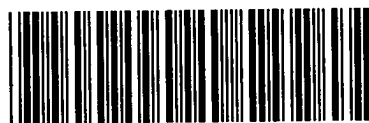


LNG INVESTMENT 1 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2014

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COMPANIES HOUSE

COMPANY REGISTRATION NO. 08049201

LNG INVESTMENT 1 LIMITED
YEAR ENDED 31 DECEMBER 2014

CORPORATE INFORMATION

DIRECTORS

P. Morra
C. Lattuada
M.A Nimmo

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

Société Générale
SG House
41 Tower Hill
London
EC3N 4SG

REGISTERED OFFICE &
PRINCIPAL PLACE OF BUSINESS

SG House
41 Tower Hill
London
EC3N 4SG

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the financial statements and auditors' report, for the year ended 31 December 2014.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

LNG Investment 1 Limited is a company incorporated in the United Kingdom under the Companies Act 2006. These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the company operates.

The principal activity of the company is an investment company, taking equity stakes in projects and other investments.

The company registration number is 08049201.

The company was incorporated on 27 April 2012.

The company relies on business generated by staff employed by Société Générale London Branch ('SGLB') whose principal activity is investment banking. The client relationship exists with, and is managed by, SGLB.

The directors consider the results for the year to be satisfactory.

The Company has secure financing arrangements from Group companies that are matched with its asset base. The risks facing the company and the actions taken to address those risks are set out in the Financial Risk Management paragraph below. There is no indication that these risks will adversely impact the Company in the foreseeable future.

The directors' report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006.

RESULTS

The company made a profit on ordinary activities after taxation of USD \$19,774 (2013: USD \$20,421) for the year. The results for the year are set out on page 7.

SUBSEQUENT EVENTS

The company's subsidiary, LNG Investments Malta 1 Limited, is expected to dispose of its investment in an underlying partnership asset during June 2015. The exact terms of sale have not yet been agreed. This partnership asset is the only significant asset of LNG Investments Malta 1 Limited.

FINANCIAL RISK MANAGEMENT

The company's principal risk is financial risk which it is exposed to through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk and credit risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are credit and operating risks. The risks relating to liquidity and cash flow are mitigated by the routine monitoring of key management information. Credit risk is monitored by the risk department of Société Générale London Branch. They regularly monitor the credit worthiness of clients and will advise the relevant officer in charge of the exposure if there is any deterioration in the credit status (Refer to Note 13).

REPORT OF DIRECTORS (Continued)

DIRECTORS

The directors who served during the year were:

C. Lattuada
M.A Nimmo
P. Morra

LIABILITY INSURANCE FOR COMPANY OFFICERS

The company has taken out liability insurance as permitted under Part 10 of the Companies Act 2006 to cover directors and officers.

GOING CONCERN

The Company has adequate availability of financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts

DISCLOSURE OF INFORMATION PROVIDED TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

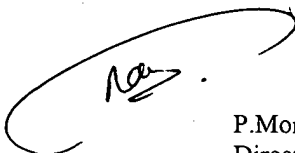
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

APPOINTMENT OF AUDITORS

Ernst & Young LLP were appointed and they have expressed their willingness to continue in office. A resolution to reappoint them as auditors of the Company will be proposed at the forthcoming SG Group Annual General Meeting.

By order of the Board,

15 June 2015



P.Morra
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 year. 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 IFRS 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.

Independent auditors' report to the members of LNG Investment 1 Limited

We have audited the Company financial statements of of LNG Investment 1 Limited for the year ended 31 December 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements 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.

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 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the Directors' Report.

Ernst & Young LLP

James Bateman (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP
Statutory Auditor
London

18 18 June 2015

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

| | <u>Notes</u> | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--|--------------|---------------------------|---------------------------|
| <u>Continuing Operations</u> | | | |
| Revenue | | - | - |
| Gross margin | | - | - |
| Other operating expenses | 2 | (20) | - |
| Operating profit | | (20) | - |
| Interest receivable | 3c | 589,380 | 589,380 |
| Interest expense | 3b | (572,045) | (572,045) |
| PROFIT BEFORE TAXATION | 3 | 17,315 | 17,335 |
| Tax | 4 | 2,459 | 3,086 |
| PROFIT FOR THE YEAR | | 19,774 | 20,421 |
| <u>Other Comprehensive Income</u> | | | |
| Other comprehensive income for the year net of tax | | - | - |
| Total comprehensive income for the year net of tax | | 19,774 | 20,421 |
| Profit attributable to: | | | |
| Equity holders of the parent | | 19,774 | 20,421 |
| Total comprehensive income attributable to: | | | |
| Equity holders of the parent | | 19,774 | 20,421 |

