NOVATEK FINANCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 29 SEPTEMBER 2010
(DATE OF INCORPORATION) TO 31 DECEMBER 2011
<table>
<thead>
<tr>
<th>CONTENTS</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors and Other Information</td>
<td>3</td>
</tr>
<tr>
<td>Directors’ Report</td>
<td>4-6</td>
</tr>
<tr>
<td>Independent Auditor’s Report</td>
<td>7-8</td>
</tr>
<tr>
<td>Statement of Income</td>
<td>9</td>
</tr>
<tr>
<td>Statement of Financial Position</td>
<td>10</td>
</tr>
<tr>
<td>Statement of Changes in Equity</td>
<td>11</td>
</tr>
<tr>
<td>Statement of Cash Flows</td>
<td>12</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>13-19</td>
</tr>
</tbody>
</table>
Novatek Finance Limited
Directors and Other Information

DIRECTORS AND OTHER INFORMATION

Board of Directors
Rodney O’Rourke
Yolanda Kelly (Appointed 28 November 2011)
Oonagh Hayes (Resigned 28 November 2011)

Solicitors
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Corporate Service Provider
IFG Managed Services Limited
12 Merrion Square
Dublin 2

Company Secretary
IFG Secretaries Limited
12 Merrion Square
Dublin 2

Registered Office
12 Merrion Square
Dublin 2

Bankers
Citi Bank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf, London,
E14 5LB, United Kingdom

Bank of Ireland Global Markets
Colvill House
Talbot Street
Dublin 1

Principal Paying Agent
Citi Bank N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf, London,
E14 5LB, United Kingdom

Trustee
CitiCorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf, London,
E14 5LB, United Kingdom

The Borrower
Open Joint-Stock Company NOVATEK
Ulitsa Pobedy 22a
629850 Tarko-Sale
Yamalo-Nenets Autonomous District
Russia

Auditor
MKO Partners
Chartered Accountants & Registered Auditors
6, The Courtyard Building
Carnanhall Road
Sandyford
Dublin 18
DIRECTORS’ REPORT

The directors present the Directors’ report and audited financial statements for Novatek Finance Limited (the “Company”) for the period from 29 September 2010 (date of incorporation) to 31 December 2011 (the “reporting period”).

Directors’ responsibilities for financial statements

The directors are responsible for preparing the financial statements in accordance with International Financial Reporting Standards (“IFRS”) and interpretations of International Financial Reporting Interpretations Committee (“IFRIC”). Interpretations endorsed by the European Union (the “EU”) and with those parts of the Companies Acts, 1963 to 2009 applicable to companies reporting under IFRS.

Irish company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that financial period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS; 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 confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with IFRS and IFRIC interpretations endorsed by the EU and with those parts of the Companies Acts, 1963 to 2009 applicable to Companies reporting under IFRS. 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.

Principal activities

The Company was incorporated on 29 September 2010 as a private limited liability company under the Irish Companies Acts, 1963 to 2009 (with registered number 489576). The Company commenced operations on 3 February 2011.

Review of business and future development

The Company was incorporated on 29 September 2010 in the framework of entering into two loan participation transactions of USD 600 million and USD 650 million respectively, with the Company as lender and Open Joint-Stock Company OAO NOVATEK (“NOVATEK”) as borrower, whereby the Company issued loan participation notes (the “Initial Notes”) and lent the proceeds to NOVATEK.

Results and dividends

The results for the period are set out on page 9. No dividends are recommended by the directors.

Directors

The names of the directors who were in office at any time during the period from 29 September 2010 (date of incorporation) to 31 December 2011 are set out below:

Onaigh Hayes (appointed 29 September 2010, resigned 28 November 2011)
Rodney O’Rourke (appointed 29 September 2010)
Yolanda Kelly (appointed 28 November 2011).
DIRECTORS' REPORT (CONTINUED)

Directors, secretary and their interests

The directors and secretary who held office on 31 December 2011 did not hold any shares in the Company at that date, or during the reporting period.

Secretary

IFG Secretaries Limited was appointed as the Company's secretary on 29 September 2010.

Transactions involving directors

There were no other contracts of any significance in relation to the business of the Company in which the directors had any interest as defined in the Companies Act, 1990, at any time during the reporting period other than outlined in note 15 of the financial statements.

