

Galaxy Pipeline Assets Bidco Limited

Company Number 131580

Report of Directors and Financial Statements

For the financial period from 1 August 2020 to 31 December 2020

Galaxy Pipeline Assets Bidco Limited

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Galaxy Pipeline Assets Bidco Limited

Company Information

Directors	Cleveland Stewart Robert Lucas Felipe Ortiz Marco Bartolini Camille Depoutot Gregg Myers Charles Thomazi Martin Catchpole Wooshick Kim
Corporate Administrator	Maples Fiduciary Services (Jersey) Limited 2nd Floor Sir Walter Raleigh House 48-50 Esplanade St Helier JE2 3QB Jersey
Company Secretary	Maples Company Secretary (Jersey) Limited 2nd Floor Sir Walter Raleigh House 48-50 Esplanade St Helier JE2 3QB Jersey
Solicitor	Maples and Calder (Jersey) LLP 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 Harcourt Centre, Harcourt Street Dublin 2 D02 YA40 Ireland

Galaxy Pipeline Assets Bidco Limited

Report of Directors

The Directors present the audited financial statements of Galaxy Pipeline Assets Bidco Limited (the “Company”) for the financial period from 1 August 2020 to 31 December 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.

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. On 14 July 2020, the Company drew the USD7,960,000,000 to finance the equity investment in ADNOC Gas Pipeline Assets LLC which represents, in total, 47.7% of the entire issued share capital of ADNOC Gas Pipeline Assets LLC. On 03 November 2020, the Company refinanced portion of the Loans Facility by issuing the following senior secured bonds (the “Bonds”) which were subsequently listed on the Global Exchange Market (“GEM”) of the Euronext Dublin:

Series	Currency	Maturity Date	Principal (USD)
A	USD	30-Sept-2027	1,100,000,000
B	USD	31-Mar-2036	1,550,000,000
C	USD	30-Sept-2040	1,350,000,000
Total			<u>4,000,000,000</u>

The Company used the proceeds from issuance of the above Bonds to repay principal amounting to US\$3,953,567,077 on the Loans Facility of which US\$2,323,726,000 was paid directly to the Loans facility agent.

Results and dividend

The profit for the financial period, after taxation, amounted to USD370,805,704 (26 May to 31 July 2020 : loss after tax of USD171,530,068).

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.

Galaxy Pipeline Assets Bidco Limited

Report of Directors (continued)

Principal risks and uncertainties (continued)

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.

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
Robert Lucas
Felipe Ortiz
Marco Bartolini
Camille Depoutot
Gregg Myers
Charles Thomazi
Martin Catchpole
Wooshick Kim

None of the Directors or Secretary who held office on 31 December 2020 held any shares, debentures, warrants or options in the Company or any group 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.

Galaxy Pipeline Assets Bidco Limited

Report of Directors (continued)

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

Registered office

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

Going concern

The Company's financial statements for the financial period ended 31 December 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 Gas Pipeline Assets LLC.
- 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.

Independent Auditor

Ernst & Young has been appointed as auditors and have indicated their willingness to continue in office.

Subsequent events

The Directors intend to make dividend distributions amounting to USD169,274,421.

There were no other 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.



Martin Catchpole
Director



Robert Lucas
Director

Date: 26 January 2021

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.

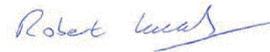
Jersey Company law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the company at the period 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.



Martin Catchpole
Director



Robert Lucas
Director

Date: 26 January 2021

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 December 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 December 2020 and of its profit 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the UK FRC's Ethical Standard as applied to listed entities 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included corroborating the inputs used in their assessment through an independent review of the financial statements of the underlying associate and inspection of the agreements that support the company's claim over the revenue generated by the associate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF GALAXY PIPELINE ASSETS BIDCO LIMITED (Continued)