LNG INVESTMENT 1 LIMITED
YEAR ENDED 31 DECEMBER 2014

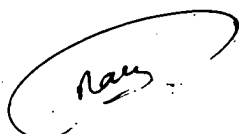
STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

| | <u>Notes</u> | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|----------------------------------|--------------|---------------------------|---------------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Investments in subsidiary | 5 | 1,516,722 | 1,516,722 |
| Other receivables | 6 | 17,458,665 | 18,068,034 |
| | | <u>18,975,387</u> | <u>19,584,756</u> |
| CURRENT ASSETS | | | |
| Other receivables | 6 | 20,215 | 6,698 |
| Cash and cash equivalents | | 1 | 1 |
| | | <u>20,216</u> | <u>6,699</u> |
| TOTAL ASSETS | | <u>18,995,603</u> | <u>19,591,455</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Other payables | 7 | 11,058 | 1,590 |
| | | <u>11,058</u> | <u>1,590</u> |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 7 | 17,416,392 | 18,041,486 |
| | | <u>17,416,392</u> | <u>18,041,486</u> |
| TOTAL LIABILITIES | | <u>17,427,450</u> | <u>18,043,076</u> |
| NET ASSETS | | <u>1,568,153</u> | <u>1,548,379</u> |
| EQUITY | | | |
| Share capital | 8 | 1,515,133 | 1,515,133 |
| Retained earnings | | 53,020 | 33,246 |
| TOTAL EQUITY AND RESERVES | | <u>1,568,153</u> | <u>1,548,379</u> |

The financial statements were approved by the board of directors and authorised for issue on 15 June 2015.
They were signed on its behalf by:

Director P.Morra



The notes on pages 11 to 22 form an integral part of the financial statements.

LNG INVESTMENT 1 LIMITED
YEAR ENDED 31 DECEMBER 2014

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

| | <u>Share Capital</u> | <u>Retained Earnings</u> | <u>Total</u> |
|---|----------------------|--------------------------|------------------|
| | <u>USD</u> | <u>USD</u> | <u>USD</u> |
| Balance as at 31 December 2012 | 1,515,133 | 12,825 | 1,527,958 |
| Total comprehensive income for the period | - | 20,421 | 20,421 |
| | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December 2013 | 1,515,133 | 33,246 | 1,548,379 |
| Total comprehensive income for the year | - | 19,774 | 19,774 |
| | <hr/> | <hr/> | <hr/> |
| Balance as at 31 December 2014 | <u>1,515,133</u> | <u>53,020</u> | <u>1,568,153</u> |

LNG INVESTMENT 1 LIMITED
YEAR ENDED 31 DECEMBER 2014

CASH FLOW STATEMENT

For the year ended 31 December 2014

| | <u>Notes</u> | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--|--------------|---------------------------|---------------------------|
| Net cash flow from operating activities | 12b | (1,198,749) | 1 |
| Interest received | | 1,198,749 | - |
| Net cash flow from investing activities | | 1,198,749 | - |
| Net increase in cash and cash equivalents | | - | 1 |
| Cash at the beginning of the year | | 1 | - |
| Cash at the end of the year | 12a | 1 | 1 |

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year is set out below.

