

Galaxy Pipeline Assets Bidco Limited

Company Number 131580

Financial Statements

For the financial period from 26 May 2020 (date of incorporation) to 31 July 2020

Galaxy Pipeline Assets Bidco Limited

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Galaxy Pipeline Assets Bidco Limited

Company Information

Directors	Cleveland Stewart (Appointed 26 May 2020) Robert Lucas (Appointed 26 May 2020) Felipe Ortiz (Appointed 12 June 2020) Marco Bartolini (Appointed 12 June 2020) Camille Depoutot (Appointed 12 June 2020) Gregg Myers (Appointed 12 June 2020) Charles Thomazi (Appointed 12 June 2020) Martin Catchpole (Appointed 19 June 2020) Wooshick Kim (Appointed 19 June 2020)
Corporate Administrator	Maples Fiduciary Services (Jersey) Limited (Appointed 26 May 2020) 2nd Floor Sir Walter Raleigh House 48-50 Esplanade St Helier JE2 3QB Jersey
Company Secretary	Maples Company Secretary (Jersey) Limited (Appointed 26 May 2020) 2nd Floor Sir Walter Raleigh House 48-50 Esplanade St Helier JE2 3QB Jersey
Solicitor	Maples and Calder (Jersey) LLP (Appointed 26 May 2020) 2nd Floor Sir Walter Raleigh House 48-50 Esplanade St Helier JE2 3QB Jersey
Registered office	2nd Floor Sir Walter Raleigh House, 48-50 Esplanade St Helier, JE2 3QB, Jersey
Banker	HSBC Bank PLC 9 Canada Square London E145HQ United Kingdom
Auditor	Ernst & Young Chartered Accountants and Statutory Auditors Harcourt Centre, Harcourt Street Dublin 2 D02 YA40 Ireland

Galaxy Pipeline Assets Bidco Limited

Report of Directors

The Directors present their first report and audited financial statements of Galaxy Pipeline Assets Bidco Limited (the “Company”) for the financial period from 26 May 2020 (date of incorporation) to 31 July 2020.

Incorporation

The Company was incorporated in Jersey on 26 May 2020.

Principal activities

The Company’s principal activity is to hold investment on behalf of Galaxy Pipeline Assets Holdco Limited (the “Parent Company”) and to obtain external financing.

The authorised share capital of the Company is USD5,000,000,000 divided into 5,000,000,000 shares of a par value of USD 1.00 each. The Company issued 2 shares at par on the date of incorporation to Maples Nominees (Jersey) No.1 Limited. On 1 June 2020, Maples Nominees (Jersey) No.1 Limited transferred all its shares to Galaxy Pipeline Assets Holdco Limited. On 13 July 2020, the Company issued additional 1,979,221,355 shares at par to Galaxy Pipeline Assets Holdco Limited to partly finance the investment in ADNOC Gas Pipeline Assets LLC (“ADNOC”).

On 23 June 2020, the Company entered into an Initial Bank Facilities Agreement (the “Loans Facility”) with various banks. The total commitment under the Loans Facility was USD7,960,000,000 and is repayable 24 months after the Loans Facility closing date subject to 12 months extension at the option of the Company. On 14 July 2020, the Company drew the USD7,960,000,000 to finance the equity investment in ADNOC which represents, in total, 47.7% of the entire issued share capital of ADNOC.

Results and dividend

The loss for the financial period, after taxation, amounted to USD171,530,068.

The Directors do not recommend payment of a dividend during the period.

Principal risks and uncertainties

The Company, in the course of its business activities, is exposed to various risks including credit risk, market risk, liquidity risk and operational risk.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument held by the Company fails to meet its contractual obligations.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company’s income or the value of its holding of financial instruments.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Operational risk is the risk of indirect or direct loss arising from a wide variety of causes associated with the Company’s operations. The Company’s objective is to manage operational risk and does so primarily by outsourcing all administration functions to a professional service provider. The Company was incorporated with the purpose of engaging in those activities outlined in the Report of Directors. All corporate administration functions are outsourced to Maples Fiduciary Services (Jersey) Limited.

