GNI (UK) Ltd.

Regulatory Financial Statements

Year Ended 31 December 2017

GNI (UK) LIMITED

REGULATORY FINANCIAL STATEMENTS
For the year ended 31 December 2017

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Statement of Licensee's Responsibilities in respect of the Regulatory Financial Statements for the year ended 31 December 2017

These Regulatory Financial Statements for the year ended 31 December 2017, relate to a Licence ("the Conveyance Licence") granted by the Northern Ireland Authority for Utility Regulation ("the Authority") to Ervia and subsequently assigned to GNI (UK) Limited ("the Licensee").

The Licensee is responsible for maintaining internal accounting and reporting arrangements which enable separate financial statements to be prepared for the regulated business. The Licence also considers that all applicable accounting standards have been followed and that it is appropriate to prepare the accounts on the going concern basis.

The Licensee is responsible for the preparation of those separate financial statements as set out in condition 1.2 of the Conveyance Licence which, having regard to that condition conform to International Financial Reporting Standards as adopted by the European Union and regulatory accounting guidelines, state the accounting policies adopted and be so prepared to a level of detail as may reasonably be required by the Authority and so that they may be reconciled with the published accounts of the Licensee.

The Licensee has responsibility for keeping proper books of account for the separate business and for taking such steps as are reasonably open to it to safeguard the assets of the business and to prevent and detect fraud and other irregularities.

On behalf of the Licensee

Chairman

Date 11th April 2018

Deloitte
Chartered Accountants &
Statutory Audit Firm

INDEPENDENT AUDITOR'S REPORT TO THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION ("THE AUTHORITY") AND GNI (UK) LIMITED ("THE LICENSEE")

We have audited the regulatory financial statements of GNI (UK) Limited, a division of GNI (UK) Limited ("the Licensee") which comprise the regulatory statement of comprehensive income, the regulatory statement of financial position, the regulatory statement of changes in equity, the regulatory statement of cash flows and the related notes to the regulatory financial statements 1 to 15. The financial reporting framework that has been applied in their preparation is condition 1.2 of the Gas Conveyance Licence and the accounting policies set out in note 2.

This report is made, on the terms that have been agreed, solely to the Licensee and the Authority in order to meet the requirements of the Gas Conveyance Licence. Our audit work has been undertaken so that we might state to the Licensee and the Authority those matters that we have agreed to state to them in our report, in order (a) to assist the Licensee to meet its obligation under the Gas Conveyance Licence to procure such a report and (b) to facilitate the carrying out by the Authority of its regulatory functions, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Licensee and the Authority, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the Licensee and Auditor
As explained more fully in the statement of licensee's responsibilities, the Licensee is responsible for the preparation of the Regulatory Financial Statements.

Our responsibility is to audit and express an opinion on the Regulatory Financial Statements in accordance with International Standards on Auditing (UK and Ireland), except as stated in the "Scope of the audit of the Regulatory Financial Statements" section below and having regard to the guidance contained in ICAEW Technical Release TECH O2/16AAF *Reporting to regulators on regulatory accounts.* Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Regulatory Financial Statements
An audit involves obtaining evidence about the amounts and disclosures in the Regulatory Financial Statements sufficient to give reasonable assurance that the Regulatory Financial Statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Licensee's circumstances and have been consistently applied and adequately disclosed and the reasonableness of significant accounting estimates made by the licensees'. In addition, we read all the financial and non-financial information in the Regulatory Financial Statements to identify material inconsistencies with the audited Regulatory Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION ("THE AUTHORITY") AND GNI (UK) LIMITED ("THE LICENSEE")

We have not assessed whether the accounting policies are appropriate to the circumstances of the licensee where these are laid down by condition 1.2 of the Gas Conveyance Licence. Where condition 1.2 of the Gas Conveyance Licence does not give specific guidance on the accounting policies to be followed, our audit includes an assessment of whether the accounting policies adopted in respect of the transactions and balances required to be included in the Regulatory Financial Statements are consistent with those used in the preparation of the statutory financial statements of the licensee. Furthermore, as the nature, form and content of the Regulatory Financial Statements are determined by the Authority, we did not evaluate the overall adequacy of the presentation of the information, which would have been required if we were to express an audit opinion under International Standards on Auditing (UK and Ireland).

