SG INVESTMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2018

COMPANY REGISTRATION NO. 00227230

CORPORATE INFORMATION

DIRECTORS

E. Henriques
S. Linstead

SECRETARY

K. Balinska-Jundzill

AUDITOR

Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

BANKERS

Société Générale
SG House
41 Tower Hill
London
EC3N 4SG

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

SG House
41 Tower Hill
London
EC3N 4SG

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the financial statements and auditor's report, for the year ended 31 December 2018.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

SG Investment Limited is a private limited company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The principal activity of the company is an investment company, investing in equity and taking equity stakes in companies owning assets in various sectors such as energy, power, utilities and transportation as well as other long term investments.

The company registration number is 00227230.

The company relies on a dedicated team employed by Société Générale, London Branch, whose principal activity is investment banking, to manage the investment activity. The client relationship exists with, and is managed by, London branch.

The directors consider the results for the year to be satisfactory and expect the current level of business to be sustained for the foreseeable future. The company will continue to administer its portfolio of assets to increase profitability.

The risks facing the company and the actions taken to address those risks are set out in the Financial Risk Management paragraph below. There is no indication that these risks will adversely impact the company in the foreseeable future.

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

IMPACT OF BREXIT

Concerning the regulatory environment, and in particular Brexit, there has been a comprehensive Brexit impact exercise undertaken at SG London Branch in conjunction with an external legal firm. The Company's operations were included in the analysis and the outcome of the assessment on the Company's operations was that there would be no material impact after Brexit.

RESULTS AND DIVIDENDS

The company made a profit on ordinary activities after taxation of £1,031,485 (2017: £1.129,546). The results for the year are set out on page 8.

No dividends were paid in respect of the current accounting year (2017: £nil).

POST BALANCE SHEET EVENTS

On 11 June 2019, the Company declared and paid an interim dividend amounting to £3,000,000 to holding company Société Générale Investments (U.K.) Limited.

On 7 May 2019, the Company received a resolution to receive a dividend amounting to $1,501,268 from its subsidiary LNG Malta 2 Investment Limited. The dividend declared will be offset against amounts owed by SG Investment Limited and reduce the intra-group debt.

REPORT OF THE DIRECTORS (Continued)

FINANCIAL RISK MANAGEMENT

The company's principal risk is financial risk which it is exposed to through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk and investment risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are investment risk and operating risks. The risks relating to liquidity, cash flow and investment are mitigated by the routine monitoring of key management information and investment KPIs (Refer to Note 15). The Company's policies for managing capital have been disclosed in Note 15. The Company's policies for managing capital have been disclosed in Note 15.

DIRECTORS

The directors who served throughout the year were as follows:
E. Henriques
S. Linstead

LIABILITY INSURANCE FOR COMPANY OFFICERS

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. In addition, the Company maintains liability insurance for its directors and officers.

GOING CONCERN

The financial statements for the year ended 31 December 2018 have been prepared on a going concern basis as the Directors are satisfied, having considered the risks and uncertainties impacting the Company, that it has the ability to continue in business for the period of assessment. The period of assessment used by the Directors is twelve months from the date of approval of these annual financial statements.

In making their assessment, the Directors have considered a wide range of information relating to present and future conditions of the company, including the availability of sufficient resources.

The Directors note that the company has reserves of £3,583,276 (2017: £2,551,791) at December 2018 which are sufficient to support the business activities for 12 months from the date of approval of these financial statements.

DISCLOSURE OF INFORMATION PROVIDED TO AUDITOR

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

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

APPOINTMENT OF AUDITOR

Deloitte LLP was reappointed and has expressed its willingness to continue in office. Pursuant to the Company's policy of auditor rotation, Deloitte LLP will remain the Company's auditor until such time as the next auditor rotation period is fixed by the Company's members.