Galaxy Pipeline Assets Bidco Limited

Report of Directors (continued)

Principal risks and uncertainties (continued)

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures to prevent transmission of the virus include limiting the movement of people, temporarily closing businesses, and cancelling events, etc. This has adversely affected economic activities across the world. Governments and central banks worldwide are responding to this crisis with aid packages and further quantitative easing. At the date of this report the depth and length of this crisis is unknown. The Company is actively monitoring its financial position including market and economic turbulence that has arisen because of the COVID-19 outbreak.

The most significant risks that the Company faces are market risk, credit risk and operational risk. Separately all service providers have invoked their business continuity plans and are actively reporting to management. The Company continues to actively manage the situation as it unfolds so that it is prepared to take additional actions to mitigate the impact.

A more detailed discussion of the risks the Company is exposed to is set out in Note 17.

Directors

The Directors who held office during the period and subsequently at the date of this report were as follows:

Cleveland Stewart (Appointed 26 May 2020)
Robert Lucas (Appointed 26 May 2020)
Felipe Ortiz (Appointed 12 June 2020)
Marco Bartolini (Appointed 12 June 2020)
Camille Depoutot (Appointed 12 June 2020)
Gregg Myers (Appointed 12 June 2020)
Charles Thomazi (Appointed 12 June 2020)
Martin Catchpole (Appointed 19 June 2020)
Wooshick Kim (Appointed 19 June 2020)

None of the Directors or Secretary who held office on 31 July 2020 held any shares in the Company at that date, or during the period. Two of the current Directors are employees of the Corporate Administrator and as such had an interest in the Corporate Administration fees in their capacity as Directors.

Company secretary

The Company Secretary who held office during the period and subsequently at the date of this report was as follows:

Maples Company Secretary (Jersey) Limited (Appointed 26 May 2020)

Registered office

The Company's registered office is at 2nd Floor Sir Walter Raleigh House, 48-50 Esplanade St Helier, JE2 3QB, Jersey.

Galaxy Pipeline Assets Bidco Limited

Report of Directors (continued)

Going concern

The Company's financial statements for the financial period ended 31 July 2020 have been prepared on a going concern basis. The Directors anticipate that the investment in associate will continue to generate enough cash flow on an ongoing basis to meet the Company's liabilities as they fall due. The Directors have also considered the impact of COVID-19 on the ability of the Company to continue as a going concern. The Directors anticipated that there might be negative impact on the performance of the Company in the future but the Company is still expected to operate at least 12 months from the date of approval of these financial statements due to the following reasons:

- The Company is expected to generate profit in the future based on the performance of ADNOC.
- The financial liability is due more than 12 months from date of approval of financial statements.
- The Company believe they will have appropriate access to the Capital Markets to access funding, as necessary.

For these reasons, the Directors believe that the going concern basis is appropriate.

Subsequent events

There were no subsequent events identified up to the date of approval of the financial statements which would require adjustment to, or disclosure in, the financial statements.

This report was approved by the Board of Directors and signed on behalf of the Board.



Cleveland Stewart
Director



Robert Lucas
Director

Date: 15 October 2020

Galaxy Pipeline Assets Bidco Limited

Statement of Directors' Responsibilities

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

Jersey Company law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the company at the period end and of the profit or loss of the company for the period then ended. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; 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 accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements prepared by the company comply with the requirements of the Companies (Jersey) Law 1991. 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.



Cleveland Stewart
Director



Robert Lucas
Director

Date: 15 October 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY PIPELINE ASSETS BIDCO LIMITED

Opinion

We have audited the financial statements of Galaxy Pipeline Assets Bidco Limited (the "Company") for the period ended 31 July 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- ▶ give a true and fair view of the state of the company's affairs as at 31 July 2020 and of its loss for the period then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- ▶ have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report of Directors and the Statement of Directors' Responsibilities. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALAXY PIPELINE ASSETS BIDCO LIMITED (continued)

required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- ▶ proper accounting records have not been kept by the company, or proper 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 company's accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

