
KREOS CAPITAL II (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014

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KREOS CAPITAL II (UK) LIMITED

COMPANY INFORMATION

DIRECTORS	Thadeshwar Fangoo Sunil Masson
REGISTERED NUMBER	05202732
REGISTERED OFFICE	35 Great St Helen's London EC3A 6AP
COMPANY SECRETARY	SFM Corporate Services Limited

KREOS CAPITAL II (UK) LIMITED

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KREOS CAPITAL II (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2014

The directors present their report and the financial statements of Kreos Capital II (UK) Limited (the "Company") for the year ended 30 November 2014.

The Company qualifies as a small company in accordance with sections 381-382 of the Companies Act 2006 (the "Act"). The directors' report has therefore been prepared taking into consideration the entitlement to small companies exemptions provided in sections 414B (as incorporated to the Act by the Strategic Report and Directors' Report Regulations 2013) of the Act.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company for the year was leasing equipment under finance leases to third parties (the "Sublease Rentals") from the proceeds of a head lease (the "Head Lease") made to the Company by Kreos Capital II Limited (the "Parent Company") pursuant to the terms of the Master Head Lease Framework Agreement dated 19 October 2004, a limited recourse lease agreement (the "Master Head Lease Framework Agreement").

KEY PERFORMANCE INDICATORS	2014 € 000	2013 € 000
Gross profit	-	21
Loss before tax	(76)	(4)
Liabilities/assets	(69)	7
Net cash inflow/outflow from operating activities	13	(113)

The directors consider the above to be the Company's key financial performance indicators based on ongoing internal management information.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to €75,824 (2013 - loss €3,945).

The directors do not recommend the payment of a dividend (2013: €Nil).

GOING CONCERN

The directors anticipate that the Company will be able to remain in operation for a period longer than 12 months from the date of approving these financial statements. Consequently, the financial statements have been prepared on a going concern basis.

The Company is reliant on support from the Parent Company. However, as at balance sheet date, the Parent Company had a negative working capital of €69,664,577 (2013: €59,653,199). In addition, the notes issued by the Parent Company are in default as they were not settled on their maturity date of 25 October 2013. The noteholders can demand immediate repayment. However, there has been no formal communication from the noteholders notifying the Parent Company of their intention to demand payment on the outstanding notes and the Parent Company expects to receive substantial returns on its investments with which it will make payments to the noteholders.

The payment of ongoing administrative expenses of the Company and its Parent Company is dependent upon available funds or payment being received from overdue receivables. The Company and its Parent Company expect the remaining receivables will be recovered and as such the directors have continued to prepare the financial statements on a going concern basis.

KREOS CAPITAL II (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2014

DIRECTORS

The directors who served during the year and subsequently were:

Thadeshwar Fangoo
Mahen Surnam (resigned 8 May 2015)
Sunil Masson (appointed 8 May 2015)

COMPANY SECRETARY

SFM Corporate Services Limited acted as the company secretary during the year and subsequently.

THIRD PARTY INDEMNITY

Qualifying third party indemnity provision for the benefit of the directors was in force during the year under review and remains in force as at the date of approval of the directors' report and financial statements.

Issued Share Capital

The issued share capital consists of 2 fully paid ordinary shares of £1 each.

DIRECTORS' RESPONSIBILITIES STATEMENT

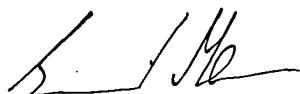
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

This report was approved by the board on 30 September 2015 and signed on its behalf.



Sunil Masson
Director

KREOS CAPITAL II (UK) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 2014**

	Note	2014 €	2013 €
TURNOVER	2	-	4,173,903
Cost of sales		-	(4,153,213)
GROSS PROFIT		-	20,690
Administrative expenses		(53,162)	(25,800)
OPERATING LOSS	3	(53,162)	(5,110)
EXCEPTIONAL ITEMS			
Impairment reversal/(charge)		(5,555,296)	210,374
Creditor adjustment for impairment of sublease commitments		5,532,592	(209,322)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(75,866)	(4,058)
Interest receivable and similar income	5	42	113
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(75,824)	(3,945)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL YEAR	11	(75,824)	(3,945)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account, accordingly no statement of total recognised gains and losses has been prepared.

The notes on pages 6 to 11 form part of these financial statements.