Principal risks and uncertainties

The Company is subject to various risks. The key risks facing the Company and mitigants to address these risks are outlined in note 13 of the financial statements.

Books of account

The measures taken by the directors to secure compliance with the Company's obligations to keep proper books of account are the use of appropriate systems and procedures and ensuring that competent persons are responsible for the books of account. The books of account are kept at 12 Merrion Square, Dublin 2.

Annual corporate governance statement

The board of directors of the Company (the “Board”) is responsible for establishing and maintaining adequate internal control and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company’s financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established processes regarding internal control and risk management systems to ensure its effective oversight of the financial reporting process. These include appointing IFG (the “Administrator”) to maintain the account records of the Company independently. The Administrator is contractually obliged to maintain proper books and records as required pursuant to the Administration agreement. The Administrator is also contractually obliged to prepare for review and approval by the Board the annual report, including financial statements, intended to give a true and fair view. The Board evaluates and discusses significant accounting and reporting issues as the need arises. From time to time, the Board also examines and evaluates the Administrator’s financial accounting and reporting routines. The Administrator has operating responsibility for internal control in relation to the financial reporting process and the Administrator’s report to the Board.

The Company’s policies and the Board’s instructions with relevance for financial reporting are updated and communicated via appropriate channels, such as e-mail, correspondence and meetings, to ensure that all financial reporting information requirements are met in a complete and accurate manner. The Board has an annual process to ensure that appropriate measures are taken to consider and address the shortcomings identified and measures recommended by the independent auditors.

Given the contractual obligations on the Administrator, the Board has concluded that there is currently no need for the Company to have a separate internal audit function in order for the Board to perform effective monitoring and oversight of the internal control and risk management systems of the Company in relation to the financial reporting process.

No person has a significant direct or indirect holding of securities in the Company. No person has any special rights of control over the Company’s share capital.
DIRECTORS' REPORT (CONTINUED)

There are no restrictions on voting rights.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association. The Articles of Association themselves may be amended by special resolution of the shareholders.

Powers of directors

The Board is responsible for managing the business affairs of the Company in accordance with the Articles of Association, which allow it to enter into contracts and perform all tasks necessary to conduct the business of the Company. The directors may delegate certain functions to the Administrator and other parties, subject to supervision and direction by the directors.

Independent auditors

MKO Partners were appointed as auditors during the period and, in accordance with Section 160(2) of the Companies Act, 1963, have signified their willingness to continue in office.

This report was approved by the Board of Directors and signed on 3 April 2012.

Yvonna Kelly
Director

Rodney O'Rourke
Director
Independent auditor's report to the shareholders of Novatek Finance Limited

We have audited the financial statements of Novatek Finance Limited (the “Company”) for the period from 29 September 2010 (date of incorporation) to 31 December 2011 which comprises the Statement of income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company’s shareholders, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company’s shareholders 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 shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and independent auditor

The directors’ responsibilities for preparing the directors’ report and the financial statements in accordance with applicable law and the International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU) are set out in the directors report on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you whether, in our opinion:

- proper books of account have been kept by the Company;
- at the reporting date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and
- the information given in the directors’ report is consistent with the financial statements.

In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company’s financial statements are in agreement with the books of account.

We also report to you if, in our opinion, information specified by law regarding directors' remuneration and directors’ transactions with the Company are not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider implications for our report if we become aware of any apparent misstatements within it.
Independent auditor’s report to the shareholders of Novatek Finance Limited (continued)

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company’s affairs as at 31 December 2011 and of its result for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors’ report on pages 4 to 6 and the Corporate Governance Statement is consistent with the financial statements.

The net assets of the Company, as stated in the Company’s statement of financial position are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2011 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Diarmuid O’Keeffe
For and on behalf of
MKO Partners
Chartered Accountants & Registered Auditors
Dublin