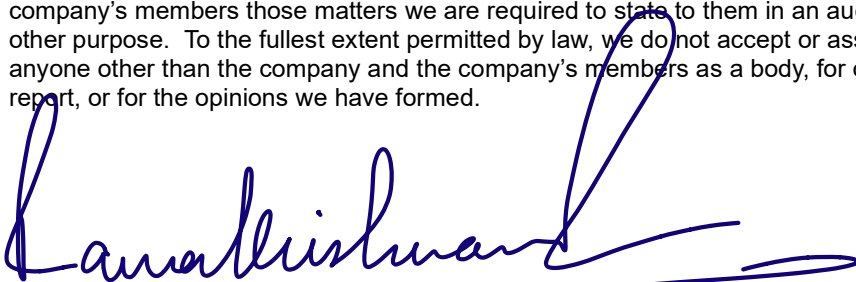
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GALAXY PIPELINE ASSETS BIDCO LIMITED (continued)**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.



Ramakrishnan Ramanathan
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm
Dublin
15 October 2020

Galaxy Pipeline Assets Bidco Limited

Statement of Comprehensive Income

For the financial period from 26 May 2020 (date of incorporation) to 31 July 2020

	Note	Period ended 31 July 2020 USD
Income		
Share of net profit of associate accounted for using the equity method	6,9	46,404,208
Other income		253,422
		<u>46,657,630</u>
Expenses		
Interest expense	7,12	(8,424,193)
Net loss on derivatives	13	(209,007,306)
Administrative expenses	8	(756,199)
		<u>(218,187,698)</u>
Loss before taxation		<u>(171,530,068)</u>
Tax expense	5	-
Loss after taxation		<u>(171,530,068)</u>
Other comprehensive income		-
Total comprehensive loss for the period		<u><u>(171,530,068)</u></u>

The results above are from continuing operations.

The accompanying notes form part of these financial statements.

Galaxy Pipeline Assets Bidco Limited

Statement of Financial Position

As at 31 July 2020

	Note	31 July 2020 USD
Non - current assets		
Investment in an associate	9	9,924,691,173
		9,924,691,173
Current assets		
Receivables	10	120,000
Cash and cash equivalents	11	4,122,008
		4,242,008
Total assets		9,928,933,181
Non-current liabilities		
Financial liabilities held at amortised cost	12	(7,903,774,953)
Derivative financial liabilities	13	(209,007,306)
		(8,112,782,259)
Current liabilities		
Interest payable	12	(4,827,240)
Other payables	14	(3,632,393)
		(8,459,633)
Total liabilities		(8,121,241,892)
Equity		
Called up share capital	15	(1,979,221,357)
Accumulated losses		171,530,068
Total equity		(1,807,691,289)
Total liabilities and equity		(9,928,933,181)

The accompanying notes form part of these financial statements.

This report was approved by the Board of Directors and signed on behalf of the Board:



Cleveland Stewart
Director



Robert Lucas
Director

Date: 15 October 2020

Galaxy Pipeline Assets Bidco Limited

Statement of Changes in Equity

For the financial period from 26 May 2020 (date of incorporation) to 31 July 2020

	Share capital USD	Accumulated losses USD	Total equity USD
Balance at incorporation	-	-	-
Issue of share capital	1,979,221,357	-	1,979,221,357
Loss for the period	-	(171,530,068)	(171,530,068)
Other comprehensive income	-	-	-
	<hr/>		
Total comprehensive loss for the period	-	(171,530,068)	(171,530,068)
	<hr/>		
Balance at 31 July 2020	1,979,221,357	(171,530,068)	(1,807,691,289)

The accompanying notes form part of these financial statements.