(a) Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been prepared under the historical cost convention, except for the revaluation of financial instruments held at fair value.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 9 “Financial Instruments” is effective for annual periods beginning on or after 1 January 2018
- IFRS 14 “Regulatory Deferral Accounts” is effective for annual periods beginning on or after 1 January 2016
- IFRS 15 “Revenue from Contracts with Customers” is effective for annual periods beginning on or after 1 January 2017
- 2015 Amendments to the IFRS for SMEs are effective for annual periods beginning on or after 1 January 2017
- Amendments to IAS 19 “Defined Benefit Plans Employee Contributions” are effective for annual periods beginning on or after 1 July 2014
- Amendments to IFRS 11 “Joint Arrangements: Accounting for Acquisitions of Interests” are effective for annual periods beginning on or after 1 January 2016
- Amendments to IAS 16 and IAS 38: “Clarification of Acceptable Methods of Depreciation and Amortisation” are effective for annual periods beginning on or after 1 January 2016
- Amendments to IAS 27: “Equity Method in Separate Financial Statements” is effective for annual periods beginning on or after 1 January 2016
- Amendments to IAS 10 and IAS 28: “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” are effective for annual periods beginning on or after 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 27 – “Investment Entities: Applying the Consolidated Exception”) are effective for annual period beginning on or after 1 January 2016
- Amendments to IAS 1 “Disclosure Initiative” are effective for annual periods beginning on or after 1 January 2016
- Annual improvements “2010-2012 Cycle” are effective from 1 July 2014
- Annual improvements “2011-2013 Cycle” are effective from 1 July 2014
- Annual improvements “2012-2014 Cycle” are effective from 1 January 2016

The directors’ anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

At the date of authorisation of these financial statements, the following amended IFRS and IFRIC interpretations have been applied in these financial statements. The adoption of these Standards and Interpretations had no impact on the financial statements.

- Amendments to IFRS 10, IFRS 12 and IAS 27 – “Investment Entities”
- Amendments to IAS 32 – “Offsetting Financial Assets and Financial Liabilities”
- Amendments to IAS 36 – “Recoverable Amount Disclosures for Non-Financial Assets”
- Amendments to IAS 39 – “Novation of Derivatives and Continuation of Hedge Accounting”
- IFRIC 21 – “Levies”

(b) Revenue

Revenue comprises dividends received from equity investments.

Dividend Income is recognised when the entity’s rights to receive payment have been established.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(c) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet method.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is measured on a non-discounted basis.

(d) Financial Instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Other receivables

Other receivables are initially recognised at fair value and subsequently valued at amortised cost, using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. Other receivables are categorised as loans and receivables.

Other payables and long-term payables

Other payables and long-term payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Other payables and long-term payables are categorised as liabilities measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(e) Investments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

(f) Foreign currencies

Transactions in currencies other than the entity's functional currency (US dollars) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Translation differences are dealt with in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(g) Consolidated financial statements

The directors have decided to take advantage of the exemption under section 400 of the Companies Act 2006 and IAS27.42 and have not prepared consolidated financial statements for the year on the grounds that the ultimate parent company, Société Générale (incorporated in France), produces consolidated financial statements.

(h) Significant accounting judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS

2. OTHER OPERATING EXPENSES

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--------------|---------------------------|---------------------------|
| Bank charges | 20 | - |
| | <u>20</u> | <u>-</u> |

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after (charging) / crediting:

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--|---------------------------|---------------------------|
| (a) Auditors' remuneration - audit fees | - | - |
| Audit fees payable for the audit of the company's annual financial statements amounted to £12,500 (2013: £12,500). These fees are paid by the ultimate parent company, Société Générale. | | |
| (b) Interest payable. All of the interest payable during the period was to group companies (Refer to Note 9). | <u>(572,045)</u> | <u>(572,045)</u> |
| (c) Interest receivable. All of the interest receivable during the period is attributable to group companies (Refer to Note 9). | <u>589,380</u> | <u>589,380</u> |

NOTES TO THE FINANCIAL STATEMENTS

4. TAXATION

(a) Analysis of the tax credit in the year

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--|---------------------------|---------------------------|
| Corporation tax (Group Relief): | | |
| Corporation tax credit for the year / period | 3,007 | 2,874 |
| Foreign exchange movements | (548) | 250 |
| Adjustments in respect of prior year periods | - | (38) |
| | <hr/> | <hr/> |
| Total current tax credit | 2,459 | 3,086 |
| | <hr/> | <hr/> |

(b) The total credit for the year can be reconciled to the accounting profit as follows