By order of the Board,

K. Balinska-Jundzill
Secretary

30 September 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of SG Investment Limited

Report on the audit of the financial statements

Opinion

In our opinion, the financial statements of SG Investment Limited (the "Company"):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the statement of financial position;
- the statement of comprehensive income;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of SG Investment Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Report of the directors.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to advantage of the small companies' exemptions in preparing the Report of the Directors and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of SG Investment Limited (continued)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ben Jackson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 September 2019

SG INVESTMENT LIMITED
YEAR ENDED 31 DECEMBER 2018

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 £	2017 £
Continuing Operations			
Revenue	2	-	50,845
Gross margin		-	50,845
Other operating (expenses) / income	4	(66,284)	79,595
Operating (loss) / profit		(66,284)	130,440
Interest receivable	3b	1,280,782	1,344,426
PROFIT BEFORE TAXATION		1,214,498	1,474,866
Tax	5	(183,013)	(345,320)
PROFIT FOR THE YEAR		1,031,485	1,129,546
Other Comprehensive Income			
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year net of tax		1,031,485	1,129,546
Income attributable to:			
Equity holders of the parent		1,031,485	1,129,546
Total comprehensive income:			
Equity holders of the parent		1,031,485	1,129,546

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 £	2017 £
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	6	828,600	1,344,614
Other receivables	7	37,049,466	37,049,466
		37,878,066	38,394,080
CURRENT ASSETS			
Other receivables	7	4,433,948	4,155,415
Cash and cash equivalents		3,381,511	2,480,560
		7,815,459	6,635,975
TOTAL ASSETS		45,693,525	45,030,055
LIABILITIES			
CURRENT LIABILITIES			
Other payables	8	1,788,547	2,156,562
		1,788,547	2,156,562
TOTAL LIABILITIES		1,788,547	2,156,562
NET ASSETS		**43,904,978**	**42,873,493**
EQUITY			
Share capital	9	39,180.702	39,180,702
Share premium		1,141,000	1,141,000
Retained earnings		3.583.276	2,551,791
TOTAL EQUITY AND RESERVES		**43,904,978**	**42,873,493**

Approved by the Board of Directors and authorised for issue on 30 September 2019 and signed on its behalf by:

Director E. Henriques

The notes on pages 11 to 29 form part of these financial statements.
The company registration number is 00227230

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance as at 1 January 2017	39,180,702	1,141,000	1,422,245	41,743,947
Total comprehensive income for the year	-	-	1,129,546	1,129,546
Balance as at 31 December 2017	39,180,702	1,141,000	2,551,791	42,873,493
Total comprehensive income for the year	-	-	1,031,485	1,031,485
Balance as at 31 December 2018	39,180,702	1,141,000	3,583,276	43,904,978

CASH FLOW STATEMENT

For the year ended 31 December 2018

	Notes	2018 £	2017 £
Net cash flow used in operating activities	14b	(388,325)	(175,305)
Investing activities			
Interest received		1,289,276	1,369,027
Dividend received		-	(50,845)
Net cash flow from investing activities		1,289,276	1,318,182
Financing activities			
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		900,951	1,142,877
Cash at the beginning of the year		2,480,560	1,337,682
Cash at the end of the year	14a	3,381,511	2,480,560

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year. The country of incorporation, country of registration and principal activities and registered address have all been disclosed in the Report of Directors.

(a) Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been prepared under the historical cost convention.

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

- IFRS 16 "Leases" is effective for annual periods beginning on or after 1 January 2019
- IFRS 17 "Insurance Contracts" is effective for annual period beginning on or after 1 January 2022
- Amendments to IFRS 9 "Prepayment features with negative compensation" effective for annual periods beginning on or after 1 January 2019
- Amendments to IAS 28 "Long-term interests in associates and joint ventures" effective for annual periods beginning on or after 1 January 2019
- Annual improvements to IFRS Standards 2015-2017 cycle "Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements. IAS 12 Income taxes and IAS 23 Borrowing costs effective for annual periods beginning on or after 1 January 2019
- Amendments to IAS 19 Employee benefits effective for annual periods beginning on or after 1 January 2019
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" effective for annual periods beginning on or after 1 January 2019
- IFRIC 23 "Uncertainty over Income tax Treatments" is effective for annual periods beginning on or after 1 January 2019

The members do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Going concern

The directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting.

Impact of application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs in advance of their effective dates. Details of these new requirements as well as their impact on Company's financial statements are described below.