Galaxy Pipeline Assets Bidco Limited

Statement of Cash Flows

For the financial period from 26 May 2020 (date of incorporation) to 31 July 2020

	Note	Period ended 31 July 2020 USD
Cash flows from operating activities:		
Loss before taxation		(171,530,068)
Adjustments for:		
Share of net profit of associate accounted for using the equity method	6,9	(46,404,208)
Interest expense	7,12	4,827,240
Amortisation of transaction cost on financial liabilities at amortised cost	7,12	3,596,953
Net loss on derivatives	13	209,007,306
Increase in receivables	10	(120,000)
Increase in other payables	14	3,632,393
Net cash inflow from operating activities		3,009,616
Cash flow used in investment activities		
Investment in associate	9	(9,878,286,965)
Net cash used in investment activities		(9,878,286,965)
Cash flows from financing activities		
Issue of ordinary shares	15	1,979,221,357
Proceeds from issuance of loans	12	7,960,000,000
Transaction cost related to issuance of loans		(59,882,000)
Net cash inflow from financing activities		9,879,399,357
Net increase in cash and cash equivalents		4,122,008
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	11	4,122,008

The accompanying notes form part of these financial statements.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

1. General information

Company background

The Company was incorporated in Jersey on 26 May 2020. The Company's principal activity is to hold investment on behalf of the parent entity and to obtain external financing.

The authorised share capital of the Company is USD5,000,000,000 divided into 5,000,000,000 shares of a par value of USD 1.00 each. . The Company issued 2 shares at par on the date of incorporation. On 13 July 2020, the Company issued additional 1,979,221,355 shares at par to partly finance the investment on ADNOC.

On 23 June 2020, the Company entered into an Initial Bank Facilities Agreement ("the Loans Facility") with various banks. The total commitment under the Loans Facility was USD7,960,000,000 and is repayable after 24 months after the Loans Facility closing date subject to extension. On 14 July 2020, the Company drew the USD7,960,000,000 to finance the equity investment in ADNOC which represents, in total, 47.7% of the entire issued share capital of ADNOC.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU").

The financial statements have been prepared on a going concern basis.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivatives, which are carried at fair value.

(c) Functional and presentation currency

These financial statements are presented in USD, the functional currency of the Company. Functional currency is the currency of the primary economic environment in which the entity operates. The Directors of the Company believe that USD most faithfully represents the economic effects of underlying transactions, events and conditions as the loans and share capital issued by the Company are denominated in USD.

(d) Use of judgements and estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

2. Basis of preparation (continued)

(d) Use of judgements and estimates (continued)

Key sources of estimation uncertainty

The following are 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.

Fair value of derivatives and other financial instruments

The fair value of derivative financial instruments is obtained from the swap counterparties which uses its proprietary valuation model that takes into account the notional amount, maturity date and any early redemption clause. The valuation includes assumptions that are mainly based on market conditions existing at the end of each reporting period.

(e) Accounting standards, amendments and interpretations

New standards, amendments and interpretations

The Company has adopted all accounting standards applicable for accounting periods beginning on or after its incorporation date.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2021, and have not been applied in preparing these financial statements. None of these standards are expected to have a significant effect on the financial statements of the Company.

3. Accounting policies

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation or settlement of foreign denominated balances are recognised in the Statement of Comprehensive Income.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

3. Accounting policies (continued)

(b) Taxation

Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

(c) Investment in an associate

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

The Company's investment in associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost plus transaction costs. Transaction cost includes all costs directly attributable to the acquisition of the investment. Subsequently, the carrying amount of the investment is adjusted to recognise the Company's share of the post-acquisition profits or losses of the associate in profit or loss, and the Company's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from the associate is recognised as a reduction in the carrying amount of the investment.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss in the Statement of Comprehensive Income.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(d) Financial instruments

The financial instruments held by the Company include the following:

- Financial assets; and
- Financial liabilities;

Classification

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

3. Accounting policies (continued)

(d) Financial instruments (continued)

Classification (continued)

- b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company includes in this category cash and cash equivalents and receivables.

Financial assets measured at fair value through profit or loss (FVTPL)

Under IFRS 9, a financial asset is measured at fair value through profit or loss if:

- a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- c) At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company does not have any financial assets measured at fair value through profit or loss.

Financial liabilities

Financial liabilities measured at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. The Company includes in this category derivative contracts in a liability position.