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--|---------------------------|---------------------------|
| Profit before taxation | 17,315 | 17,335 |
| | <hr/> | <hr/> |
| Tax on profit at standard rate of 21.49% (2013: 23.25%). | (3,722) | (4,030) |
| Factors affecting the credit: | | |
| Transfer Pricing Adjustments | 6,729 | 6,904 |
| Foreign Exchange movements | (548) | 250 |
| Prior year adjustments | - | (38) |
| | <hr/> | <hr/> |
| | 2,459 | 3,086 |
| | <hr/> | <hr/> |

5. INVESTMENT IN SUBSIDIARY

The company has the following investment undertaking:

| | <u>Country of</u> <u>Incorporation</u> | <u>Holding</u> | <u>%</u> |
|--------------------------------|---|---------------------------|---------------------------|
| LNG Malta Investment 1 Limited | Malta | Equity | 100% |
| | | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
| Opening balance | | 1,516,722 | 1,516,722 |
| Acquisition during the year | | - | - |
| | | <hr/> | <hr/> |
| Closing balance | | 1,516,722 | 1,516,722 |
| | | <hr/> | <hr/> |

During the prior period the Company invested in a Maltese limited company, whose principal activity is an investment company, taking equity stakes in projects and other investments.

NOTES TO THE FINANCIAL STATEMENTS

6. OTHER RECEIVABLES

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|---|---------------------------|---------------------------|
| Amounts falling due within one year: | | |
| Amounts receivable from group companies (Refer to Note 9) | 15,583 | 1,636 |
| U.K. Corporation tax (Group Relief) | 4,632 | 5,062 |
| | <u>20,215</u> | <u>6,698</u> |

The directors consider that the carrying amount of other receivables approximates their fair value.

The credit risk on group undertakings is limited because the undertakings are solvent, under common control and the directors are confident of them continuing as going concerns. The credit on group undertakings is not past due.

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|---|---------------------------|---------------------------|
| Amounts falling due after one year: | | |
| Loans receivable from group related companies (Refer to Note 9) | 17,458,665 | 18,068,034 |
| | <u>17,458,665</u> | <u>18,068,034</u> |

The fixed rate loans have an approximated fair value of USD 19,327,301 (2013: USD 17,404,411).

7. BORROWINGS AND OTHER PAYABLES

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--|---------------------------|---------------------------|
| Amounts falling due within one year: | | |
| Amounts payable to group companies (Refer to Note 9) | 11,058 | 1,590 |
| | <u>11,058</u> | <u>1,590</u> |

The directors consider that the carrying amount of other payables approximates their fair value.

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--|---------------------------|---------------------------|
| Amounts falling due after one year: | | |
| Amounts owed to group undertakings (Refer to Note 9) | 17,416,392 | 18,041,486 |
| | <u>17,416,392</u> | <u>18,041,486</u> |

The fixed rate loans have an approximated fair value of USD 17,527,738 (2013: USD 18,401,309).

NOTES TO THE FINANCIAL STATEMENTS

8. SHARE CAPITAL

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|---|---------------------------|---------------------------|
| Authorised and Issued: | | |
| 1,515,133 ordinary shares of 1 USD each | 1,515,133 | 1,515,133 |

The company has one class of ordinary shares which carry no right to fixed income.

The share capital was mostly funded via a loan note amounting to USD 1,515,133 converted into dollar shares and is considered to be fully paid up shared capital.

9. RELATED PARTY TRANSACTIONS

Trading transactions

During the year, the company entered into the following transactions with related parties within the group.

| | <u>Amounts owed by related parties</u> | | <u>Amounts owed to related parties</u> | |
|---------------------------------|--|---------------------------|--|---------------------------|
| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
| SG London Branch | - | 1 | - | - |
| SG Investment Limited | 4,525 | 1,636 | 17,427,450 | 18,041,486 |
| LNG Malta Investments 1 Limited | 17,469,723 | 18,068,034 | - | 1,590 |
| | <u>17,474,248</u> | <u>18,069,671</u> | <u>17,427,450</u> | <u>18,043,076</u> |
| | | | | |
| | <u>Group interest payable</u> | | <u>Group interest received</u> | |
| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
| LNG Malta Investments 1 Limited | - | - | 589,380 | 589,380 |
| SG Investment Limited | 572,045 | 572,045 | - | - |
| | <u>572,045</u> | <u>572,045</u> | <u>589,380</u> | <u>589,380</u> |

LNG Malta Investments 1 Limited is a subsidiary of LNG Investment 1 Limited.