Opinion on Regulatory Financial Statements

In our opinion the Regulatory Financial Statements have been properly prepared in accordance with condition 1.2 of the Licensee's Gas Conveyance Licence, Regulatory Accounting Guidelines and the accounting policies set out in note 2.

Emphasis of matter – basis of preparation

Without modifying our opinion, we draw attention to the fact that the Regulatory Financial Statements have been prepared in accordance with condition 1.2 of the Licensee's Gas Conveyance Licence, regulatory accounting guidelines ('the RAGs') issued by the Authority and the accounting policies set out in note 2 to the financial statements. The nature, form and content of Regulatory Financial Statements are determined by the Authority. It is not appropriate for us to assess whether the nature of the information being reported upon is suitable or appropriate for the Authority's purposes. Accordingly we make no such assessment.

The Regulatory Financial Statements are separate from the statutory financial statements of the licensee and have not been prepared under the basis of International Financial Reporting Standards as adopted by the European Union ('IFRS'). Financial information other than that prepared on the basis of IFRS does not necessarily represent a true and fair view of the financial performance or financial position of a company as shown in statutory financial statements prepared in accordance with the Companies Act 2006.

Other matters

Our opinion on the Regulatory Financial Statements is separate from our opinion on the statutory financial statements of the licensee for the year ended 31 December 2017 on which we reported on 26th April 2018, which are prepared for different purposes. Our audit report in relation to the statutory financial statements of the licensee (our "statutory audit") was made solely to the licensee's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our statutory audit work was undertaken so that we might state to the licensee's members those matters we are required to state to them in a statutory audit report and for no other purpose. In these circumstances, to the fullest extent permitted by law, we do not accept or assume responsibility for any other purpose or to any other person to whom our statutory audit report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Deloitte.

INDEPENDENT AUDITOR'S REPORT
TO THE NORTHERN IRELAND AUTHORITY FOR UTILITY REGULATION ("THE AUTHORITY") AND GNI (UK) LIMITED ("THE LICENSEE")

Deloitte

Deloitte
Chartered Accountants and Statutory Audit Firm
Cork

Date 26/4/13

GNI (UK) LIMITED
Regulatory Statement of Comprehensive Income
for the year ended 31 December 2017

	Notes	2017 £'000s	2016 £'000s
Revenue	3	17,628	17,494
Operating costs (net)	4	(11,113)	(11,637)
Profit from operating activities	5	6,515	5,857
Finance costs	6	(180)	(845)
Profit for the year		6,335	5,012
Total comprehensive income for the year		6,335	5,012
Total comprehensive income attributable to:			
Owners of the division		**6,335**	**5,012**

Signed: On behalf of licensee

Denis O' Sullivan	**~~Richard~~ Jemmett**	11th April 2018
Director	**Director**	**Date of approval**

GNI (UK) LIMITED
Regulatory Statement of Financial Position as at 31 December 2017

	Notes	2017 £'000s	2016 £'000s
Non-current assets			
Property, plant & equipment	7	96,289	102,900
Intangible assets	8	1,124	266
Total non-current assets		**97,413**	**103,166**
Current assets			
Trade and other receivables	9	4,343	3,667
Cash and cash equivalents	10	1,667	2,049
Restricted deposits	10	1,629	1,824
Total current assets		**7,639**	**7,540**
Total assets		**105,052**	**110,706**
Equity			
Retained earnings	11	(38,744)	(32,409)
Total equity attributable to equity holders of the division		**(38,744)**	**(32,409)**
Liabilities			
Trade and other payables	13	(10,677)	(19,769)
Government grants	12	(18,057)	(19,577)
Total non-current liabilities		**(28,734)**	**(39,346)**
Current liabilities			
Trade and other payables	13	(36,054)	(37,431)
Government grants	12	(1,520)	(1,520)
Total current liabilities		**(37,574)**	**(38,951)**
Total liabilities		**(66,308)**	**(78,297)**
Total equity and liabilities		**(105,052)**	**(110,706)**

Signed: On behalf of licensee

11th April 2018

Denis O' Sullivan
Director

Richard Jemmett
Director

Date of approval

GNI (UK) LIMITED
Regulatory Statement of Changes in Equity as at 31 December 2017