Financial liabilities measured at amortised cost

The Company's financial liabilities at amortised cost include interest payable, other payables and loans.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

3. Accounting policies (continued)

d) Financial instruments

Recognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Initial measurement

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVTPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Subsequent measurement

After initial measurement, the Company measures financial instruments which are classified as at FVTPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net change in fair value of financial assets and liabilities at FVTPL in the Statement of Comprehensive Income. Interest earned or paid on these instruments is recorded separately in interest income or expense in the Statement of Comprehensive Income.

Derivatives are subsequently re-measured at fair value. Gains and losses arising from changes in the fair value of derivatives are included in the Statement of Comprehensive Income in the financial period in which they arise. Fair value is determined by the swap counterparties.

Financial assets and liabilities, other than those classified as at FVTPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets and liabilities are derecognised, as well as through the amortisation process.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Company has:

- a) Transferred substantially all of the risks and rewards of the asset; or
- b) Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

3. Accounting policies (continued)

(d) Financial instruments (continued)

Derecognition (continued)

When the Company has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(g) Interest expense

Interest expense includes interest on the financial liabilities which is recognised in the Statement of Comprehensive Income using the effective interest rate method, and amortisation of loan transaction cost which is amortised over the life of the loan using the effective interest rate method.

(h) Income and expenses

All other income and expenses are accounted for on an accruals basis.

4. Determination of fair value

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

4. Determination of fair value (continued)

Fair value measurement principles

The Company's financial instrument carried at fair value include interest rate swaps.

The fair value of the interest rate swaps is determined by reference to the swap counterparty valuation. The interest rate swap is valued by projecting the future cash flows for each payment date using the contracted interest rate. The cash flows are discounted to the valuation date using a discount factor interpolated off a zero coupon yield curve of the respective currency.

5. Tax expense

The Company is subject to Jersey income taxation at 0%.

6. Share of net profit of associate accounted for using the equity method

	Period ended 31 July 2020 USD
Share of net profit of associate accounted for using the equity method	46,404,208
	<u>46,404,208</u>

7. Interest expense

	Period ended 31 July 2020 USD
Interest expense	(4,827,240)
Amortisation of transaction cost on financial liabilities at amortised cost	(3,596,953)
	<u>(8,424,193)</u>

8. Administrative expenses

	Period ended 31 July 2020 USD
Professional and legal fees	(695,978)
Corporate administration fees	(23,385)
Other expenses	(4,567)
Audit fees	(32,269)
	<u>(756,199)</u>

The Company is administered by the Corporate Administrator and has no employees. The Corporate Administrator provides two directors to the Company as part of its service under the corporate service agreement. See Note 19 for details. The Directors did not receive any remuneration during the period.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

9. Investment in an associate

	31 July 2020 USD
At the beginning of the period	-
Additions	9,878,286,965
Share of net profit of associate accounted for using the equity method	46,404,208
At the end of the period	<u>9,924,691,173</u>

The Company holds 47.7% of the share capital of ADNOC Gas Pipeline Assets LLC, a company incorporated in the Emirate of Abu Dhabi. ADNOC Gas Pipeline Assets LLC holds a lease over 38 gas pipelines in the United Arab Emirates.

The table below provides the summarised unaudited financial information of ADNOC Gas Pipeline Assets LLC as at 31 July 2020, and is derived from the 30 September 2020 unaudited management accounts provided by ADNOC Gas Pipeline Assets LLC.

Balance sheet	31 July 2020 USD
Assets	
Non-current assets	
Financial assets	20,805,257,297
Current assets	
Other receivables	2,723
Total assets	<u>20,805,260,020</u>
Liabilities	
Current liabilities	11,962
Equity	
Share capital	20,707,964,601
Retained earnings	97,283,457
Total equity	<u>20,805,248,058</u>
Total liabilities and equity	<u>20,805,260,020</u>
 Income Statement	 For the period ended 31 July 2020 USD
Finance income	97,295,419
Administrative expenses	(11,962)
Net income	<u>97,283,457</u>

The Company's share of the net profit of associate from 23 June 2020 (date of investment) up to 31 July 2020 was USD46,404,208.