Date: 3 April 2012
Novatek Finance Limited  
Statement of Income – For the period from 29 September 2010 to 31 December 2011  
(in US dollars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>Description</th>
<th>Period from 29 September 2010 to 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Interest and similar income</td>
<td>68,017,826</td>
</tr>
<tr>
<td>4</td>
<td>Interest and similar expense</td>
<td>(68,979,596)</td>
</tr>
<tr>
<td></td>
<td><strong>Total net investment loss</strong></td>
<td><strong>(961,770)</strong></td>
</tr>
<tr>
<td>2</td>
<td>Unrealised foreign exchange loss</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total other income</strong></td>
<td>1,026,905</td>
</tr>
<tr>
<td>5</td>
<td>Administrative expenses</td>
<td>(54,726)</td>
</tr>
<tr>
<td></td>
<td><strong>Operating profit before corporation tax</strong></td>
<td>409</td>
</tr>
<tr>
<td>6</td>
<td>Corporation tax expense</td>
<td>(102)</td>
</tr>
<tr>
<td></td>
<td><strong>Profit for the period</strong></td>
<td>307</td>
</tr>
</tbody>
</table>

All of the above profits are in respect of the continuing operations.

The notes on pages 13 to 19 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 3 April 2012.

Yolanda Kelly  
Director

Rodney O’Rourke  
Director
Novatek Finance Limited  
Statement of Financial Position – At 31 December 2011  
(in US dollars)  

<table>
<thead>
<tr>
<th>Notes</th>
<th>At 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
</tr>
<tr>
<td>Long-term loans receivables</td>
<td>1,250,000,000</td>
</tr>
<tr>
<td>Prepayments (non-current)</td>
<td>232,074</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>1,250,232,074</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td>Interest receivable</td>
<td>30,576,817</td>
</tr>
<tr>
<td>Other receivables</td>
<td>60,948</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5,799</td>
</tr>
<tr>
<td>Total current assets</td>
<td>30,643,564</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,280,875,638</td>
</tr>
<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
</tr>
<tr>
<td>Long-term loan participation notes issued</td>
<td>1,243,602,065</td>
</tr>
<tr>
<td>Deferred income (non-current)</td>
<td>5,576,143</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>1,249,178,208</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
</tr>
<tr>
<td>Interest payable</td>
<td>30,576,817</td>
</tr>
<tr>
<td>Deferred income</td>
<td>1,105,828</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>14,403</td>
</tr>
<tr>
<td>Corporation tax payable</td>
<td>74</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>31,697,122</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>1,280,875,330</td>
</tr>
<tr>
<td>Equity</td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>1</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>307</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>308</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>1,280,875,638</td>
</tr>
</tbody>
</table>

The notes on pages 13 to 19 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 3 April 2012.

Yolanda Kelly  
Director

Rodney O’Rourke  
Director
Novatek Finance Limited
Statement of Changes in Equity – For the period from 29 September 2010 to 31 December 2011
(in US dollars)

<table>
<thead>
<tr>
<th></th>
<th>Share capital</th>
<th>Retained earnings</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 29 September 2010</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Issue of share capital</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>-</td>
<td>307</td>
<td>307</td>
</tr>
<tr>
<td>At 31 December 2011</td>
<td>1</td>
<td>307</td>
<td>308</td>
</tr>
</tbody>
</table>

The notes on pages 13 to 19 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 3 April 2012.
Novatek Finance Limited  
Statement of Cash Flows – For the period from 29 September 2010 to 31 December 2011  
(in US dollars)

<table>
<thead>
<tr>
<th>Period from 29 September 2010 to 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash flow from operating activity</strong></td>
</tr>
<tr>
<td>Administrative expenses paid</td>
</tr>
<tr>
<td>Transaction costs paid</td>
</tr>
<tr>
<td>Recovered administrative expenses</td>
</tr>
<tr>
<td><strong>Total cash flows from operating activity before corporation tax</strong></td>
</tr>
<tr>
<td>Corporation tax paid</td>
</tr>
<tr>
<td><strong>Total cash flows from operating activity after corporation tax</strong></td>
</tr>
</tbody>
</table>

Net cash flows from investing activity  
- Long-term loans given: (1,250,000,000)  
- Interest received: 37,441,006

**Net cash used in investing activity**  
(1,212,558,994)

Net cash flow from financing activity  
- Long-term loan participation notes issued: 1,250,000,000  
- Interest paid: (37,441,000)  
- Issue of share capital: 1

**Net cash from financing activity**  
1,212,559,801

Net increase in cash and cash equivalents  
5,801

Cash at the beginning of the period  
-

Effect of exchange rate changes on cash and cash equivalent  
(2)

Cash at the end of the period  
5,799

The notes on pages 13 to 19 are an integral part of these financial statements.

The financial statements were approved by the Board of Directors signed on 3 April 2012.