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> • Management override of controls over the calculation and recording of Share of Net Profit in Associate Using Equity Method.
Materiality	<ul style="list-style-type: none"> • Overall materiality of USD19,792,214 which represents 1% of Equity excluding retained earnings.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF GALAXY PIPELINE ASSETS BIDCO LIMITED (Continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Management override of controls over the calculation and recording of Share of Net Profit in Associate Using Equity Method.</p> <p>Share of net profit of associate accounted for using the equity method:</p> <p>31 December 2020: USD209,958,599 (31 July 2020: USD46,404,208)</p> <p>Investment in an associate:</p> <p>31 December 2020: USD9,926,869,008 (31 July 2020: USD9,924,691,173)</p> <p>Refer to the; Accounting policies (note 3(c)) (page 20); and Note 6 and 9 of the Financial Statements (page 24 and 25)</p> <p>The audit team have determined that Share of net profit of associate accounted for using the equity method is a key audit matter. The measurement of share of net profit in associate accounted for using the equity method is a key driver of the company’s performance and net asset value.</p> <p>There is a risk that revenue may not be valued correctly. The nature and size of the balance and its importance to the Company are such that we have identified this as a key audit matter.</p>	<ul style="list-style-type: none"> • Assessed the appropriateness of policies governing the accounting treatment and measurement of share of net profit in the associate. • Obtained an understanding, evaluate and test the design effectiveness of key controls over the measurement of the share of net profit in the associate including appropriate governance procedures and management review. • Reviewed the signed financial statements of the associate. • Inspection of the agreements that support the company’s claim over the revenue generated by the associate. • Reviewed the mathematical accuracy of the share of revenue entitled to the company. 	<p>Our planned audit procedures were completed, and no material exceptions were noted.</p>

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

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be USD19,792,214 (31 July 2021: USD18,076,913), which is 1% (31 July 2020: 1%) of Equity excluding retained earnings (31 July 2020: Total Equity including retained deficit). We believe that Equity is the most appropriate basis as the Shareholders of the Company are the key users of the financial statements, whose expectation will be to assess the profitability of the entity.

During the course of our audit, we reassessed initial materiality and did not change the basis or percentages used.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 50% (31 July 2020: 50%) of our planning materiality, namely USD9,896,107 (31 July 2020: USD9,038,456). We have set performance materiality at this percentage due to it being a first-year audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of USD989,611 (31 July 2020: USD903,846), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Report of Directors and Statement of Directors' Responsibilities set out on pages 3 to 6, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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

Other information (continued)

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are Companies (Jersey) Law 1991 and International Financial Reporting Standards ("IFRS") as adopted by the EU;
- We understood how Galaxy Pipeline Assets BidCo Limited is complying with those frameworks by inquiring with management as to the procedures in place for ensuring compliance with the frameworks;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding the processes of the company and identifying the key measures of the Company's performance (Share of net profit in associate);
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved involving IFRS technical reviewers to assist with the review of the compliance of the company's financial statements IFRS as adopted by the EU. We also sought local Jersey assistance in relation to the aspects of the Companies (Jersey) Law 1991 that impact the preparation and presentation of financial statements.

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

Dublin

26 January 2021

Galaxy Pipeline Assets Bidco Limited

Statement of Comprehensive Income

For the financial period from 1 August 2020 to 31 December 2020

	Note	Period from 1 August 2020 to 31 December 2020 USD	Period from 26 May 2020 to 31 July 2020 USD
Income			
Share of net profit of associate accounted for using the equity method	6,9	209,958,599	46,404,208
Net gain on derivatives	13	248,132,334	-
Other income		-	253,422
		<u>458,090,933</u>	<u>46,657,630</u>
Expenses			
Interest expense	7,12	(85,774,581)	(8,424,193)
Net loss on derivatives	13	-	(209,007,306)
Administrative expenses	8	(1,510,648)	(756,199)
		<u>(87,285,229)</u>	<u>(218,187,698)</u>
Profit / (Loss) before taxation		<u>370,805,704</u>	<u>(171,530,068)</u>
Tax expense	5	-	-
Profit / (Loss) after taxation		<u>370,805,704</u>	<u>(171,530,068)</u>
Other comprehensive income		-	-
Total comprehensive income / (loss) for the period		<u><u>370,805,704</u></u>	<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 December 2020