In the opinion of the Directors, the shares in the Company's associate are worth at least the amounts at which they are stated above. Therefore, no impairment recorded.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

10. Receivables

	31 July 2020 USD
Receivables from a third party	120,000
	<u>120,000</u>

11. Cash and cash equivalents

	31 July 2020 USD
Cash at bank	4,122,008
	<u>4,122,008</u>

As at 31 July 2020, the bank accounts are held with HSBC Bank PLC. Refer to note 17(b) for credit risk disclosure relating to cash and cash equivalents.

12. Financial liabilities at amortised cost

	31 July 2020 USD
Financial liabilities at amortised cost	(7,903,774,953)
	<u>(7,903,774,953)</u>

On 23 June 2020, the Company entered into an Initial Bank Facilities Agreement (“the Loans Facility”) with various banks. The total commitment under the Loans Facility was USD7,960,000,000 and is repayable after 24 months after the Loans Facility closing date subject to 12 months extension at the option of the Company. The Loans Facility bears variable interest based on US LIBOR plus spread of 0.95% per annum for the first 12 months, 1.30% per annum after 12 months up to 24 months, 1.6% per annum after 24 months up to 30 months and 2.0% after 30 months. The interest is payable on a quarterly basis.

On 14 July 2020, the Company drew down the USD7,960,000,000 to finance the additional investment on ADNOC Gas Pipeline Assets LLC.

The transaction cost incurred by the Company in connection with the Loans Facility was USD59,822,000. The transaction cost was capitalised as part of the financial liabilities at amortised cost. For the period ended 31 July 2020, the amortisation of the transaction cost was USD3,596,953.

For the period ended 31 July 2020, the interest on the Loans Facility was USD4,827,240. The interest is outstanding as at the period end and included within interest payable.

13. Derivative financial liabilities

	31 July 2020 USD
Interest rate swaps	(209,007,306)
	<u>(209,007,306)</u>

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

13. Derivative financial liabilities (continued)

The Company uses derivative financial instruments to economically hedge its risks associated primarily with interest rates and does not designate any derivative as a hedging instrument for hedge accounting purposes.

In July 2020, the Company entered into pay fixed receive floating interest rate swaps to mitigate the interest rate exposure arising on its Loans Facility, which bears floating interest rate based on US LIBOR.

Below are the details of the derivatives:

Currency	Notional Amount	Maturity date	Description
USD	5,434,000,000	28 September 2040	Pay fixed/received floating
USD	2,526,000,000	28 September 2040	Pay fixed/received floating

Swaps currently in place cover approximately 100% of the variable loan principal outstanding. The fixed interest rate payable on the swap is 0.87%, and the variable rate on both the swap and the loans for the first interest period is 0.33%.

The swap contracts require settlement of net interest receivable or payable every 90 days (with the exception of the first settlement which is an extended period and aligns with the Loans Facility). The settlement dates coincide with the dates on which interest is payable on the underlying loans.

The table below shows the fair value movement on the Company's derivatives:

	31 July 2020 USD
At the beginning of the period	-
Fair value loss during the period	(209,007,306)
At the end of the period	(209,007,306)

The fair value movement of the derivatives is included under "Net loss on derivatives" in the Statement of Comprehensive Income.

14. Other payables

	31 July 2020 USD
Legal and professional fees payable	(3,577,000)
Other accruals	(55,393)
	(3,632,393)

Other payables are non-interest bearing and are payable on demand.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

15. Share capital

31 July 2020
USD

Authorised

5,000,000,000 ordinary shares of USD1 each	5,000,000,000
	<u>5,000,000,000</u>

Allotted, called up and fully paid

1,979,221,357 ordinary shares of USD1 each	1,979,221,357
	<u>1,979,221,357</u>

All of the Company's shares are subscribed and held by Galaxy Pipeline Assets Holdco Limited. 1,979,221,357 ordinary shares were issued during period at USD1 each.

16. Ownership of the Company

The Company is a wholly owned subsidiary of Galaxy Pipeline Assets Holdco Limited, its immediate and ultimate parent. Galaxy Pipeline Assets Holdco Limited is a limited liability company incorporated in Jersey.