	Retained Earnings £'000	Total Equity £'000
At 1 January 2016	(27,397)	(27,397)
Total comprehensive income for the year	(5,012)	(5,012)
Balance at 31 December 2016	**(32,409)**	**(32,409)**
Total comprehensive income for the year	(6,335)	(6,335)
Balance at 31 December 2017	**(38,744)**	**(38,744)**

GNI (UK) LIMITED
Regulatory Statement of Cash Flows
for the year ended 31 December 2017

Description	Notes	2017 £'000's	2016 £'000's
Cashflows from operating activities			
Profit for year		6,335	5,012
Adjustment for:			
Depreciation and amortisation (net)		5,461	5,688
Finance costs	6	180	845
		11,976	11,545
Working capital changes			
Change in trade and other receivables		(676)	(307)
Change in trade and other payables		(11,105)	(10,054)
Cash generated from operating activities		195	1,184
Cashflows from investing activities			
Payments for tangible and intangible assets		(577)	(1,303)
Net decrease in cash and cash equivalents		**(382)**	**(119)**
Cash and cash equivalents at 1 January		2,049	2,168
Cash and cash equivalents at 31 December	10	1,667	2,049

1. Basis of Preparation

The regulatory financial statements are prepared in Pound Sterling (GBP), under the historical cost convention.

(a) Going Concern

The regulatory financial statements are prepared on a going concern basis as the Board, after making appropriate enquiries including reviewing and approving the 2018 annual budget and assessing the continuing profitability is satisfied that GNI (UK) Limited, has adequate resources to continue in operation for the foreseeable future. The division has an interest bearing facility of £165 million in respect of the North-West and South-North pipelines. This facility agreement will mature on 31 December 2017. The agreement provides that Ervia will not terminate the loan unless GNI (UK) Limited has alternative committed financing arrangements in place.

(b) Statement of Compliance

The regulatory financial statements have been prepared in accordance with the measurement principles of International Financial Reporting Standards (IFRS) as adopted by the European Union and regulatory accounting guidelines.

The financial statements have been prepared in accordance with those IFRS standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective for accounting periods ending on or before 31 December 2017.

(c) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of judgements, estimates and assumptions in determining the value of assets and liabilities, income and expenses recorded for the year and positive and negative contingencies at year-end. Actual results in future financial statements may differ from current estimates due to changes in these assumptions or economic conditions. The principal estimates and judgements are described below. Given their importance in the division's financial statements, the impact of any change in assumption in these areas could be significant.

Measurement

The measurement of certain assets, liabilities, income and costs require a high degree of estimation and judgement, including; impairment allowance in respect of trade and other receivables, the useful lives of fixed assets and various operating accruals. These items are estimated in accordance with relevant IFRSs and the division's accounting policies.

Impairment of long-term assets

Impairment tests on long-term assets are sensitive to the macro-economic and segment assumptions used, and medium-term financial forecasts. The division therefore revises the underlying estimates and assumptions based on regularly updated information.

1. Basis of Preparation (continued)

(c) Use of Estimates and Judgements (continued)

Other judgements
When there is no standard or interpretation applicable to a specific transaction, the division exercises judgement to determine the most appropriate accounting policy that will supply relevant, reliable information for preparation of its financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which these estimates are revised and in any future periods affected.

2. Summary of Significant Accounting Policies

The policies set out below have been consistently applied to all years presented in these financial statements.

(a) New Accounting Standards and Interpretations

In the current year, the company has applied a number of new and revised IFRS, as set out below, that are mandatorily effective under IFRS, as endorsed by the EU, for accounting periods beginning on or after 1 January 2017. The application of these amendments to standards did not have a material impact on the GNI (UK) Limited financial statements for 2017.

Standard/Amendment	EU Effective Date	Endorsed by the EU
Amendments to IAS 7: Disclosure Initiative	1 January 2017	November 2017
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017	November 2017

The table below sets out the standards, amendments to standards and interpretations that are in issue but are not yet effective under IFRS, as endorsed by the EU, for the year ended 31 December 2017 and thus have not been applied in preparing these financial statements.