The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 January 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 January 2018 have not been restated.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Impact of application of IFRS 9 Financial Instruments (continued)

The Company reviewed and assessed the Group's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 did not result in any significant change in any significant change in classification and measurement. This is because the financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. As the impact is immaterial, no adjustments and disclosures have been made in respect of IFRS 9 impairment.

Classification and measurement of financial liabilities

Theres are no changes to the Company's financial liabilities as these are all still measured at amortised cost.

Impact of application of IFRS 15 Revenue from contracts with customers

During the year, the Company adopted IFRS 15 'Revenue from Contracts with Customers'.
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. Specially, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to customers.

The Company has assessed the impact on IFRS 15 and concluded there is no significant impact to the financial statements.

(b) Revenue recognition

Revenue comprises dividends received from equity investments and interest income which is accounted for when the right to receive has been established.

Dividend and other investment income is recognised when the entity's rights to receive payment have been established.

(c) Taxation

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

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

1. ACCOUNTING POLICIES (Continued)

(c) Taxation (Continued)

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

(d) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and measurement

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at FVTPL.

Despite the foregoing, the Company may make the following irrevocable election / designation at initial recognition of a financial asset:

The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are; and

The Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch below.

There are no debt and equity instruments designated as at FVTOCI at reporting date.

1. ACCOUNTING POLICIES (Continued)

(d) Financial instruments

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Impairment of financial assets

The Company always recognises lifetime ECL for trade receivables, amounts due from customers under construction contracts and lease receivables. The Company only has receivables from group related parties and therefore does not consider the need to provision for any expected credit losses.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increases in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. To identify Stage 2 exposure, the Company uses all available past and forward-looking date (behavioral scores, macroeconomic forecast scenarios, etc) to assess the counterpary's credit risk. A financial asset moves to the stage 2 exposures if its internal credit risk rating decreased by at least two notches in the last 18 months.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(d) Financial instruments (continued)

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit management purposes as historical; experience indicated that receivables that meet either of the following are generally not recoverable.

- when there is a breach of financial covenants but the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

(ii) Definition of default

Irrespective of any of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer of the borrower;
- a breach of contract, such as default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over twoyears past due, whichever occurs sooner.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.
Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

Classification of financial liabilities

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1. ACCOUNTING POLICIES (Continued)

(d) Financial instruments

Classification of financial liabilities (Continued)

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Foreign currencies

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

Other receivables

Other receivables consist of a loan and interest receivable and are initially recognised at fair value and subsequently valued at amortised cost, using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss in accordance with the policies above. Other receivables are categorised as assets at amortised cost.

Other payables

Other payables consist of amount owed to group companies and group relief and are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Other payables and long-term payables are categorised as liabilities measured at amortised cost.

Cash and cash equivalents

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

(f) Investments in Subsidiaries

Investments are accounted for using the cost method of accounting less provision for any impairment.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(g) Consolidated financial statements

The directors have decided to take advantage of the exemption under section 400 of the Companies Act 2006 and IAS27.42 and have not prepared consolidated financial statements for the year on the grounds that the ultimate parent company, Société Générale (incorporated in France), produces consolidated financial statements (Note 13).

(h) Significant accounting judgements, estimates and assumptions

The key judgments concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additionally, there are no areas requiring critical accounting estimates.

Taxes

The company's income tax charge and balance sheet provisions (if any) are judgmental in nature. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The ultimate tax treatment can only be determined by final resolution with the local tax authorities.

Impairment of investments in subsidiaries

The Company reviews its investments in subsidiaries for indicators of any impairment at least annually or whenever events or changes in circumstance indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires the determination of a recoverable amount, which, in the case of investments in subsidiaries, is its net asset value. If the carrying amount of the investments in subsidiaries is higher than the net asset value of the subsidiary, an impairment to the asset would be recognised.

2. REVENUE

	2018	2017
	£	£
Dividends received from other investments	-	50,845
	-	50,845

NOTES TO THE FINANCIAL STATEMENTS

3. PROFIT BEFORE TAXATION

The profit before taxation is stated after crediting:

	2018 £	2017 £
(a) Auditors' remuneration - audit fees	-	-

Audit fees payable for the audit of the company's annual financial statements amounted to £15,000 (2017: £15,000). These fees are paid by the ultimate parent company, Société Générale.