	Note	31 December 2020 USD	31 July 2020 USD
Non - current assets			
Investment in an associate	9	9,926,869,008	9,924,691,173
Derivative financial instruments	13	42,988,296	-
		9,969,857,304	9,924,691,173
Current assets			
Other assets	10	614,065	120,000
Cash and cash equivalents	11	186,822,232	4,122,008
		187,436,297	4,242,008
Total assets		10,157,293,601	9,928,933,181
Non-current liabilities			
Financial liabilities held at amortised cost	12	(7,962,018,435)	(7,903,774,953)
Derivative financial instruments	13	-	(209,007,306)
		(7,962,018,435)	(8,112,782,259)
Current liabilities			
Interest payable	7	(16,725,347)	(4,827,240)
Other payables	14	(52,826)	(3,632,393)
		(16,778,173)	(8,459,633)
Total liabilities		(7,978,796,608)	(8,121,241,892)
Equity			
Called up share capital	15	(1,979,221,357)	(1,979,221,357)
Retained (income) / deficit		(199,275,636)	171,530,068
Total equity		(2,178,496,993)	(1,807,691,289)
Total liabilities and equity		(10,157,293,601)	(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:



Martin Catchpole
Director



Robert Lucas
Director

Date: 26 January 2021

Galaxy Pipeline Assets Bidco Limited

Statement of Changes in Equity

For the financial period from 1 August 2020 to 31 December 2020

	Share capital	Retained income / (deficit)	Total equity
	USD	USD	USD
Balance at 1 August 2020	1,979,221,357	(171,530,068)	1,807,691,289
Profit for the period	-	370,805,704	370,805,704
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	370,805,704	370,805,704
Balance at 31 December 2020	1,979,221,357	199,275,636	2,178,496,993

	Share capital	Retained (deficit)	Total equity
	USD	USD	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	-	-	-
Total comprehensive loss for the period	-	(171,530,068)	(171,530,068)
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 1 August 2020 to 31 December 2020

	Note	Period from 1 August 2020 to 31 December 2020 USD	Period from 26 May 2020 to 31 July 2020 USD
Cash flows from operating activities:			
Profit/(loss) before taxation		370,805,704	(171,530,068)
Adjustments for:			
Share of net profit of associate accounted for using the equity method	6,9	(209,958,599)	(46,404,208)
Interest expense	7,12	51,420,700	4,827,240
Amortisation of transaction cost on financial liabilities at amortised cost	7,12	34,353,881	3,596,953
Net gain or (loss) on derivatives	13	(248,132,334)	209,007,306
Increase in other assets	10	(494,065)	(120,000)
(Decrease) / Increase in other payables	14	(3,579,567)	3,632,393
Net cash (used in) from operating activities		(5,584,280)	3,009,616
Cash flow used in investment activities			
Investment in associate	9	-	(9,878,286,965)
Proceeds from derivative settlement	13	6,035,000	-
Dividends received	9	207,780,764	-
Net cash from / (used in) investment activities		213,815,764	(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
Repayment of loans	12	(3,953,567,077)	-
Proceeds from issuance of bonds	12	4,000,000,000	-
Transaction cost related to issuance of loans and bonds	12	(22,543,322)	(59,882,000)
Interest paid on loans		(39,522,593)	-
Swap payments	13	(9,898,268)	-
Net cash (used in) / from financing activities		(25,531,260)	9,879,399,357
Net increase in cash and cash equivalents		182,700,224	4,122,008
Cash and cash equivalents at beginning of the period		4,122,008	-
Cash and cash equivalents at end of the period	11	186,822,232	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 December 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 Gas Pipeline Assets LLC.