KREOS CAPITAL II (UK) LIMITED
REGISTERED NUMBER: 05202732

BALANCE SHEET
AS AT 30 NOVEMBER 2014

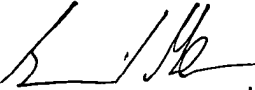
	Note	€	2014 €	€	2013 €
CURRENT ASSETS					
Debtors	7	3,001,539		8,927,198	
Cash at bank		13,934		869	
		<u>3,015,473</u>		<u>8,928,067</u>	
CREDITORS: amounts falling due within one year	8	<u>(3,006,398)</u>		<u>(8,909,656)</u>	
NET CURRENT ASSETS			<u>9,075</u>		<u>18,411</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,075</u>		<u>18,411</u>
CREDITORS: amounts falling due after more than one year	9		<u>(78,009)</u>		<u>(11,521)</u>
NET (LIABILITIES)/ASSETS			<u><u>(68,934)</u></u>		<u><u>6,890</u></u>
CAPITAL AND RESERVES					
Called up share capital	10		3		3
Profit and loss account	11		<u>(68,937)</u>		<u>6,887</u>
SHAREHOLDER (DEFICIT)/FUNDS	12		<u><u>(68,934)</u></u>		<u><u>6,890</u></u>

The directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on:


Sunil Masson 30/09/15
 Director

The notes on pages 6 to 11 form part of these financial statements.

KREOS CAPITAL II (UK) LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2014**

	Note	2014 €	2013 €
Net cash flow from operating activities	13	13,023	(113,232)
Returns on investments and servicing of finance		42	113
INCREASE/(DECREASE) IN CASH IN THE YEAR		13,065	(113,119)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS
FOR THE YEAR ENDED 30 NOVEMBER 2014**

	2014 €	2013 €
Increase/(decrease) in cash in the year	13,065	(113,119)
CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS	13,065	(113,119)
Change in intercompany loan	(66,488)	54,481
MOVEMENT IN NET FUNDS IN THE YEAR	(53,423)	(58,638)
Net funds at 1 December	(10,652)	47,986
NET DEBT AT 30 NOVEMBER 2014	(64,075)	(10,652)

The notes on pages 6 to 11 form part of these financial statements.

KREOS CAPITAL II (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with United Kingdom General Accepted Accounting Practice (UK GAAP), and presented in Euro (€), unless otherwise stated.

1.2 Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.3 Cash at bank

Cash comprises cash balances and call deposits with banks.

1.4 Interest income

The Company accounts for interest receivable on an accruals basis.

1.5 Interest payable

Interest payable is accounted for on an accruals basis.

1.6 Turnover

Turnover represents the sublease rentals written to third parties under the Company's Master Head Lease Framework Agreement, net of value added tax. Revenue is recognised over the period to which the sublease rentals relate, but provisions are made to the extent that it becomes probable that sublease rentals will not be received.

KREOS CAPITAL II (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.7 Going concern

The directors anticipate that the Company will be able to remain in operation for a period longer than 12 months from the date of approving these financial statements. Consequently, the financial statements have been prepared on a going concern basis.

The Company is reliant on support from Kreos Capital II Limited (the "Parent Company"). However, as at balance sheet date, the Parent Company had a negative working capital of €69,664,577 (2013: €59,653,199). In addition, the notes issued by the Parent Company are in default as they were not settled on their maturity date of 25 October 2013. The noteholders can demand immediate repayment. However, there has been no formal communication from the noteholders notifying the Parent Company of their intention to demand payment on the outstanding notes and the Parent Company expects to receive substantial returns on its investments with which it will make payments to the noteholders.

The payment of ongoing administrative expenses of the Company and its Parent Company is dependent upon available funds or payment being received from overdue receivables. The Company and its Parent Company expect the remaining receivables will be recovered and as such the directors have continued to prepare the financial statements on a going concern basis.

1.8 Foreign currencies

Transactions in foreign currencies are recorded in Euro (€) at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gains or losses arising from a change in exchange rates subsequent to the date of the transaction are included as exchange gain or loss in the profit and loss account.

2. TURNOVER

All turnover was derived from the sublease rentals written to third parties pursuant to the terms of the Master Head Lease Framework Agreement, net of value added tax.

	2014 €	2013 €
Rent receivable from Sublease before provisions	-	4,173,903

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2014 €	2013 €
(Loss)/gain on foreign exchange translation	(232)	2,092

KREOS CAPITAL II (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2014

4. DIRECTORS AND EMPLOYEES

The Company had no employees during the year 2014 (2013: none). Deutsche International Corporate Services Limited received €Nil (2013 - €Nil) remuneration from the Company in respect of directors' fees for qualifying services rendered during the year. Structured Finance Management Limited received €15,736 (€32,724) remuneration from the Company in respect of corporate servicer fees for qualifying services rendered during the year.

5. INTEREST RECEIVABLE

	2014 €	2013 €
Bank interest received	42	113

6. TAXATION

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2013 - *the same as*) the standard rate of corporation tax in the UK of 21.66% (2013 - 23.33%) as set out below:

	2014 €	2013 €
Loss on ordinary activities before tax	(75,824)	(3,945)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.66% (2013 - 23.33%)	(16,423)	(920)
Effects of:		
Unrelieved tax losses and other deductions arising in the period	16,423	920
Current tax charge for the year	-	-

Deferred tax

The Company has substantial accumulated tax losses which may be available for off-set against future taxable profits. A deferred tax asset has not been provided as its recovery is uncertain at this time.