	2018 £	2017 £
(b) Interest receivable. All of the interest receivable was attributable to group companies (Refer to Note 11).	1,280,782	1,344,426
(c) Interest payable. All of the interest payable was attributable to group companies (Refer to Note 11).	-	-

4. OTHER OPERATING EXPENSES

	2018 £	2017 £
Sundry expenses	(9,806)	(37,120)
Write off of sundry debtors	755,098	1,842
Write off of investments (refer to note 6)	(577,357)	-
Foreign exchange (loss) / gain	(234,219)	114,873
	(66,284)	79,595

5. TAXATION

(a) Analysis of the charge in the year

	2018 £	2017 £
Corporation tax:		
Corporation tax charge for the year	(183,013)	(286,551)
Adjustments in respect of prior periods	-	(58,769)
Total current tax charge	(183,013)	(345,320)
Tax charge	(183,013)	(345,320)

NOTES TO THE FINANCIAL STATEMENTS

5. TAXATION (Continued)

(b) Factors affecting the tax charge for the year

	2018	2017
	£	£
Profit before taxation	1,214,498	1,474,866
Tax on profit at standard rate of 19.000% (2017: 19.247%)	(230,755)	(283,861)
Factors affecting the charge:		
Disallowable expenses	(109,698)	(17,449)
Transfer pricing	4,180	4,234
Non-taxable credits	153,260	10,140
Adjustments in respect to prior periods	-	(58,769)
Group relief nil paid	-	385
	(183,013)	(345,320)

6. INVESTMENTS IN SUBSIDIARIES

The company has investments in the following subsidiary undertakings:

	Country of Incorporation	Holding	%
LNG Malta Investment 1 Limited	Great Britain	Ordinary shares	100%
LNG Malta Investment 2 Limited	Great Britain	Ordinary shares	100%
Mapleis Limited	Great Britain	Ordinary shares	100%

LNG Malta 1 and 2 Limited have registered address at 171 Old Bakery Street, Valletta, VLT 1455, Malta. Mapleis Limited has a registered address at SG House, 41 Tower Hill, London, EC3N 4SG.

	2018	2017
	£	£
Cost brought forward	1,344,614	850,259
Write off during the year	(577,358)	-
LNG Investment 2 Limited	(577,358)	-
Acquisitions	-	547,895
LNG Investment Malta 1 Limited	-	1
LNG Investment Malta 2 Limited	-	547,894
Foreign exchange movement	61,344	(53,540)
LNG Investment 2 Limited	30,639	-
LNG Investment Malta 2 Limited	30,705	(53,540)
Closing cost balance	828,600	1,344,614

During the year, the company write off one wholly owned subsidiary, LNG Investment 2 Ltd. The write off amounted to £577,385.

NOTES TO THE FINANCIAL STATEMENTS

7. OTHER RECEIVABLES

	2018 £	2017 £
Amounts falling due within one year:		
Amounts due from group companies (Refer to Note 11)	4,116,600	4,116,600
Allowance for doubtful debts	-	(356,824)
Interest receivable from group related companies	313,825	322,319
Other debtors	3,523	73,320
	4,433,948	4,155,415
Amounts falling due after one year:		
Amounts due from group companies (Refer to Note 11)	37,049,466	37,049,466
	37,049,466	37,049,466

Amounts due from group companies include a £41,169,608 loan to Société Générale Investments (U.K.) Limited. The interest payments are settled in cash and are made annually based on varying interest rates over a 10 year amortising period.

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

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

8. OTHER PAYABLES

	2018 £	2017 £
Amounts falling due within one year:		
Amounts owed to group undertakings (Refer to Note 11)	1,730,533	1,862,469
Other payables	-	9,928
Group relief payable	58,014	284,165
Total other payables	1,788,547	2,156,562

Analysis of total payables by currency:

	US dollars £	US dollars £
Amounts owed to group undertakings (Refer to Note 11)	1,730,533	1,862,469
Other payables	-	9,928
	1,730,533	1,872,397

8. OTHER PAYABLES (Continued)

	Sterling £	Sterling £
Amounts owed to group undertakings (Refer to Note 11)	-	-
Group relief payable	58,014	284,165
	58,014	284,165
Total other payables by currency	1,788,547	2,156,562

Amounts owed to group undertakings denominated in foreign currencies have been translated at year end using the closing rate of USD 1.28 and EUR 1.12 (2017: USD 1.35 and EUR 1.13). These amounts have no fixed terms of repayment and no interest chargeable.