Standard/Amendment	EU Effective Date [1]	Endorsed by the EU
IFRS 9 Financial Instruments	1 January 2018	November 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018	September 2016
Amendments to IAS 40: Transfers of Investment Property	1 January 2018	(Outstanding)
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	(Outstanding)
Annual Improvements to IFRS Standards 2014-2016 Cycle	1 January 2018/ 1 January 2017	February 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	November 2017

2. Summary of Significant Accounting Policies (continued)

(a) New Accounting Standards and Interpretations (continued)

Standard/Amendment	EU Effective Date [1]	Endorsed by the EU
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018	February 2018
Clarifications to IFRS 15 Revenue from Contracts with Customers	1 January 2018	October 2017
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely	n/a
IFRS 16 Leases	1 January 2019	October 2017
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	(Outstanding)
Amendments to IFRS 9: Prepayment Features with Negative Compensation	1 January 2019	(Outstanding)
Amendments to IAS 28: Long Term Interests in Associates and Joint Ventures	1 January 2019	(Outstanding)
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019	(Outstanding)
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	1 January 2019	(Outstanding)
IFRS 17 Insurance Contracts	1 January 2021	(Outstanding)

[1] *IASB date provided if not yet endorsed by the EU*

IFRS 9, issued on 24 July 2014, introduced new requirements for recognition, measurement, and impairment and de-recognition of financial instruments and general hedge accounting. The Company will apply IFRS 9 from its effective date under IFRS, as endorsed by the EU (1 January 2018). Application of this standard will impact on the recognition and measurement of the Company's financial instruments. Under the provisions of this standard, where the Company has chosen to measure borrowings at fair value through profit or loss, the portion of the change in fair value due to changes in the Company's own credit risk will be recognised in other comprehensive income rather than within profit or loss. If this standard is adopted, there will be no significant impact on the Company's financial statements.

IFRS 16 Leases was issued on 13 January 2016 with an IASB effective date of 1 January 2019. This new standard will replace IAS 17 Leases (and associated interpretative guidance), and offers a new comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The most significant change will be to lessee accounting, where the distinction between operating and finance leases is removed, and will effectively bring onto the

2. Summary of Significant Accounting Policies (continued)

(a) New Accounting Standards and Interpretations (continued)

statement of financial position the accounting for assets and liabilities associated with operating leases. There will be no significant changes in respect of lessor accounting. The company continues to assess the impact of adopting the standard, but from initial assessments it appears that IFRS 16 will not have a significant impact on the financial statements.

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective (1 January 2018). The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a five step approach to revenue recognition. Under IFRS 15, an entity should recognise revenue when the performance obligation is satisfied i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. IFRS 15 provides prescriptive guidance to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15. The Company continues to assess the impact of adopting the standard, but from initial assessments it appears that IFRS 15 will not have a significant impact on the Company's financial statements.

It is anticipated that application of the remaining IFRS/amendments/annual improvements, in issue at 31 December 2017 but not yet effective, will not have a significant impact on the Company's financial statements

(b) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into the functional currency at rates ruling at the reporting date. The resulting foreign currency gain or loss arising on translation is recognised in profit or loss. Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are translated using the exchange rate at the date of the transaction, and are not subsequently retranslated.

(c) Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses thereon. Cost includes direct costs (including direct labour), overheads and interest incurred in financing the construction of the asset. Capitalisation of interest ceases when the asset is commissioned or where active development has been interrupted for an extended period.

The charge for depreciation is calculated to write down the cost of property, plant and equipment less estimated residual value over their expected useful lives on a straight line basis. The asset classification and depreciation rates are as follows:

Pipeline Systems	3.5%

2. Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

Subsequent expenditure, for example, the cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits associated with the item will flow to the division, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in statement of comprehensive income.

Borrowing costs are capitalised as a cost of an asset if they are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Capitalisation of interest ceases when the asset is commissioned or where active development has been interrupted for an extended period.

(d) Intangible Assets

Software and software under development

Software costs include both internally developed and externally purchased assets. Internally developed software refers to costs directly associated with the production of identifiable and unique software products which are controlled by the division. These costs are recognised as intangible assets as it is considered probable that these products will generate economic benefits exceeding the recognised costs. These costs are capitalised only if the criteria set out in IAS 38 are met. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs on qualifying assets. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring into use the specific assets.