The unrecognised deferred tax asset at year end amounted to €125,591 (2013 - €110,426).

KREOS CAPITAL II (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2014

7. DEBTORS

	2014 €	2013 €
Accrued income	9,602,631	9,602,631
Adjustment for impairment of sublease rentals	(6,602,629)	(1,047,333)
Prepayments	1,537	371,900
	<u>3,001,539</u>	<u>8,927,198</u>

Accrued income relates to rental income that is contractually scheduled to be received in line with the sub lease rental agreements entered into with the lessees and adjusted for in respect of provisions for default of contract. Correspondingly there is also an accrued expense for leasing costs due to the Parent Company under the terms of the Master Head Lease Framework Agreement as disclosed in note 8 of these financial statements.

An impairment was calculated at the net present value of the leases as at 30 November 2014. This is calculated based on the annualised cost of capital of the Parent Company and an estimated recovery date. In accordance with the Company's Master Head Lease Framework Agreement the Company is required to pass on 99.5% of its receipts to the Parent Company. Accordingly an adjustment has been made to the accrued expenses in note 8 as a result of this impairment.

8. CREDITORS:

Amounts falling due within one year

	2014 €	2013 €
Accrued expenses	9,581,150	9,581,150
Adjustment for impairment of sublease commitments	(6,574,789)	(1,042,197)
Deferred income	-	370,568
Other creditors	37	35
	<u>3,006,398</u>	<u>8,909,556</u>

Deferred income relates to month 36 lease income that was received before the year end.

Accrued expenses relate to amounts payable pursuant to the terms of the Master Head Lease Framework Agreement.

9. CREDITORS:

Amounts falling due after more than one year

	2014 €	2013 €
Loan from Kreos Capital II Limited	<u>78,009</u>	<u>11,521</u>

KREOS CAPITAL II (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2014

9. CREDITORS:
Amounts falling due after more than one year (continued)

During the year the Company additionally borrowed €66,488 (2013 - settled €54,481) of a non interest bearing loan from Kreos Capital II Limited, a company incorporated in Jersey and the ultimate controlling party of the Company. The amount does not have any specific repayment date but the directors do not expect this to be repaid within the next 12 months.

10. SHARE CAPITAL

	2014 €	2013 €
Issued, called up and fully paid		
2 Ordinary shares of £1 each (Converted at historical rate of GBP: EUR 1.499)	<u>3</u>	<u>3</u>

The issued capital of the Company consists of 2 fully paid ordinary shares of £1 each issued to Kreos Capital II Limited on incorporation of the Company.

11. RESERVES

	Profit and loss account €
At 1 December 2013	6,887
Loss for the year	<u>(75,824)</u>
At 30 November 2014	<u>(68,937)</u>

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 €	2013 €
Opening shareholders' funds	6,890	10,835
Loss for the year	<u>(75,824)</u>	<u>(3,945)</u>
Closing shareholders' (deficit)/funds	<u>(68,934)</u>	<u>6,890</u>

KREOS CAPITAL II (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2014

13. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 €	2013 €
Operating loss before tax	(75,824)	(3,945)
Decrease/(increase) in debtors	5,925,659	(3,769,845)
(Decrease)/increase in creditors	(5,836,770)	3,660,671
Interest income	(42)	(113)
Net cash inflow/(outflow) from operating activities	<u>13,023</u>	<u>(113,232)</u>

14. ANALYSIS OF CHANGES IN NET FUNDS

	At 30 November 2013 €	Cashflow €	Other non- cash movements €	At 30 November 2014 €
Cash at bank	869	13,063	-	13,934
Intercompany Loan	(11,521)	(66,488)	-	(78,009)
Total	<u>(10,652)</u>	<u>(53,425)</u>	<u>-</u>	<u>(64,075)</u>

15. RELATED PARTY TRANSACTIONS

The Company is wholly owned by and consolidated within the consolidated financial statements of Kreos Capital II Limited. Accordingly, the Company has taken advantage of the exemption permitted by Financial Reporting Standard Number 8 "Related Party Disclosures" not to disclose transactions with other undertakings within its qualifying group on the basis that consolidated group accounts containing the results of the Company are publicly available.

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 30 November 2014, the entire issued share capital of the Company is held by Kreos Capital II Limited.

The largest and smallest group in which the results of the Company are consolidated is that headed by the Company's immediate and ultimate parent undertaking and controlling party, Kreos Capital II Limited, a Company incorporated in Jersey. Copies of the financial statements of Kreos Capital II Limited may be obtained from St Pauls Gate, New Street, St Helier, Jersey JE4 8ZB, Channel Islands.