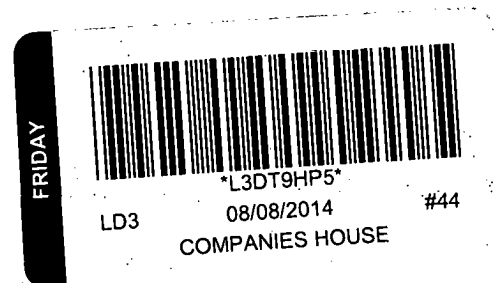


KYIV FINANCE PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2014

REGISTERED NUMBER: 07543612



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The directors present their strategic report for Kyiv Finance plc (the “Company”) for the year ended 28 February 2014.

Activity, Objective, Business Model and Review of the Year

The Company was incorporated in England and Wales on 25 February 2011 as a public limited company. The principal activity of the Company is to carry on the business of a finance and investment company. In that capacity it has undertaken the following transactions:

- Issued \$300,000,000 Fixed Rate 9.375% Loan Participation Notes (“LPN”) due July 2016, listed on the Irish Stock Exchange;
- Granted a loan of \$300,000,000 to The Kyiv City Council (“The City”), a legal entity under the laws of Ukraine and the Company’s ultimate controlling party (see note 14).

The directors have reviewed expenses and cash flows and are satisfied that for the foreseeable future there are sufficient funds available to meet expenses as and when they fall due.

The directors consider the financial position of the Company to be satisfactory.

Results

The Company’s profit before tax for the year was \$8,876 (2013: loss \$3,626) and the directors do not recommend the payment of a dividend (2013: nil).

The Company had net equity shareholders’ funds of \$84,597 at the year end (2013: \$75,640).

Key Performance Indicators

Financial KPIs - The key performance indicators of the business is considered to be the payment and receipt of interest and the net equity shareholders’ funds, which at the year end was \$84,597.

The directors have monitored the actual receipts and payments of interest to and from the Company through the bank statements to ensure these obligations are met. The directors believe that all conditions of the transaction documents have been met.

Non-financial KPIs – as the purpose of the business is entirely finance related, the directors are of the view that there are no meaningful non-financial KPIs that could be adopted.

Principal Risks and Uncertainties

The principal risks and uncertainties for the Company are primarily credit, interest rate and foreign exchange risks. This includes the correct and timely receipt of interest and principal on the loan due from The City and, to that effect during the year under review, all amounts were paid completely and timely when they were due.

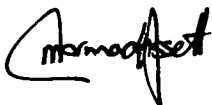
The City is the only client of Kyiv Finance plc. The directors are aware of the heightened political and social unrest in the Ukraine. The principal risk factors to Loan Note holders are set out in the prospectus of the Note issue, dated 4 July 2011. However, the directors note that the City has performed all its obligations under the agreements and the directors are satisfied that The City will continue to fulfil its obligations to repay principal and interest on the loan when they fall due. In the event of a delay or default in the payment of interest by The City, the terms of the 9.375% LPN due 2016 make it clear that the Company is only obligated to pay interest and capital to Loan Note holders to the extent that amounts have been received from The City.

The directors have considered the nature and structure of the Company and are satisfied that there is sufficient capital in relation to the business activities of the Company and levels of planned financial performance.

Future Developments

The directors consider the financial position of the Company to be satisfactory and that the Company will continue to operate in its principal activities.

By order of the Board



Law Debenture Corporate Services Limited
Secretary
7 August 2014

The directors present their report and the audited financial statements of the Company for the year ended 28 February 2014.

Directors

The directors of the Company who held office during the period since incorporation were:

L.D.C. Corporate Director No. 3 Limited
L.D.C. Corporate Director No. 4 Limited
I.K. Bowden

The directors are not subject to retirement by rotation.

Directors' Interests

The Directors have no interests in any shares in the Company or its ultimate controlling party.

Going Concern

The directors consider that the Company has adequate capital and liquid resources, an appropriate business model and financial structure and suitable arrangements in place for it to be able to continue in operational existence for the foreseeable future. Therefore the directors believe it appropriate for the financial statements to be prepared on a going concern basis.

Should the political and social unrest escalate and in the event of a delay or default in the payment of interest by the borrower, the directors would seek advice on the most appropriate next course of action.

Financial Instruments and Borrowings

A discussion of the Company's objectives, policies, strategies and risks with regard to financial instruments can be found in Note 9 to the financial statements.

The Company is party to an agreement which raised finance through a fixed rate LPN, the proceeds of which were advanced to The City.

As substantially all of the risks and rewards of ownership of the financial assets are transferred to the Loan Note holders, the financial asset and the associated financial liability have not been recognised in the financial statements.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities.

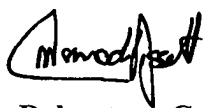
Statement of Disclosure to Auditor

In so far as the directors are aware there is no relevant audit information of which the Company's auditor is unaware. The directors have taken all steps that ought to have been taken, to be aware of any relevant audit information and to establish that the audit is aware of that information.