(e) Impairment of Assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If an indication of impairment exists, then the asset's recoverable amount is estimated. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in statement of comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

2. Summary of Significant Accounting Policies (continued)

(f) Financial assets and liabilities

i. Non-derivative financial assets and liabilities

Trade and other receivables
Trade and other receivables are initially recognised at fair value, which is the original invoiced amount net of transaction costs, and are subsequently carried at this value less an appropriate allowance for impairment.

Impairment losses are recognised where there is objective evidence of a dispute or an inability to pay.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits repayable on demand and other short-term highly liquid investments with original maturities of three months or less, less overdrafts payable on demand.

Trade and other payables
Trade and other payables are initially recorded at fair value, which is usually the original invoiced amount net of transaction costs and subsequently carried at amortised cost using the effective interest rate method.

Loans from group companies
Loans from group companies are non-derivative financial assets which are not quoted in an active market. They are included in current liabilities on the statement of financial position, except for those with maturities greater than twelve months after the reporting date, which are included in non-current liabilities.

(g) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services in the normal course of the business, net of discounts, VAT and other sales related taxes.

One of the division's sources of revenue is dependent on being approved by the Northern Ireland Authority for Utility Regulation (NIAUR). Certain circumstances may result in the regulatory "allowed" revenue being over or under recovered in the financial year.

(h) Profit from operating activities

Profit from operating activities is stated before finance costs.

(i) Finance costs

Finance costs comprise interest payable on borrowings and financing charge on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of comprehensive income using the effective interest method.

(j) Capital grants

Capital grants received in respect of the purchase of tangible fixed assets are treated as a deferred credit, a portion of which is amortised to the statement of comprehensive income annually over the useful economic life of the asset to which it relates.

3. Revenue recognition

Revenue, which was derived solely from gas transportation services, arose solely in the United Kingdom.

GNI (UK) Limited is entitled to all revenues arising in consideration for the provision of such services, to the extent that they represent the recovery of the division's allowed revenue. This allowed revenue represents the recovery of the expected operating and capital costs of the division as agreed in advance with the industry regulator, the Northern Ireland Authority for Utility Regulation (NIAUR).

This expenditure is recorded on an accruals basis and therefore the associated revenue is also recorded on an accruals basis. Capacity revenue is recognised in line with the underlying contract while any related commodity revenue is recognised based on throughput for the year for each customer.

Certain circumstances may result in the regulatory "allowed" revenue being over or under recovered in the financial year. Any over or under recovery may be included, within certain parameters, in the calculation of the following year's regulatory revenue.

Analysis of revenue

	2017 **£'000s**	**2016** **£'000s**
Revenue		
Transportation revenue	17,628	17,494
Total	**17,628**	**17,494**

4. Operating costs (net)

	2017 £'000s	2016 £'000s
Direct costs and facilities	3,278	3,382
Rates	597	581
Depreciation and amortisation	6,981	7,208
Grant amortisation	(1,520)	(1,520)
Insurance	126	139
Transportation	807	1,126
Shared services	270	270
Other	574	451
Total	**11,113**	**11,637**

	2017 £'000s	2016 £'000s
Actual uncontrollable operating expenditure	1,646	1,546
Actual controllable operating expenditure	2,486	2,883
Depreciation and amortisation	6,981	7,208
Total	**11,113**	**11,637**

	2017 £'000s	2016 £'000s
Direct operating costs	9,336	9,921
Indirect operating costs	1,777	1,716
Total	**11,113**	**11,637**

5. Profit from operating activities

There are no direct employees in GNI (UK) Limited. Profit from operating activities is stated after charging/(crediting):

	2017 £'000s	2016 £'000s
Depreciation and amortisation	6,981	7,208
Grant amortisation	(1,520)	(1,520)
	5,461	**5,688**

GNI (UK) LIMITED
NOTES TO THE REGULATORY FINANCIAL STATEMENTS (CONT'D)

6. Finance costs

	2017 £'000s	2016 £'000s
Interest payable to parent undertaking	180	845
	180	**845**