Yolanda Kelly  
Director

Rodney O’Rourke  
Director
Novatek Finance Limited
Notes to the Financial Statements – For the period from 29 September 2010 to 31 December 2011
(in US dollars)

1. BACKGROUND TO THE COMPANY

Novatek Finance Limited (the “Company”) was incorporated on 29 September 2010 as a limited company under the Irish Companies Act, 1963 to 2009 (with registered number 489576).

2. ACCOUNTING POLICIES

The principal accounting policies applied to the preparation of these financial statements are set out below.

a. Basis of preparation

The financial statements have been prepared in accordance with EU endorsed IFRS, IFRIC interpretations and the Companies Acts 1963 to 2009 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimate is revised if the revision affects only that financial period or in the financial period of the revision and future financial periods if the revision affects both current and future periods.

The accounting policies have been applied consistently by the Company.

b. Foreign currency translation

i. Functional and presentation currency
   Items included in the Company’s financial statements are measured using USD (the “functional currency”). This is the US dollar, which reflects the fact that the majority of the Company’s transactions are denominated in this currency.

ii. Transactions and balances
   Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

c. Financial assets

The Company classifies its financial assets as loan and receivables. Loans and receivables are recognised when cash is advanced to the borrower. Loans and receivables are initially recognised at fair value transaction costs and are subsequently measured at amortised cost using the effective interest rate method less impairment losses. Financial assets are de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred substantially all risks and rewards of ownership.
2 ACCOUNTING POLICIES (CONTINUED)

d. Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that loan commitments are impaired. Objective evidence that a financial asset is impaired includes observable data that come to the attention of the Company about certain loss events including:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the lender would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

e. Interest income and expense

Interest income and expense are recognised in the income statement as they accrue, using the original effective interest rate of the instrument calculated at the acquisition or origination date. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. Interest income and expense include the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the financial asset or financial liability. Interest income and expense include the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated at an effective interest rate basis.

f. Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

g. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on the net basis, or realise the asset and settle the liability simultaneously.

h. Corporation taxes

Tax expense comprises current and deferred tax. Tax expense is recognised in the statement of income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.
Novatek Finance Limited
Notes to the Financial Statements – For the period from 29 September 2010 to 31 December 2011
(in US dollars)

2. ACCOUNTING POLICIES (CONTINUED)

Deferred corporation tax is provided in full, using the liability method, on a temporary difference arising between the tax bases and liabilities and their carrying amounts in the financial statements. Deferred corporation tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred corporation tax asset is realised or the deferred corporation tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Corporation tax payable on profits is recognised as an expense in the period in which profits arise. The tax effect of corporation tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which losses can be utilised.

i. Loan participation notes issued

Loan participation notes issued are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowed amounts are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the financial period of the borrowings using the effective interest method.

3. INTEREST INCOME

<table>
<thead>
<tr>
<th></th>
<th>Period from 29 September 2010 to 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income on long-term loans – Ten-Year Tenor</td>
<td>38,591,117</td>
</tr>
<tr>
<td>Interest income on long-term loans – Five-Year Tenor</td>
<td>29,026,700</td>
</tr>
<tr>
<td>Interest income on cash and cash equivalents</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td><strong>68,017,826</strong></td>
</tr>
</tbody>
</table>

4. INTEREST EXPENSE

<table>
<thead>
<tr>
<th></th>
<th>Period from 29 September 2010 to 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense on long-term loan participation notes issued – Ten-Year Tenor</td>
<td>39,366,353</td>
</tr>
<tr>
<td>Interest expense on long-term loan participation notes issued – Five-Year Tenor</td>
<td>29,613,243</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td><strong>68,979,596</strong></td>
</tr>
</tbody>
</table>
Novatek Finance Limited
Notes to the Financial Statements – For the period from 29 September 2010 to 31 December 2011
(in US dollars)

5. ADMINISTRATIVE EXPENSES

<table>
<thead>
<tr>
<th></th>
<th>Period from 29 September 2010 to 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management fee</td>
<td>39,162</td>
</tr>
<tr>
<td>Auditors' remuneration</td>
<td>15,488</td>
</tr>
<tr>
<td>Trustee fee</td>
<td>6,858</td>
</tr>
<tr>
<td>Account bank and paying agent fee</td>
<td>2,498</td>
</tr>
<tr>
<td>Process Agent fees</td>
<td>720</td>
</tr>
</tbody>
</table>

**Total Administrative expenses** 64,726

*Auditor’s remuneration consists of:

- Audit of financial statements 12,065
- Other assurance services -
- Tax compliance services 3,423
- Other non-audit services -

**Total auditors’ remuneration** 15,488

The Company has no employees. Accounting and other services have been outsourced.