LNG Investment 1 Limited is a subsidiary of SG Investment Limited, who is a subsidiary of Société Générale Investments (U.K.) Limited.

Société Générale London is a branch of Société Générale, which is incorporated in France.

The ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale (Refer to Note 11).

Transactions to / from related parties are made at terms equivalent to those that prevail in arm's length transactions.

NOTES TO THE FINANCIAL STATEMENTS

9. RELATED PARTY TRANSACTIONS (Continued)

The amounts outstanding are unsecured, settlement occurs in cash.

For the period ended, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

No guarantees have been given or received.

Remuneration of key management personnel

The remuneration of the directors, has been set out in Note 10.

Directors' transactions

There were no loans, quasi-loans or any other transactions carried out with the directors during the year other than what has already been disclosed in the directors report.

10. EMPLOYEES COST AND DIRECTORS' EMOLUMENTS

The directors received no emoluments for services to the company or SG Investment Limited during the year.

None of the directors had any material interest in any contract in relation to the business of the company.

The company does not have any employees in 2014 and 2013. All personnel who perform services are employed and remunerated by Société Générale London Branch.

11. HOLDING AND CONTROLLING COMPANY

The company is a subsidiary of SG Investment Limited whose immediate holding company is Société Générale Investments (U.K.) Limited. Both companies are incorporated in Great Britain and registered in England and Wales.

The company's ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale, which is incorporated in France. Copies of the group accounts of Société Générale are available from the registered office at 29, Boulevard Haussmann, 75009 Paris, France.

12. NOTES TO THE CASHFLOW STATEMENT

(a) Reconciliation of cash

Cash and cash equivalents

2014
USD

2013
USD

1

1

NOTES TO THE FINANCIAL STATEMENTS

12. NOTES TO THE CASHFLOW STATEMENT (Continued)

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|--|---------------------------|---------------------------|
| (b) <u>Reconciliation of profit on ordinary activities to cash from operating activities</u> | | |
| Profit on ordinary activities before tax | 17,315 | 17,335 |
| Adjusted for: | | |
| Interest expense | 572,045 | 572,045 |
| Interest receivable | (589,380) | (589,380) |
| | <hr/> | <hr/> |
| Operating cash flows before working capital changes | (20) | - |
| Increase in other receivables | (13,947) | (1,635) |
| Increase / (decrease) in other payables | 9,468 | (1,183) |
| | <hr/> | <hr/> |
| Cash flow from operations | (4,499) | (2,818) |
| Income taxes | 2,889 | 2,819 |
| Interest paid | (1,197,139) | - |
| | <hr/> | <hr/> |
| | <u>(1,198,749)</u> | <u>1</u> |

13. FINANCIAL INSTRUMENTS

The management of risks in relation to financial instruments is an integral part of Société Générale's Group corporate culture. The risks encountered by the Company are managed on its behalf by Société Générale. The company has hedged its loan exposures by currency, rate and maturity, where applicable. It therefore does not have any material sensitivity to any of these risks.

The main risks incurred in the Company's activities are as follows:

i) Credit Risk

The Company's principal financial assets exposed to credit risk are receivables. The Company is exposed to credit risk to the extent that its customers may experience financial difficulty and would be unable to meet their obligations. To mitigate exposure to credit risk the Group has a risk approval process that is based on five principles:

- All transactions giving rise to a counterparty risk must be authorised in advance.
- Investment risk for available for sale securities is mitigated by the routine monitoring of key management information and investment KPIs.
- All requests for authorisations relating to a specific client or client group are handled by a central operating division called the Risk Division. This division is designated, on a case-by-case basis, to ensure a consistent approach to risk management and the permanent control of Société Générale's potential exposure.
- Systematic recourse to internal risk ratings. These ratings are provided by the operating divisions that are able to enter into financial exposure with a client and are validated by the Risk Division; they are included in all loan applications and are considered as part of the decision process regarding the issue of a loan.
- Responsibility for analysing and approving risk is delegated to specific credit risk units.
- Risk assessment departments are fully independent at each decision making level.