17. Financial risk and capital management

Capital management

For the purpose of the Company's capital management, capital includes issued capital and loan issued. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to externally imposed capital requirement during the period.

Financial risk management

The Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company has exposure to the following risks from its use of financial instruments:

- Market risk;
- Credit risk;
- Liquidity risk; and
- Operational risk.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

17. Financial risk and capital management (continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital.

a) Market risk

Market risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of 3 types of risk:

- Interest rate risk
- Currency risk
- Other price risk

i. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Longer term obligations are usually more sensitive to interest rate changes.

At the reporting date, the interest rate risk profile of the Company's financial instruments is as follows:

31 July 2020	Floating rate (USD)	Fixed rate (USD)	Non-interest bearing (USD)	Total (USD)
Receivables	-	-	120,000	120,000
Cash and cash equivalents	4,122,008	-	-	4,122,008
Total assets	4,122,008	-	120,000	4,242,008

31 July 2020	Floating rate (USD)	Fixed rate (USD)	Non-interest bearing (USD)	Total (USD)
Financial liabilities held at amortised cost	(7,903,774,953)	-	-	(7,903,774,953)
Interest payable	-	-	(4,827,240)	(4,827,240)
Other payable	-	-	(3,632,393)	(3,632,393)
Total liabilities	(7,903,774,953)	-	(8,459,633)	(7,912,234,586)
Net exposure	(7,899,652,945)	-	(8,339,633)	(7,907,992,578)

As at 31 July 2020, the Company held variable rate Loan Facilities based on US LIBOR. To mitigate the interest rate risk arising from variable rate Loan Facilities, the Company entered into pay fixed receive floating interest rate swaps with various derivative counterparty banks. The receive floating interest on the interest rate swaps effectively offsets the floating interest rate on the Loan Facilities.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

17. Financial risk and capital management (continued)

a) Market risk (continued)

i. Interest rate risk (continued)

Below is the sensitivity analysis for financial assets at amortised cost. No sensitivity analysis is performed for cash and cash equivalents as the Company's interest rate risk exposure is not material as at 31 July 2020.

Sensitivity analysis

The sensitivity analysis below has been determined based on the Company's exposure to interest rates for interest bearing assets and liabilities at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates.

A 100 basis point increase or decrease represents management's assessment of a reasonable possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the interest expense on the financial liabilities at amortised cost would have increased by USD 79,600,000 whereas interest received on interest rate swap would have increased by USD 79,600,000. As the Company placed a hedge on the full principal amount of the floating interest rate Loan Facilities, the interest rate exposure is reduced to minimal level.

ii. Currency risk

Currency risk is the risk which arises due to the assets and liabilities of the Company held in foreign currencies, which will be affected by fluctuations in foreign exchange rates.

As at 31 July 2020, the Company did not hold any foreign currency denominated financial assets or liabilities.

iii. Other price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its Company or all factors affecting all instruments traded in the market.

Other price risks may include risks such as equity price risk, commodity price risk, prepayment risk (i.e. the risk that one party to a financial asset will incur a financial loss because the other party repays earlier or later than expected), and residual value risk.

As at 31 July 2020, the Company is not exposed to other price risk.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

17. Financial risk and capital management (continued)

b) Credit risk

Credit risk is the risk of financial loss to the Company if a Counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's assets. The Company's principal financial assets are cash and cash equivalents and receivables, which represents the Company's maximum exposure to credit risk.

	31 July 2020
	USD
Receivables	120,000
Cash and cash equivalents	4,122,008
	4,242,008

The Company's cash and cash equivalents comprise bank accounts held with HSBC Bank PLC. The credit rating of HSBC Bank PLC based on S&P was A-1.

The Company's receivables comprise of receivable from a third party. The credit risk exposure of the Company on receivables is not significant.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset and thus, the Company will not be able to meet its financial obligations as they fall due.