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 Gas Pipeline Assets LLC which represents, in total, 47.7% of the entire issued share capital of ADNOC Gas Pipeline Assets LLC. On 03 November 2020, the Company refinanced portion of the Loans Facility by issuing the following senior secured bonds (the "Bonds") which were subsequently listed on the GEM of the Euronext Dublin:

Series	Currency	Maturity Date	Principal (USD)
A	USD	30-Sept-2027	1,100,000,000
B	USD	31-Mar-2036	1,550,000,000
C	USD	30-Sept-2040	1,350,000,000
Total			<u><u>4,000,000,000</u></u>

The Company used the proceeds from issuance of the above Bonds to repay principal amounting to US\$3,953,567,077 on the Loans Facility.

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.

The Company's first accounting period was from 26 May 2020 (date of incorporation) up to 31 July 2020. The first set of accounts were prepared to meet the listing requirements on ("GEM") of the Euronext Dublin. Subsequent to this, the Company will prepare the accounts every 31 December in line with the accounting period set out in the memorandum and articles of association. Due to the difference in the accounting periods, the amounts presented are not entirely comparable.

(b) Basis of measurement

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

Galaxy Pipeline Assets Bidco Limited

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

2. Basis of preparation (continued)

(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.

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

The fair value of derivative financial instruments is obtained from the swap counterparties that use their 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. The carrying value of the derivatives are disclosed in Note 13.

(e) Accounting standards, amendments and interpretations

New standards, amendments and interpretations

The Company has adopted all accounting standards applicable to the Company and effective as to incorporation date.

New standards, amendments and interpretations not yet adopted

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020, effective from 1 January 2021)

The Phase 2 amendments provide practical relief from certain requirements in the standards to ease adoption of alternative interest rate benchmarks. These reliefs relate to modifications of financial instruments, lease contracts or hedge relationships when a benchmark interest rate in a contract is replaced with a new alternative benchmark rate. The Phase 2 amendments also require disclosure of the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy

Galaxy Pipeline Assets Bidco Limited

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

2. Basis of preparation (continued)

(e) Accounting standards, amendments and interpretations (continued)

New standards, amendments and interpretations not yet adopted (continued)

This amendment does will not impact the balance of the Company. However, the replacement of the USD LIBOR as basis for the variable floating rate financial instruments will impact future interest cash flows. The financial impact cannot be quantified as at 31 December 2020.

Apart from above, 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.

(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.

Galaxy Pipeline Assets Bidco Limited

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

3. Accounting policies (continued)

(c) Investment in an associate (continued)

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 investment in 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 investment in associate upon loss of significant influence 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
- 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.

Galaxy Pipeline Assets Bidco Limited

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

3. Accounting policies (continued)

d) Financial instruments (continued)

Classification (continued)

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 includes in this category its derivative financial instruments in asset position.

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, bonds and loans.

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 or minus any directly attributable incremental costs of acquisition or issue.

Galaxy Pipeline Assets Bidco Limited

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

3. Accounting policies (continued)

d) Financial instruments (continued)

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.

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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

In the current year, the Company refinanced a portion of the Loans Facility by issuing the senior secured bonds. The Company derecognised the refinanced portion of the Loans Facility including the related unamortised transaction cost. The unamortised transaction cost relating to derecognised portion of the Loans Facility is included in the Statement of Comprehensive Income under Interest Expense.

Galaxy Pipeline Assets Bidco Limited

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

3. Accounting policies (continued)

(d) Financial instruments (continued)

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.

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%.

Galaxy Pipeline Assets Bidco Limited

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

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

	1 August 2020 to 31 December 2020 USD	26 May to 31 July 2020 USD
Share of net profit of associate accounted for using the equity method	209,958,599	46,404,208
	209,958,599	46,404,208

7. Interest expense

	1 August 2020 to 31 December 2020 USD	26 May to 31 July 2020 USD
Interest expense	(51,420,700)	(4,827,240)
Amortisation of transaction cost on financial liabilities at amortised cost	(34,353,881)	(3,596,953)
	(85,774,581)	(8,424,193)

Interest payable outstanding at period end amounted to USD16,725,347 (July 2020: USD4,827,240) .