6. CORPORATION TAX EXPENSE

<table>
<thead>
<tr>
<th></th>
<th>Period from 29 September 2010 to 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation tax based on profit for the reporting period at 25%</td>
<td>102</td>
</tr>
</tbody>
</table>

A reconciliation of the current tax charge for the reporting period to the current tax charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities is shown below.

<table>
<thead>
<tr>
<th></th>
<th>Period from 29 September 2010 to 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit/(loss) before corporation tax</td>
<td>409</td>
</tr>
<tr>
<td>Operating profit before corporation tax for the reporting period multiplied by the standard rate of Irish corporation tax of 12.5%</td>
<td>51</td>
</tr>
<tr>
<td>Effect of Section 110 of Taxes Consolidation Act, 1997</td>
<td>51</td>
</tr>
</tbody>
</table>

**Current corporation tax expense for the reporting period** 102

The Company is a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D.
Novatek Finance Limited
Notes to the Financial Statements – For the period from 29 September 2010 to 31 December 2011
(in US dollars)

7. LONG-TERM LOANS RECEIVABLES

At 31 December 2011

Nominal value of long-term loans receivables - Ten-Year Tenor
650,000,000
Nominal value of long-term loans receivables - Five-Year Tenor
600,000,000

Carrying value of long-term loans receivables
1,250,000,000

The USD 600 million loans have a maturity date of 3 February 2016 and the USD 650 million loans have a maturity date of 3 February 2021. The loans are measured at amortised cost and were issued at the annual interest rate of 5.326% and 6.604%, respectively.

8. OTHER RECEIVABLES

At 31 December 2011

Prepayments (current)
46,545
Recoverable administration expenses
14,403

Total interest and other receivables
60,948

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand. The total amount of cash and cash equivalents held at 31 December 2011 was USD 5,799.

10. LONG-TERM LOAN PARTICIPATION NOTES ISSUED

<table>
<thead>
<tr>
<th>Movement during the period</th>
<th>Period from 29 September 2010 to 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>At the beginning of the period</td>
<td></td>
</tr>
<tr>
<td>Long-term loan participation notes issued during the period (Ten-Year Tenor)</td>
<td>650,000,000</td>
</tr>
<tr>
<td>Long-term loan participation notes issued during the period (Five-Year Tenor)</td>
<td>600,000,000</td>
</tr>
<tr>
<td>Capitalised transaction costs</td>
<td>(7,359,714)</td>
</tr>
<tr>
<td>Transaction costs amortised during the period</td>
<td>961,779</td>
</tr>
</tbody>
</table>

At the end of the period
1,243,602,065

Scheduled maturities of long-term loan participation notes issued at 31 December 2011 were as follows:

<table>
<thead>
<tr>
<th>Maturity analysis</th>
<th>At 31 December 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 2016 to 31 December 2016</td>
<td>597,357,866</td>
</tr>
<tr>
<td>After 31 December 2016</td>
<td>646,244,199</td>
</tr>
</tbody>
</table>

Total long-term loan participation notes issued
1,243,602,065

On 3 February 2011 the Company issued USD 600 million 5.326% Loan Participation Notes due 2016 (“the 2016 Notes”) and on the same date the Company issued USD 650 million 6.604% Loan Participation Notes due 2021 (“the 2021 Notes”). Interest on both the 2016 Notes and the 2021 Notes is payable semi-annually in arrears in equal installments on 3 February and 3 August respectively. At 31 December 2011, the outstanding amounts were USD 597 million and USD 646 million, net of unamortized transaction costs of USD 3 million and USD 4 million, respectively. At 31 December 2011, the fair value of the 2016 Notes was USD 600 million and the fair value of the 2021 Notes was USD 650 million.
Novatek Finance Limited
Notes to the Financial Statements – For the period from 29 September 2010 to 31 December 2011
(in US dollars)