7. Property, Plant & Equipment

	2017 £'000s	2016 £'000s
Cost:		
Balance at 1 January	179,730	179,770
Additions	353	-
Disposals	-	(40)
Balance at 31 December	180,083	179,730
Depreciation:		
Balance at 1 January	76,830	69,641
Charge for the year	6,964	7,189
Balance at 31 December	83,794	76,830
Net book value at 31 December	**96,289**	**102,900**

8. Intangible Assets

	2017 £'000s	2016 £'000s
Cost:		
Balance at 1 January	747	462
Additions	875	285
Balance at 31 December	1,622	747
Depreciation:		
Balance at 1 January	481	462
Charge for the year	17	19
Balance at 31 December	498	481
Net book value at 31 December	**1,124**	**266**

9. Trade and Other Receivables

	2017 £'000s	2016 £'000s
Current		
Trade debtors	1,837	1,596
Unbilled transportation tariff	1,796	1,553
Other debtors and prepayments	710	422
Value Added Tax	-	96
Total debtors	**4,343**	**3,667**

10. Cash and Cash Equivalents

	2017 £'000s	2016 £'000s
Cash	1,667	2,049
Restricted deposits *	1,629	1,824
Total Cash and Cash Equivalents	**3,296**	**3,873**

*Restricted deposits comprise security deposits received from certain customers.

11. Equity

Retained earnings

	2017 £'000s	2016 £'000s
At 1 January	32,409	27,397
Profit for the year	6,335	5,012
At 31 December	**38,744**	**32,409**

12. Government Grants

	2017 £'000s	2016 £'000s
Balance at 1 January	21,097	22,617
Amortised in year	(1,520)	(1,520)
At 31 December	**19,577**	**21,097**
Current	1,520	1,520
Non-current	18,057	19,577
At 31 December	**19,577**	**21,097**

The capital grants are from the Northern Ireland Department of Enterprise, Trade & Investment in respect of the North-West pipeline connecting Belfast with Derry which was commissioned in October 2004 and the South-North pipeline from Dublin to Belfast which was commissioned in November 2006. The grants are being amortised to the statement of comprehensive income over the life of the pipeline. In certain circumstances the grants may become repayable if conditions laid down in the grant agreements are not adhered to. Total grants received as at 31 December 2017 is £38.4 million (2016: £38.4 million).

13. Trade and Other Payables

	2017 £'000s	2016 £'000s
Current liabilities:		
Trade creditors	176	120
VAT	147	-
Accruals	2,123	3,278
Amounts owed to group companies	33,608	34,033
Current liabilities	**36,054**	**37,431**
Non-current liabilities		
Amounts owed to group companies	**10,677**	**19,769**

14. Commitments

Capital Expenditure	2017 £'000s	2016 £'000s
Contracted for but not provided in the financial statements	1,482	193

15. Approval of Financial Statements

The financial statements were approved by the licensee on______________________.

GNI (UK) LIMITED

APPENDIX 1 TO REGULATORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

RECONCILIATION OF GNI (UK) LIMITED REGULATORY STATEMENT OF COMPREHENSIVE INCOME TO GNI (UK) LIMITED FINANCIAL STATEMENTS

	Regulated GNI (UK) Ltd 2017 £'000s	Other 2017 £'000s	GNI (UK) Ltd. 2017 £'000s
Revenue	17,628	43,280	60,908
Operating costs (excluding depreciation)	(5,652)	(9,570)	(15,222)
Depreciation (net of grant amortisation)	(5,461)	(13,045)	(18,506)
Profit on ordinary activities before interest	6,515	20,665	27,180
Net interest cost and other financing charges	(180)	(2,535)	(2,715)
Profit on ordinary activities before taxation	6,335	18,130	24,465
Tax charge on profit on ordinary activities	-	(4,608)	(4,608)
Profit for the year	6,335	13,522	19,857
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Translation differences on conversion of foreign divisions to presentation currency	-	1,055	1,055
Total items that may be reclassified subsequently to profit or loss	-	**1,055**	**1,055**
Total other comprehensive income for the year:	-	**1,055**	**1,055**
Total comprehensive income attributable to:			
Owners of the company	**6,335**	**14,577**	**20,912**
Total comprehensive income for the year	**6,335**	**14,577**	**20,912**