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS (Continued)

i) Credit Risk (continued)

The Risk Division aims to increase Société Générale's expertise by centralising the analysis of the quality of Société Générale's counterparties and the approval of exposure limits allocated to all locations and business lines.

The maximum credit risk that the Company is exposed to, without taking into account any collateral held or other credit enhancements, is the gross carrying amount of other receivables granted. The gross carrying amounts are declared in the balance sheet and the notes to the accounts.

The Company is not aware of any material items that would affect the credit quality of its financial assets. The Company has no financial assets whose carrying value would be impaired or considered to be past due but for renegotiation of their terms.

ii) Market Risk: Interest Rate Risk and Sensitivity Analysis

Société Générale's policy is to concentrate interest rate risks within the capital market activities. These are monitored and controlled by the Group using 'Value at Risk' assessment models.

Therefore the Company is constrained from entering into transactions where there is a significant interest rate exposure. If a fixed rate loan is entered into by the Company it must be financed on an equal fixed rate basis with one of the dedicated market teams. As this effectively hedges any interest rate risk exposure there is no sensitivity to interest rate movements in the Company's accounts.

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve.

iii) Currency Risk

The Company has limited exposure to foreign currency risk. The extent of the Company's exposure is the tax and audit payments which are paid in Sterling.

iv) Fair Values

Where the interest rate fixing date of loans and receivables are less than one year they are considered to approximate their carrying value due to the short-term nature of these instruments.

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve.

Available-for-sale investments are recognised at their fair value after holding the investment for one year. Where the investments are listed the basis of measurement is the quoted market price. Where there is no quoted price available the net asset value or a discounted cash flow is utilised.

v) Liquidity Risk

The principles and standards applicable to the management of liquidity risk are defined at Group level. The Company is responsible for managing its own liquidity and for respecting any liquidity constraints locally or those provided by the Asset Liability Management Department, a dedicated division that manages liquidity in the Group overall.

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS (Continued)

v) Liquidity Risk (continued)

The Company's financial liabilities are primarily in the form of intercompany borrowings from its holding Company who has obtained the funds through Société Générale's treasury teams.

(a) Maturity analysis of financial liabilities

| | <u>Less than 1 year</u> | | <u>1 year to 5 years</u> | | <u>Greater than 5 years</u> | |
|------------------------------------|-------------------------|-------------|--------------------------|-------------|-----------------------------|-------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| | <u>USD</u> | <u>USD</u> | <u>USD</u> | <u>USD</u> | <u>USD</u> | <u>USD</u> |
| Financial liabilities | | | | | | |
| Amounts owed to group undertakings | 11,058 | 1,590 | 17,416,392 | 18,041,486 | - | - |

The above being the undiscounted cashflow expected to be made.

(b) Financial assets and liabilities held at amortised cost

| | <u>2014</u> | <u>2013</u> |
|-----------------------|-------------|-------------|
| | <u>USD</u> | <u>USD</u> |
| Financial assets | 17,478,880 | 18,074,732 |
| Financial liabilities | 17,427,450 | 18,043,076 |

It is Société Générale's treasury teams which ultimately manage the liquidity exposure of the Group. The objective is to finance the Group's activities at the best possible rates under normal conditions and ensure it can meet its obligations in the event of a crisis.

vi) Concentration Risk

Although the Company's assets are concentrated by geography, type of client and economic sector this is ameliorated by its parent company, SG Investment Limited, which through its other investments, achieves suitable diversification.

vii) Capital Management Policies and Procedures

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern;
- and
- To provide an adequate return to shareholders.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS (Continued)

vii) Capital Management Policies and Procedures (continued)

Capital structure

| | <u>2014</u> <u>USD</u> | <u>2013</u> <u>USD</u> |
|-------------------|---------------------------|---------------------------|
| Share Capital | 1,515,133 | 1,515,133 |
| Retained Earnings | 53,020 | 33,246 |
| Total capital | <u>1,568,153</u> | <u>1,548,379</u> |

14. SUBSEQUENT EVENTS

The company's subsidiary, LNG Investments Malta 1 Limited, is expected to dispose of its investment in an underlying partnership asset during June 2015. The exact terms of sale have not yet been agreed. This partnership asset is the only significant asset of LNG Investments Malta 1 Limited.