Financial Reporting, Risk and Internal Controls

The Company has outsourced the financial reporting function to Law Debenture Corporate Services Limited.

By order of the Board



Law Debenture Corporate Services Limited

Secretary

7 August 2014

Registered Office

Fifth Floor

100 Wood Street

London EC2V 7EX

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

The directors are responsible for preparing the strategic report, 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 judgements 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.

The directors confirm, to the best of their knowledge:

- the financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice and give a true and fair view of the assets, liabilities, financial position and profit or loss of the company;
- the annual report includes a fair review of the development and performance of the business and the financial position of the company, together with a description of the principal risks and uncertainties that it faces.

The names and functions of all the directors are stated on page 4.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KYIV FINANCE PLC

We have audited the financial statements of Kyiv Finance plc for the year ended 28 February 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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). Those standards require us to comply with the Financial Reporting Councils (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KYIV FINANCE PLC (Continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Michelle Carroll (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

7 August 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

KYIV FINANCE PLC
PROFIT AND LOSS ACCOUNT

REGISTERED NUMBER: 07543612

FOR THE YEAR ENDED 28 FEBRUARY 2014

		2014	2013
		\$000	\$000
	Note		
Other operating income		68	68
Administrative expenses		(68)	(68)
Gain / (loss) on foreign exchange		9	(3)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	9	(3)
Taxation on loss on ordinary activities	4	-	-
PROFIT / (LOSS) FOR THE YEAR		<u>9</u>	<u>(3)</u>

There are no recognised gains or losses other than the result for the year stated above. Accordingly, no statement of total recognised gains and losses is given.

The above amounts relate exclusively to continuing operations.

The annexed notes form an integral part of these financial statements.

KYIV FINANCE PLC
BALANCE SHEET
AT 28 FEBRUARY 2014

REGISTERED NUMBER: 07543612

	Note	2014 \$000	2013 \$000
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	5	66	115
Debtors: amounts falling due within one year	6	49	63
Cash in hand and at bank		<u>116</u>	<u>76</u>
		231	254
CREDITORS			
Amounts falling due within one year	7	<u>(80)</u>	<u>(63)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		151	191
CREDITORS:			
Amounts falling due after more than one year	8	(66)	(115)
TOTAL NET ASSETS		<u>85</u>	<u>76</u>
CAPITAL AND RESERVES			
Share capital	10	81	81
Profit and loss account	12	<u>4</u>	<u>(5)</u>
EQUITY SHAREHOLDERS' FUNDS	12	<u>85</u>	<u>76</u>

The annexed notes form an integral part of these financial statements.

Approved and authorised for issue by the directors on 7 August 2014 and signed on the Company's behalf by:



Representing L.D.C. Corporate Director No.3 Limited
Director

KYIV FINANCE PLC
CASH FLOW STATEMENT
FOR THE YEAR ENDED 28 FEBRUARY 2014

REGISTERED NUMBER: 07543612

	Note	2014 \$000	2013 \$000
Net cash flow from operating activities	11	31	-
Cash flow from financing activities			
Share capital contributions raised	10	-	-
Movement in cash		<u>31</u>	<u>-</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

		2014 \$000	2013 \$000
Opening net cash		76	79
Movement in cash in the year		31	-
Other non-cash movements		9	(3)
Net cash as at 28 February 2014	13	<u>116</u>	<u>76</u>

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and in accordance with the historical cost convention. A summary of the significant accounting policies, which have been applied consistently, is set out below.

Preparation of financial statements in US Dollars

The financial statements of the Company have been drawn up in US Dollars (“\$”) as it is the Company’s functional currency. The Dollar exchange rate to Sterling at 28 February 2014 was \$1.6669 (2013: \$1.51265).

Basis of preparation

The directors consider that the Company has adequate resources, an appropriate financial structure and suitable arrangements in place for it to continue in operational existence for the foreseeable future. Consequently, the directors consider it appropriate for the financial statements to be prepared on the going concern basis.

Financial instruments

The Company recognises a financial asset and any associated liabilities when it retains the contractual rights to the cash flows, or it retains substantially all of the risks and rewards of ownership of the financial asset, if the rights to receive the contractual cash flows on the financial asset are transferred.

Other operating income

Other operating income, which comprises amounts received from the borrower to finance professional fees incurred in the year and subsequent administration costs of the Company, are accounted for on an accruals basis.

Administrative expenses

All administrative expenses, which comprise primarily professional fees and other overheads, are accounted for on an accruals basis.

Expenses paid in respect of periods subsequent to the balance sheet date are carried forward as prepayments with the related reimbursement financed by the borrower shown as deferred income.

Taxation

Corporation tax is payable on profits based on the applicable tax law and is recognised as an expense in the year in which profits arise. The tax effects of tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Foreign currencies

Transactions in foreign currencies are translated into Dollars at the rate of exchange at the date of the transaction. Foreign currency monetary assets and liabilities are translated into Dollars at the rate of exchange ruling at the balance sheet date. Resulting exchange gains or losses are taken to the profit and loss account.