8. Administrative expenses

	1 August 2020 to 31 December 2020 USD	26 May to 31 July 2020 USD
Professional and legal fees	-	(695,978)
Corporate administration fees	(127,461)	(23,385)
Rating fees	(615,840)	-
Other expenses	(721,902)	(4,567)
Audit fees	(45,445)	(32,269)
	(1,510,648)	(756,199)

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.

9. Investment in an associate

	1 August 2020 to 31 December 2020 USD	26 May to 31 July 2020 USD
At the beginning of the period	9,924,691,173	-
Additions during the period	-	9,878,286,965
Share of net profit of associate accounted for using the equity method	209,958,599	46,404,208
Dividend distribution received	(207,780,764)	-
At the end of the period	9,926,869,008	9,924,691,173

Galaxy Pipeline Assets Bidco Limited

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

9. Investment in an associate (continued)

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 financial information of ADNOC Gas Pipeline Assets LLC as at 31 December 2020 (audited) and 31 July 2020 (unaudited) prepared under IFRS.

Balance sheet	31 December 2020	31 July 2020
	USD	USD
Assets		
Non-current assets		
Financial assets	20,809,786,025	20,805,257,297
Current assets		
Other receivables	2,723	2,723
Cash	140,000	-
Total assets	<u>20,809,928,748</u>	<u>20,805,260,020</u>
Liabilities		
Current liabilities	115,000	11,962
Equity		
Share capital	20,707,964,602	20,707,964,601
Retained earnings	101,849,146	97,283,457
Total equity	<u>20,809,813,748</u>	<u>20,805,248,058</u>
Total liabilities and equity	<u>20,809,928,748</u>	<u>20,805,260,020</u>
Company share in the net equity of the associate	47.7%	47.7%
	9,926,281,158	9,924,103,323
Translation difference at the date of acquisition	587,850	587,850
Investment in an associate	<u>9,926,869,008</u>	<u>9,924,691,173</u>
Income Statement	31 August 2020 to	23 June 2020 to
	31 December 2020	31 July 2020
	USD	USD
Finance income	440,267,813	97,295,419
Administrative expenses	(103,038)	(11,962)
Net income	<u>440,164,775</u>	<u>97,283,457</u>
% of shares held	47.7%	47.7%
Company's share of the net profit of associate	209,958,599	46,404,209

During the period, the Company received dividends from the associate amounting to USD207,780,764 (period ended July 2020 : nil).

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 with no indication of impairment. Therefore, no impairment recorded.

Galaxy Pipeline Assets Bidco Limited

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

10. Other assets

	31 December 2020	31 July 2020
	USD	USD
Prepayments	614,065	-
Receivables from a third party	-	120,000
	614,065	120,000

11. Cash and cash equivalents

	31 December 2020	31 July 2020
	USD	USD
Cash at bank	186,822,232	4,122,008
	186,822,232	4,122,008

As at 31 December 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 December 2020	31 July 2020
	USD	USD
Loans	(3,984,210,475)	(7,903,774,953)
Bonds	(3,977,807,960)	-
	(7,962,018,435)	(7,903,774,953)

Movement in financial liabilities at amortised cost

<i>31 December 2020</i>	Loans	Bonds	Total
	USD	USD	USD
<i>Principal</i>			
At the beginning of the period	(7,960,000,000)	-	(7,960,000,000)
Additions during the period	-	(4,000,000,000)	(4,000,000,000)
Repayments during the period	3,953,567,077	-	3,953,567,077
As at end of the period	(4,006,432,923)	(4,000,000,000)	(8,006,432,923)
<i>Capitalised transaction cost</i>			
At the beginning of the period	56,225,047	-	56,225,047
Additions during the period	53,760	22,489,562	22,543,322
Amortisation during the period	(34,056,359)	(297,522)	(34,353,881)
	22,222,448	22,192,040	44,414,488
Financial liabilities at amortised cost, net	(3,984,210,475)	(3,977,807,960)	(7,962,018,435)