The following are the contractual maturities of financial assets and liabilities including undiscounted interest payments and excluding the impact of netting agreements:

31 July 2020	Carrying amount (USD)	Gross contractual cash flows (USD)	Less than one year (USD)	Between one to five years (USD)	More than five years (USD)
Financial liabilities at amortised cost	(7,903,774,953)	(8,171,994,315)	(89,808,315)	(8,082,186,000)	-
Derivative financial liabilities	(209,007,306)	(211,220,841)	(44,451,840)	(164,560,141)	(2,208,860)
Interest payable	(4,827,240)	(4,827,240)	(4,827,240)	-	-
Other payables	(3,632,393)	(3,623,393)	(3,623,393)	-	-
	(8,121,241,892)	(8,391,665,789)	(142,710,788)	(8,246,746,141)	(2,208,860)

ADNOC Gas Pipeline Assets LLC holds a lease over 38 gas pipelines in the United Arab Emirates. The Company will share from the net profits of ADNOC Gas Pipeline Assets LLC having owned 47.7% of the latter's total issued shares. The profit generated from ADNOC Gas Pipeline Assets LLC will be used to pay the Company's liabilities as they fall due.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

17. Financial risk and capital management (continued)

d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

Operational risk arises from all of the Company's operations. The Company was incorporated with the purpose of engaging in those activities outlined in note 1. All management and administration functions are outsourced to Maples Fiduciary Services (Jersey) Limited.

The recent outbreak of the global novel coronavirus ("COVID-19") pandemic had a material adverse impact on the economies of many countries and has adversely affected global commercial activity. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, but the COVID-19 crisis is expected to have a continuing and significant adverse effect on economic and market conditions and trigger a period of global economic slowdown. Such conditions (which may be across industries, sectors or geographies) may impact the Company's business operation and the operating performance of its investment in the near term.

18. Fair value

The fair value of a financial asset and financial liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of all the Company's financial assets and financial liabilities at the reporting date approximated their fair values.

The Company's derivative financial instruments are carried at fair value on the Statement of financial position. The fair value of the financial instruments can be reliably determined within a reasonable range of estimates.

The Company's financial instruments carried at fair value are analysed below by valuation method. The different levels have been defined as follows:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Galaxy Pipeline Assets Bidco Limited

Notes to the Financial Statements for the financial period ended 31 July 2020

18. Fair value (continued)

The following table provides the fair value measurement hierarchy of the Company's instruments carried at fair value.

Fair value hierarchy for assets and liabilities measured at fair value

31 July 2020	Level 1 (USD)	Level 2 (USD)	Level 3 (USD)	Total (USD)
Derivatives financial liabilities	-	(209,007,307)	-	(209,007,307)
Total	-	(209,007,307)	-	(209,007,307)

The fair value of derivative financial instruments is obtained from the swap counterparties which uses its proprietary valuation model that takes into account the notional amount, maturity date and any early redemption clause. The valuation includes assumptions that are mainly based on market conditions existing at the end of each reporting period.

Assets and liabilities not carried at fair value

The fair value of the receivables, interest payable and other payable approximates their fair values given the short term nature of these financial instruments.

The financial liabilities held at amortised cost bears floating interest rate which resets on a quarterly basis. The fair value of the financial liabilities held at amortised cost approximates its carrying value.

There were no transfers between Level 1, Level 2 and Level 3 during the period.

19. Related party transactions

The Company considers the Company Secretary and the Corporate Administrator as related parties. The Board of Directors are responsible for the day-to-day management and administration of the Company. The Board is comprised of nine Directors, two of whom are employees of the Corporate Administrator.

During the period, the Company incurred fees of USD4,567 related to the provision of corporate administration and company secretarial services provided by the Corporate Administrator and Company Secretary. The Corporate Administrator provides Directors to the Company as part of its service under the corporate service agreement and as such the Directors had an interest in the Corporate Administration fees in their capacity as directors.

During the period, the Company issued 1,979,221,357 ordinary shares to Parent Company at par.

20. Subsequent events

There were no subsequent events identified up to the date of approval of the financial statements which would require adjustment to, or disclosure in, the financial statements.

21. Approval of the financial statements

The financial statements were approved by the Board of Directors on 15 October 2020.