2. EMPLOYEE INFORMATION AND DIRECTORS' EMOLUMENTS

There were no employees in the Company during the year.

The directors received no emoluments in respect of their services to the Company during the year.

3. PROFIT / LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The following amounts have been included in arriving at the result on ordinary activities before taxation.

	2014 \$000	2013 \$000
Auditor's remuneration for audit of the Company's annual accounts	<u>16</u>	<u>14</u>

4. TAXATION

(a) Analysis of charge in the year	2014 \$000	2013 \$000
------------------------------------	---------------	---------------

Current tax:

Corporation tax charge for the year	<u>-</u>	<u>-</u>
Total taxation charge for the year	<u>-</u>	<u>-</u>

(b) Factors affecting the tax charge for the current year.

The current tax for the year is the same as the standard rate of corporation tax in the UK of 23.08% (2013: 24.17%).

	2014 \$000	2013 \$000
Profit / (loss) of ordinary activities	<u>9</u>	<u>(3)</u>
Losses brought forward	(6)	(3)
Losses carried forward	-	6
Adjusted profit for corporation tax	<u>3</u>	<u>-</u>
Corporation tax levied at the standard rate of corporation tax in the UK of 23.08% (2013: 24.17%)	-	-
Total current tax charge for the year	<u>-</u>	<u>-</u>

Corporation tax payable for the year amounted to \$432.15

5. DEBTORS: amounts falling due after more than one year

	2014 \$000	2013 \$000
Prepayments	<u>66</u>	<u>115</u>

NOTES TO THE FINANCIAL STATEMENTS – 28 FEBRUARY 2014 (Continued)

6. DEBTORS: amounts falling due within one year	2014	2013
	\$000	\$000
Prepayments	49	49
Other debtors	-	14
	<u>49</u>	<u>63</u>
7. CREDITORS: amounts falling due within one year	2014	2013
	\$000	\$000
Accruals and deferred income	80	63
	<u>80</u>	<u>63</u>
8. CREDITORS: amounts falling due after more than one year	2014	2013
	\$000	\$000
Deferred income	66	115
	<u>66</u>	<u>115</u>

9. FINANCIAL INSTRUMENTS

The Company's non-derivative financial instruments comprises cash to provide finance for the Company's operations.

The Company is party to an agreement to grant a loan to The City of \$300,000,000 which has been financed by fixed rate LPN in issue, both of which bear interest at a fixed rate of 9.375% and the principal of which is due for repayment on 11 July 2016. As substantially all of the risks and rewards of ownership of the loan granted to The City have been transferred to the Loan Note holders, the financial asset and associated financial liability have not been recognised in the financial statements.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities.

A description of the principal risks relating to financial instruments and their relevance to the Company and how they are managed is given below.

9. FINANCIAL INSTRUMENTS (Continued)**Liquidity and currency risk**

The Company also holds sufficient cash in sterling of £69,357 (\$115,610) to meet its expected expenses in sterling as and when they fall due.

Credit risk

As substantially all the risks and rewards of ownership of the loan to the City are held by the Loan Note holders, the Company is not exposed to significant credit risk.

Capital Management

The Company has no externally imposed capital requirements and has been set up for the sole purposes of financing of the loan to The City.

10. SHARE CAPITAL

	2014	2013
	\$000	\$000
Authorised, allotted and part paid		
Opening	81	81
50,000 authorised £1 ordinary shares, each		
fully paid, issued in year / period	-	-
As at 28 February 2014	<u>81</u>	<u>81</u>

The capital of the Company comprises share capital only.

11. RECONCILIATION OF OPERATING RESULT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	\$000	\$000
Operating profit / (loss)	9	(3)
Decrease in debtors	63	56
Decrease in creditors	(32)	(56)
Foreign exchange movement	(9)	3
Net cash flow from operating activities	<u>31</u>	<u>-</u>

12. RECONCILIATION OF CAPITAL AND RESERVES

	2014	2013
	\$000	\$000
Opening balance	76	79
Profit / (loss) for the year	9	(3)
Closing balance	<u>85</u>	<u>76</u>

13. ANALYSIS OF RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	At 1 March 2013 \$000	Cash flow \$000	Other non cash movement \$000	At 28 February 2014 \$000
Cash in hand and at bank	<u>76</u>	<u>31</u>	<u>9</u>	<u>116</u>

14. ULTIMATE PARENT AND THE CONTROLLING PARTY

Under the Trust Deed dated 7 March 2011, The Law Debenture Intermediary Corporation p.l.c. acts as share trustee, holding the member's rights on a discretionary basis for charitable purposes. As such, there is no ultimate parent Company and there is no Controlling Party.

15. RELATED PARTY TRANSACTIONS

During the year the Company incurred costs of \$34,347 (2013: \$34,347) in relation to corporate services provided by Law Debenture Corporate Services Limited, a company in the same group as the corporate directors.

An amount of \$81,083 (2013: \$115,430) is included within prepayments and relates to a payment for future period corporate services.