Galaxy Pipeline Assets Bidco Limited

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

12. Financial liabilities at amortised cost (continued)

<i>31 July 2020</i>	Loans USD	Bonds USD	Total USD
<i>Principal</i>			
At the beginning of the period	-	-	-
Additions during the period	(7,960,000,000)	-	(7,960,000,000)
As at end of the period	(7,960,000,000)	-	(7,960,000,000)
<i>Capitalised transaction cost</i>			
At the beginning of the period	-	-	-
Additions during the period	59,822,000	-	59,822,000
Amortisation during the period	(3,596,953)	-	(3,596,953)
	56,225,047	-	56,225,047
Financial liabilities at amortised cost, net	(7,903,774,953)	-	(7,903,774,953)

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 investment on ADNOC Gas Pipeline Assets LLC.

On 03 November 2020, the Company refinanced portion of the Loans Facility by issuing the following senior secured bonds (the “Bonds”) which were subsequently listed on the GEM of the Euronext Dublin:

Series	Currency	Interest rate	Maturity Date	Principal (USD)
A	USD	1.75%	30-Sept-2027	1,100,000,000
B	USD	2.63%	31-Mar-2036	1,550,000,000
C	USD	3.25%	30-Sept-2040	1,350,000,000
Total				4,000,000,000

The Company used the proceeds from issuance of the above Bonds to repay principal amounting to US\$3,953,567,077 on the Loans Facility of which US\$2,323,726,000 was paid directly to the Loans facility agent.

Interest on Bonds is payable on semi-annual basis every 31 March and 30 September each year commencing on 31 March 2021.

13. Derivative financial instruments

	31 December 2020 USD	31 July 2020 USD
Interest rate swaps	42,988,296	(209,007,306)
	42,988,296	(209,007,306)

Galaxy Pipeline Assets Bidco Limited

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

13. Derivative financial instruments (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 interest rate swap at the date of inception and at 31 July 2020:

Currency	Notional Amount	Maturity date	Description
USD	5,434,000,000	28 September 2040	Pay fixed/received floating
USD	2,526,000,000	30 September 2040	Pay fixed/received floating

The swaps 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.

In November 2020, the Company partially paid the Loans Facility. As a result, the Company pre-terminated the hedges related to paid portion of the Loans Facility. The net gain on the pre-terminated hedges was USD 6,035,000.

The details of the derivatives as at 31 December 2020 are as follow:

Currency	Notional Amount	Maturity date	Description
USD	2,654,130,548	28 September 2040	Pay fixed/received floating
USD	1,305,869,452	30 September 2040	Pay fixed/received floating

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

	31 December 2020	31 July 2020
	USD	USD
Net fair value gain / (loss) during the period - unrealised	251,995,602	(209,007,306)
Swap payments	(9,898,268)	-
Gain on pre-terminated swaps	6,035,000	-
Total	248,132,334	(209,007,306)

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

Galaxy Pipeline Assets Bidco Limited

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

14. Other payables

	31 December 2020 USD	31 July 2020 USD
Legal and professional fees payable	-	(3,577,000)
Other accruals	(52,826)	(55,393)
	<u>(52,826)</u>	<u>(3,632,393)</u>

Legal and professional fees are non-interest bearing and are payable on demand.

15. Share capital

	31 December 2020 USD	31 July 2020 USD
Authorised		
5,000,000,000 ordinary shares of USD1 each	5,000,000,000	5,000,000,000
	<u>5,000,000,000</u>	<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	1,979,221,357
	<u>1,979,221,357</u>	<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 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

