 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 9003179
One Grafton Street
London
W1S 4FE

Luke Clements
Director
4 April 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 (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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 members of Genel Energy Finance plc

Report on the financial statements

Our opinion
In our opinion, Genel Energy Finance plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit 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.

What we have audited
The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 December 2015;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year 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 the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' report for the financial year 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.

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 International Standards on Auditing (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 parent 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 ISAs (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
4 April 2016

Statement of comprehensive income

For the period ended 31 December

	Notes	**Year to 31 Dec 2015 $000**	**7 Apr to 31 Dec 2014 $000**
Operating profit	***3***	**-**	**-**
Interest income		**56,903**	24,797
Interest expense		**(56,893)**	(24,787)
Profit before income tax		**10**	10
Income tax expense	*4*	**(2)**	(2)
Profit for the year		**8**	8
Other comprehensive items		**-**	-
Total comprehensive year for the period		**8**	8
Attributable to:			
Equity holders of the Company		**8**	8
		8	8

The notes are an integral part of these financial statements.

Statement of financial position

At 31 December

	Notes	2015 $000	2014 $000
ASSETS			
Current assets			
Receivables due from parent company and fellow subsidiaries	*5*	**703,068**	496,297
Cash		**100**	100
		703,168	496,397
Total assets		**703,168**	496,397
LIABILITIES			
Non-current liabilities			
Borrowings	*6*	**(694,111)**	(491,303)
		(694,111)	(491,303)
Current liabilities			
Trade and other payables	*7*	**(8,966)**	(5,011)
		(8,966)	(5,011)
Net assets		**91**	83
Equity attributable to equity holders of the parent			
Share capital	*8*	**75**	75
Retained earnings		**16**	8
Total equity		**91**	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 4 April 2016 and were signed on its behalf by:

Luke Clements

Director

Registered number: 9003179

Statement of changes in equity

For the period ended 31 December 2015

	Share capital $000	Accumulated surplus $000	Total equity $000
Balance at 1 January 2015	**75**	**8**	**83**
Comprehensive income for the period	**-**	**8**	**8**
Balance at 31 December 2015	**75**	**16**	**91**

For the period ended 31 December 2014

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

Statement of cash flows

For the period ended 31 December

	Year to 31 Dec 2015 $000	7 Apr to 31 Dec 2014 $000
Cash flows from operating activities		
Profit before income tax	**10**	**10**
Adjustments for:		
Finance costs	**(10)**	**(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 investing activities	**-**	**(490,250)**
Net increase in cash and cash equivalents	**-**	**100**
Cash and cash equivalents at 1 January/ 17 April	**100**	**-**
Cash and cash equivalents at 31 December	**100**	**100**

During the year, interest costs of $46.1m were paid by other group companies with a corresponding increase in intercompany receivables.

New bonds were issued in exchange for bonds owned by a fellow subsidiary to the value of net $196.2m and therefore no cash flow was reported.

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.

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 year ended 31 December 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, 31 December 2015.

b) Interest rate risk

The Company had borrowings of $694.1 million as of 31 December 2015 (2014: $491.3m). Interest is payable at 7.5% on the nominal value of $730 million.

c) Credit risk

The Company is exposed to credit risk on the intragroup receivable owed by its parent. The recovery of this balance is dependent on the credit and liquidity of the Genel Energy Plc group. The Genel Energy Plc annual report provides detailed relevant information on the Group's principal risks and uncertainties and how they are mitigated and managed. The viability statement covers the three-year period to June 2019 and states that the directors of Genel Energy Plc have a reasonable expectation that the company will be able to continue in operation and manage its liabilities as they fall due over the period to June 2019.

d) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its liabilities. The amounts due from group companies are short term, repayable on demand and are in excess of current liabilities, with the ultimate repayment of the principal to be funded through intercompany arrangements. Consequently, the liquidity risk of the Company is dependent on the liquidity of the Genel Energy plc group, which is considered in its annual report, primarily in its positive going concern statement and its positive viability statement

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 $12,000 (2014: $8,240). This was recharged to the 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 as follows:

	2015	2014
	$000	**$000**
Profit before income tax	**10**	10
Profit on ordinary activities multiplied by standard rate in the UK 20%(2014:21%)	**2**	2
Total current tax	**2**	2

5. Receivables due from parent company and fellow subsidiary

	2015	2014
	$000	**$000**
Loan to Genel Energy Holding Company Limited	**686,450**	490,250
Accrued income	**16,618**	6,047
	703,068	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

	2015	2014
	$000	**$000**
$730 million 7.5% bond due May 2019	**694,111**	491,303
	694,111	491,303

On 25 May 2015, a new bond with nominal value of $230 million which was discounted to net $196.2 million and was issued on 26 March 2015, was merged with the existing bonds resulting in a merged senior unsecured $730 million bond with a coupon rate of 7.5% ($54.8m per annum) payable on a biannual basis. The fair value of the bond at 31 December 2015 was $511 million (2014:$452.1 million).

Notes to the financial statements *continued*

7. Trade and other payables

	2015 $000	2014 $000
Interest and tax accrual	**8,966**	5,011
	8,966	5,011

The fair values of financial liabilities approximate their carrying value.

8. Share capital

	2015 $000	2014 $000
Allotted and fully paid (ordinary shares)		
50,000 ordinary shares at £1 each	**75**	75

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.