GNI (UK) LIMITED

APPENDIX 2 TO REGULATORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

RECONCILIATION OF GNI (UK) LIMITED REGULATORY STATEMENT OF FINANCIAL POSITION TO GNI (UK) LIMITED FINANCIAL STATEMENTS

	REGULATED GNI (UK) Ltd. 2017 £'000s	Other 2017 £'000s	GNI (UK) Ltd. 2017 £'000s
ASSETS			
Property, plant and equipment	96,289	252,291	348,580
Intangible assets	1,124	-	1,124
Total non-current assets	**97,413**	**252,291**	**349,704**
Current assets			
Inventories	-	43	43
Trade and other receivables	4,343	4,059	8,402
Cash and cash equivalents	1,667	9,194	10,861
Restricted deposits	1,629	2,004	3,633
Total current assets	**7,639**	**15,300**	**22,939**
Total assets	**105,052**	**267,591**	**372,643**
Equity			
Called up share capital	-	(400)	(400)
Other reserves	-	(6,433)	(6,433)
Retained earnings	(38,744)	(47,134)	(85,878)
Total equity attributable to equity holders of the company	**(38,744)**	**(53,967)**	**(92,711)**
LIABILITIES			
Non-current liabilities			
Government grants	(18,057)	(15,477)	(33,534)
Trade and other payables	(10,677)	(170,989)	(181,666)
Derivative financial instruments	-	(35)	(35)
Deferred tax liabilities	-	(12,479)	(12,479)
Total non-current liabilities	**(28,734)**	**(198,980)**	**(227,714)**
Current liabilities			
Government grants	(1,520)	-	(1,520)
Derivative financial instruments	-	-	-
Trade and other payables	(36,054)	(14,644)	(50,698)
Total current liabilities	**(37,574)**	**(14,644)**	**(52,218)**
Total liabilities	(66,308)	(213,624)	(279,932)
Total equity and liabilities	**(105,052)**	**(267,591)**	**(372,643)**

GNI (UK) LIMITED

APPENDIX 3 TO REGULATORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

GNI (UK) LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £'000s	2016 £'000s
Continuing operations		
Revenue	60,908	63,649
Operating costs	(33,728)	(33,186)
Profit from operating activities	**27,180**	**30,463**
Finance costs	(2,715)	(3,802)
Profit before income tax	24,465	26,661
Income tax expense	(4,608)	(3,253)
Profit for the year	**19,857**	**23,408**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Translation differences on conversion of foreign divisions to presentation currency	1,055	1,955
Total items that may be reclassified subsequently to profit or loss	**1,055**	**1,955**
Total other comprehensive income for the year:	**1,055**	**1,955**
Total comprehensive income attributable to:		
Owners of the company	**20,912**	**25,363**
Total comprehensive income for the year	**20,912**	**25,363**

GNI (UK) LIMITED

APPENDIX 4 TO REGULATORY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

GNI (UK) LIMITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	2017 £'000s	2016 £'000s
ASSETS		
Property, plant and equipment	348,580	304,360
Intangible assets	1,124	267
Total non-current assets	**349,704**	**304,627**
Current assets		
Inventories	43	28
Trade and other receivables	8,402	7,371
Derivative financial instruments	-	1
Cash and cash equivalents	10,861	2,373
Restricted deposits	3,633	3,829
Total current assets	**22,939**	**13,602**
Total assets	**372,643**	**318,229**
Equity		
Called up share capital	(400)	(400)
Other reserves	(6,433)	(5,378)
Retained earnings	(85,878)	(66,021)
Total equity attributable to equity holders of the company	**(92,711)**	**(71,799)**
LIABILITIES		
Non-current liabilities		
Government grants	(33,534)	(23,234)
Trade and other payables	(181,666)	(163,506)
Derivative financial instruments	(35)	(19)
Deferred tax liabilities	(12,479)	(10,284)
Total non-current liabilities	**(227,714)**	**(197,043)**
Current liabilities		
Government grants	(1,520)	(1,520)
Derivative financial instruments	-	(136)
Trade and other payables	(50,698)	(47,731)
Total current liabilities	**(52,218)**	**(49,387)**
Total liabilities	(279,932)	(246,430)
Total equity and liabilities	**(372,643)**	**(318,229)**