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 December 2020

17. Financial risk and capital management (continued)

Financial risk 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 December 2020	Floating rate (USD)	Fixed rate (USD)	Non-interest bearing (USD)	Total (USD)
Other assets	-	-	614,065	614,065
Cash and cash equivalents	186,822,232	-	-	186,822,232
Total assets	186,822,232	-	614,065	187,436,297
Financial liabilities held at amortised cost	(3,984,210,475)	(3,977,807,960)	-	(7,962,018,435)
Interest payable	-	-	(16,725,347)	(16,725,347)
Other payable	-	-	(52,826)	(52,826)
Total liabilities	(3,984,210,475)	(3,977,807,960)	(16,778,173)	(7,978,796,608)
Net exposure	(3,797,988,243)	(3,977,807,960)	(16,164,108)	(7,791,960,311)

Galaxy Pipeline Assets Bidco Limited

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

17. Financial risk and capital management (continued)

a) Market risk (continued)

i. Interest rate risk (continued)

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
Financial liabilities held at amortised cost				
Interest payable	(7,903,774,953)	-	-	(7,903,774,953)
Other payable	-	-	(4,827,240)	(4,827,240)
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 December 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.

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 annual interest expense on the financial liabilities at amortised cost would have increased by USD40,064,329 (31 July 2020: USD79,600,000) whereas annual interest received on interest rate swap would have increased by USD40,064,329 (31 July 2020: USD79,600,000). As the Company placed a hedge on the full principal amount of the floating interest rate Loan Facilities, the interest rate risk exposure is reduced to minimal level.

If interest rates had been 100 basis points higher and all other variables were held constant, the annual interest income on the cash and cash equivalents have increased by USD1,868,222. No sensitivity analysis is performed for cash and cash equivalents as at 31 July 2020 as the Company's interest rate risk exposure is not material.

Galaxy Pipeline Assets Bidco Limited

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

17. Financial risk and capital management (continued)

a) Market risk (continued)

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.

The Company did not hold any foreign currency denominated financial assets or liabilities as at 31 December 2020 and 31 July 2020.

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.

The Company is not exposed to other price risk as at 31 December 2020 and 31 July 2020.

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 derivative financial instruments, which represents the Company's maximum exposure to credit risk.

	31 December 2020	31 July 2020
	USD	USD
Cash and cash equivalents	186,222,232	4,122,008
Derivative financial instruments	42,988,296	-
Other receivables	-	120,000
	229,210,528	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 derivative financial instruments are held with the same counterparty banks providing loan to the Company under the Loans Facility. These counterparty banks are reputable and have good credit standing.

Galaxy Pipeline Assets Bidco Limited

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

17. Financial risk and capital management (continued)

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 December 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	(7,962,018,435)	(9,691,783,701)	(149,355,042)	(4,420,838,590)	(5,121,590,069)
Interest payable	(16,725,347)	(16,725,347)	(16,725,347)	-	-
Other payables	(52,826)	(52,826)	(52,826)	-	-
	(7,978,796,608)	(9,708,561,874)	(166,133,215)	(4,420,838,590)	(5,121,590,069)
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.

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.

Galaxy Pipeline Assets Bidco Limited

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

17. Financial risk and capital management (continued)

d) Operational risk (continued)

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.

Capital management

For the purpose of the Company’s capital management, capital includes issued capital, bonds and loan issued as disclosed in Note 15 and 12, respectively. 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.

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 December 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 December 2020	Level 1 (USD)	Level 2 (USD)	Level 3 (USD)	Total (USD)
Derivatives financial assets	-	42,988,296	-	42,988,296
Total	-	42,988,296	-	42,988,296

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 comprise loans and bonds issued by the Company. The loans bears floating interest rate which resets on a quarterly basis. The bonds were issued towards the end balance sheet date and the movement in the interest rates are not significant from the date of issue to the balance sheet date.

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 USD127,461 (31 July 2020: USD 4,567) related to the provision of corporate administration and company secretarial services provided by the Corporate Administrator and Company Secretary. There were no outstanding fees as at 31 December 2020.

Galaxy Pipeline Assets Bidco Limited

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

19. Related party transactions (continued)

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.

In July 2020, the Company issued 1,979,221,357 ordinary shares to Parent Company at par.

20. Subsequent events

The Directors intend to make dividend distributions amounting to USD169,274,421.

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 26 January 2021.