11. ACCRUED LIABILITIES

At 31 December 2011

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued audit fees</td>
<td>11,220</td>
</tr>
<tr>
<td>Accrued tax compliance fees</td>
<td>3,183</td>
</tr>
<tr>
<td><strong>Total accrued liabilities</strong></td>
<td><strong>14,403</strong></td>
</tr>
</tbody>
</table>

12. SHARE CAPITAL – EQUITY AND OWNERSHIP OF THE COMPANY

At 31 December 2011

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised</td>
<td></td>
</tr>
<tr>
<td>100 ordinary shares of €1 each</td>
<td>136</td>
</tr>
<tr>
<td>Allotted, called up and fully paid</td>
<td></td>
</tr>
<tr>
<td>1 ordinary share of €1 each</td>
<td>1</td>
</tr>
</tbody>
</table>

13. FINANCIAL RISK MANAGEMENT

The Company’s activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

a. **Interest rate risk**

The Company’s interest expense on notes issued is fixed and therefore there is no interest rate exposure risk.

b. **Credit risk**

Credit risk arises from the possibility of counterparties failing to meet their obligations to the Company and represents the most significant category of risk. The Company has minimised the credit risk by leading to high credit quality institutions. The loan has been made to NOVATEK and is considered recoverable as they are still performing. At 31 December 2011, NOVATEK has a credit rating of BBB-/Baa3 by Standard & Poor’s and Moody’s respectively.

c. **Liquidity risk and cash flow 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 other financial asset and the Company will not be able to meet its financial obligations as they fall due.

The Company’s primary source of funds is from the issuance of debt. The Company’s debt is secured directly over its assets. The Company expects that its cash flow provided by operations (together with the debt facilities entered into) will satisfy its liquidity needs with respect to its investment portfolio.

<table>
<thead>
<tr>
<th>At 31 December 2011</th>
<th>Less than 1 year</th>
<th>Between 1 and 2 years</th>
<th>Between 2 and 5 years</th>
<th>More than 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term loan participation notes issued</td>
<td>-</td>
<td>74,882,000</td>
<td>600,000,000</td>
<td>650,000,000</td>
<td>1,250,000,000</td>
</tr>
<tr>
<td>Interest payable</td>
<td>74,882,000</td>
<td>74,882,000</td>
<td>208,668,000</td>
<td>193,167,000</td>
<td>551,599,000</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td>74,882,000</td>
<td>74,882,000</td>
<td>808,668,000</td>
<td>843,167,000</td>
<td>1,801,599,000</td>
</tr>
</tbody>
</table>

18
Novatek Finance Limited
Notes to the Financial Statements – For the period from 29 September 2010 to 31 December 2011
(in US dollars)

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

d. Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various exposures in the normal course of business, primarily with respect to the US dollar. Foreign exchange risk arises primarily from future transactions, recognized assets and liabilities when assets and liabilities are denominated in a currency other than the functional currency.

At 31 December 2011, substantially all assets and all liabilities were denominated in US dollars.

e. Market risk

Market risk is the potential adverse change in value caused by unfavourable movements in interest rates, foreign exchange or market prices of financial instruments. The note holders are exposed to the market risk of the assets portfolio. The Company has no derivative financial instruments at 31 December 2011 nor did it have during the reporting period.

14. CONTINGENT LIABILITIES AND COMMITMENTS

There are no contingent liabilities or commitments as of 31 December 2011.

15. RELATED PARTY TRANSACTIONS

Oonagh Hayes as director of the Company had an interest in the management fee in her capacity as a director of IFG Managed Services Limited. The Company incurred charges from IFG Managed Services Limited for corporate administration services to the value of US$39,162 during the reporting period. Yolanda Kelly and Rodney O’Rourke as directors of the Company had an interest in the management fee in their capacity as employees of IFG Managed Services Limited.

16. DIRECTORS’ INTEREST IN SHARES

The directors had no interest in shares of the Company.

17. CONTROLLING PARTY

The controlling party of the company is IFG Trust Company Limited. On 29 September 2010, the Company issued one share to IFG Trust Company Limited which is held on behalf of Novatek Finance Limited Charitable Trust. This share has been fully paid up.

18. POST BALANCE SHEET EVENTS

As of the date of approval there are no post balance sheet events, which had to be disclosed in these financial statements.

19. APPROVAL OF FINANCIAL STATEMENTS

The Board of directors approved these financial statements signed on 3 April 2012.