9. SHARE CAPITAL

	2018 £	2017 £
Authorised, issued and fully paid:		
39,180,702 ordinary shares of £1 each, fully paid	39,180,702	39,180,702

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

10. DEFERRED TAX

There are no potential deferred tax liabilities, and so no deferred tax has been provided.

Deferred tax has not been provided in respect of revenue losses and capital losses carried forward, on the basis that there is no certainty that the assets will be recovered.

The amount of the deferred tax asset not recognised is £63,394 (2017: £63,394).

The asset will be recovered if there are future gains within the tax group which utilise the brought forward losses.

Legislation was introduced in Finance Act 2016 to reduce the main rate of corporation tax from 19% to 17% with effect from 1 April 2020. This reduction is taken into account in calculating the deferred tax liability disclosed in the accounts.

The directors estimate that the effect of these changes in the future will be to reduce the company's deferred tax liability by £nil (2017: £nil).

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS

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

	Amounts owed by group related parties		Amounts owed to group related parties	
	Sterling		Sterling	
	2018	2017	2018	2017
	£	£	£	£
Société Générale, London Branch - cash	3,330,180	2,469,007	-	-
Société Générale Investments (U.K.) Limited	41,479,891	41,488,385	-	-
LNG Investment 1 Limited	-	-	-	-
LNG Investment 2 Limited	-	-	-	-
	44,810,071	43,957,392	-	-

(*) Irrecoverable amounts owed by group undertakings from the prior year written off (Refer to Note 4).

	Amounts owed by group related parties		Amounts owed to group related parties	
	US dollars		US dollars	
	2018	2017	2018	2017
	£	£	£	£
Société Générale, London Branch - cash	47,226	8,366	-	-
LNG Malta Investments 1 Limited	43,866	39,359	22,638	-
LNG Malta Investments 2 Limited	-	-	1,753,285	1,643,012
LNG Investment 2 Limited	-	-	-	546,719
	91,092	47,725	1,775,923	2,189,731

	Amounts owed by group		Amounts owed to group	
	EUR dollars		EUR dollars	
	2018	2017	2018	2017
	£	£	£	£
Société Générale, London Branch - cash	4,106	3,187	-	-
LNG Malta Investments 1 Limited (*)	1,697	2,183	-	-
LNG Malta Investments 2 Limited (*)	1,825	2,218	-	-
	7,628	7,588	-	-

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS (Continued)

	Group and related party interest receivable	
	2018	2017
	£	£
Société Générale Investments (U.K.) Limited	1,280,782	1,344,426
	1,280,782	1,344,426

	Dividends received	
	2018	2017
	£	£
LNG Investment 2 Limited	-	50,845
	-	50,845

SG Investments Limited, LNG Investment 1 & 2 Limited and Société Générale Investments (U.K.) Limited share certain common directors.

LNG Malta Investment 1 & 2 Limited are subsidiaries of SG Investment Limited whose immediate holding company is Société Générale Investments (U.K.) Limited.

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

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

For the year ended, the Company has not recorded any impairment of receivables relating to amounts owed by group or other related parties other than those mentioned in Notes 4 & 7 (2017: £nil).

The ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale (Refer to Note 13).

The amounts outstanding are unsecured and have no fixed dates of repayment.
No guarentees have been given or received.

Remuneration of key management personnel
The remuneration of the directors has been set out in Note 12.

Directors' transactions
There were no loans, quasi-loans or any other transactions carried out with the directors during the year other than what has already been disclosed in the directors report (2017: £nil).

12. EMPLOYEE COSTS AND DIRECTORS' EMOLUMENTS

The directors received no emoluments for services to the company or Société Générale Investments (U.K.) Limited during the year (2017: £nil).

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

The company does not have any employees for 2018 and 2017. All personnel who perform services are employed and remunerated by Société Générale London Branch.

13. HOLDING AND CONTROLLING COMPANY

The company is a subsidiary of Société Générale Investments (U.K.) Limited. Société Générale Investments (U.K.) Limited is incorporated in Great Britain and registered in England and Wales.

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

14. NOTES TO THE CASH FLOW STATEMENT

	2018 £	2017 £
(a) Reconciliation of cash		
Cash and cash equivalents	3,381,511	2,480,560

	2018 £	2017 £
(b) Reconciliation of profit to cash from operating activities		
Profit before tax	1,214,498	1,474,866
Adjusted for:		
Interest income	(1,280,782)	(1,344,426)
Write off of sundry debtors	(755,097)	(1,842)
Write off of investments	577,358	-
Translation differences	277,939	(114,804)
Operating cash flows before working capital changes	33,915	13,794
Decrease in other receivables	69,797	8,396
Decrease in other payables	(141,864)	-
Cash flow (used in) / from operations	(38,152)	22,190
Income taxes paid	(350,172)	(197,495)
	(388,325)	(175,305)

15. FINANCIAL INSTRUMENTS

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

i) Credit Risk

The Company's principal financial assets exposed to credit risk are other receivables and cash and cash equivalents. The Company is exposed to credit risk to the extent that its customers may experience financial difficulty and would be unable to meet their obligations.

To mitigate exposure to credit risk the Group has a risk approval process that is based on five principles:

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

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

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

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

The Company's current credit risk grading framework has been disclosed in Note 1.

ii) Market Risk: Interest Rate Risk and Sensitivity Analysis

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

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

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

15. FINANCIAL INSTRUMENTS (continued)

iii) Currency Risk

The Company has limited exposure to foreign currency risk. Investments and loans receivables issued denominated in foreign currencies are equally matched with borrowings. For all other exposures, where the company enters into exposures other than Sterling, then it will hedge these exposures with Société Générale and translate those amounts at the spot rate prevailing at the end of the year.

iv) Fair Values

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The hierarchy establishes three categories for valuing financial instruments, giving the highest priority to unadjusted active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure an asset or a liability fall to different levels within the hierarchy, the classification of the entire asset or liability will be based on the lowest level input that is significant to the overall fair value measurement of the asset or liability.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices, credit spreads or interest rates and yield curves observable at commonly quoted intervals); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The Company develops unobservable inputs using the best information available in the circumstances, which would include the Company's own data, taking into account all information about market participant assumptions that is reasonably available.

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

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve. The fair value hierarchy of these loans is classified as Level 2.

v) Liquidity Risk

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

The Company's financial liabilities are primarily in the form of intercompany borrowings from Société Générale's treasury teams.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (continued)

v) Liquidity Risk (continued)

(a) Maturity analysis of financial liabilities

	Less than 1 year		1 to 5 years		Greater than 5 years	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Amounts owed to group undertakings	1,730,533	1,872,397	-	-	-	-
	1,730,533	1,862,469	-	-	-	-

The above being the undiscounted cash flow expected to be made.

(b) Financial assets and liabilities held at amortised cost

	2018	2017
	£	£
Financial assets	44,864,925	43,685,441
Financial liabilities	1,730,533	1,872,397

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

vi) Concentration Risk

Although the Company's assets are concentrated by geography, type of client and economic sector this is mitigated by its parent company, Société Générale Investments (U.K.) Limited, which through its other investments, achieves suitable diversification.

vii) Capital Management Policies and Procedures

The Company's capital management objectives are:

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

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

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (continued)

v) Liquidity Risk (continued)

Capital structure

	2018 £	2017 £
Share Capital	39,180,702	39,180,702
Share Premium	1,141,000	1,141,000
Retained Earnings	3,583,276	2,551,791
Total capital	43,904,978	42,873,493

16. POST BALANCE SHEET EVENTS

On 11 June 2019 the Company declared and paid an interim dividend amounting to £3,000,000 to holding company Société Générale Investments (U.K.) Limited.

On 7 May 2019, the Company received a resolution to receive a dividend amounting to $1,501,268 from its subsidiary LNG Malta 2 Investment Limited. The dividend declared will be offset against amounts owed by SG Investment Limited and reduce the intra-group debt.