DTEK Investments Limited

Annual report and Financial Statements

For the year ended 31 December 2014

Company Number: 08422516

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COMPANY INFORMATION

DIRECTORS	Maxim Timchenko Accomplish Corporate Services Ltd
COMPANY SECRETARY	Accomplish Secretaries Limited
INDEPENDENT AUDITOR	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
REGISTERED OFFICE	18 South Street London United Kingdom W1K 1DG

STRATEGIC REPORT

Introduction

The directors of DTEK Investments Limited present their report in order to disclose the results of the activity of the Company for the year ended 31 December 2014 and likely future development of the Company.

Principal activities and business review

The principal activity of the Company is to serve as a finance vehicle for DTEK Group (the "Group").

DTEK is a vertically integrated power generating and distribution group. Its principal activities are coal mining for further supply to its power generating facilities and finally distribution of electricity to end customers primarily in Ukraine. The Group's coal mines and power generation plants are located in the Donetsk, Dnipropetrovsk and Lugansk regions of Ukraine. The Group sells all electricity generated to Energorynok SE, the state-owned electricity metering and distribution pool, at prices determined based on the competitive pool model adopted by the National Electricity Regulatory Committee of Ukraine. The Group's distribution entities then repurchase electricity for supply to final customers.

The profit for the period amounted to US$ 676,488 thousand (2013: profit US$ 42,037) thousand.

In April 2014 DTEK Investments Limited declared a dividend of US$ 34,829 thousand, that was fully paid by 31 December 2014 (2013: dividend of US$ 28,000 thousand).

Principal risks and uncertainties

The operations of DTEK are mainly in Ukraine. The Ukrainian economy is considered to be developing and characterised by relatively high economic and political risks. The future stability of the Ukrainian economy is largely dependent upon reforms and the effectiveness of economic, financial and monetary measures undertaken by government, together with tax, legal, regulatory, and political developments. As a developing economy, it is vulnerable to market downturns and economic slowdowns. It had a significant impact on DTEK's financial performance in 2014 as further disclosed in Note 1.

The financing activity of the Company is managed centrally by the DTEK's Corporate Finance department together with the Treasury department. The overall risk management policies seek to minimise the potential adverse effects on the Company's financial performance for those risks that are manageable or non-core to the power generating business.

The Company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

Exposure of the Company to different financial risks is disclosed in Note 19 of the financial statements

Risk management and internal control

The Board has overall responsibility for the Group's system of internal control and for monitoring its effectiveness. The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the effectiveness of the Group's internal controls, which have been in place from the start of the year to the date of approval of this report.

Financial risk management is carried out by a centralised treasury department working closely with the operating units, under policies approved by the Supervisory Board. The Treasury department identifies, evaluates and proposes risk management techniques to minimise these exposures.

Additionally, DTEK developed a compliance function to monitor and analyse financial, reputation or legal risks connected with its business activities.

Key performance indicators

There are no specific key performance indicators set for the Company.

Future development

The Management Board does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future. The Company follows the same development strategy as DTEK Group.

Environmental issues

DTEK activities are tightly connected with production cycles impacting the environment heavily. That is why maintaining high ecological compliance standards is a crucial point for the business development of the Group both in Ukraine and European markets.

Social responsibility

A balance is a necessary condition for developing DTEK's business, for increasing its competitiveness in the European energy market and for the performing of its obligations in the area of corporate social responsibility. That is why sustainable growth in economic and environment protection areas is an important part of Group's strategy.

DTEK systematically develops its activity in CSR, and strives to work in accordance with international CSR standards, while remaining a domestic employer and social investor, aiding the social and economic development of the regions where it operates, and not replacing the functions of the state.

DTEK supports various initiatives to protect the environment, such as the Declaration on Responsible Business Partnership, initiated by the Centre for Corporate Social Responsibility Development with the support of the Royal Norwegian Embassy in Ukraine. DTEK is also committed to the Declaration on Responsible Business Partnership to ensure compliance with environmental protection and health and safety standards in our operations with suppliers and partners.

Maxim Timchenko, Director

Accomplish Corporate Services Ltd, Director

Approved by the directors on 11 March 2015

DIRECTORS' REPORT

The directors present their report and the financial statements of DTEK Investments Limited for the year ended 31 December 2014.

Incorporation

DTEK Investments Limited is a private limited liability company incorporated on 27 February 2014 in England and Wales through the contribution by DTEK Finance PLC of 100% its equity interest. It's registered office is18 South Street, London, United Kingdom.

DTEK Finance PLC, a company registered in England and Wales, is the immediate parent company. DTEK Energy B.V. is the ultimate parent company.
DTEK Energy B.V. (the "Parent Company") is a private limited liability company incorporated in the Netherlands on 16 April 2009. The Parent Company was formed through the contribution by System Capital Management Limited and InvestCom Services Limited of their 100% equity interest in DTEK Holding Limited, a Cyprus registered entity and predecessor to the Parent Company. The Parent Company and its subsidiaries (together referred to as "the Group" or "DTEK") are beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM").

Future outlook

The Company expects to renegotiate original schedules and to continue to fulfill its obligations on repayment of its borrowings.

Going concern

The Company's ability to continue as a going concern is highly dependent on the continued servicing of the interest payable on the loans issued to fellow subsidiaries of DTEK Energy B.V. and repayment of principal of the loan on or before their due dates. The operations of DTEK are mainly in Ukraine.

The political situation in Eastern Ukraine deteriorated in 2014 resulting in armed conflict and military activity in some parts of the Donetsk and Lugansk regions. The armed conflict in the region has put further pressure on relations between Ukraine and the Russian Federation. Escalating political tensions have had an adverse effect on the Ukrainian financial markets, resulting in a hampering of the ability of Ukrainian companies and banks to obtain funding from the international capital and loan markets. This has contributed to a significant devaluation of the Hryvnya against major currencies. The final resolution and the effects of the political and economic crisis are difficult to predict but they may have further severe effects on the Ukrainian economy and the DTEK Group's business. Notwithstanding this situation, management believes it is taking appropriate measures to support the sustainability of the DTEK Group's business in the current circumstances.

In view of this, the financial statements have been prepared on a going concern basis as disclosed in Note1.

Results and dividends

The profit for the year amounted to US$ 676,488 thousand (period from 27 February 2013 to 31 December 2013: profit US$ 42,037 thousand). In April 2014 DTEK Investments Limited declared a dividend of US$ 34,829 thousand that was fully paid by 31 December 2014. The directors propose to pay dividends in the amount of US$30 206 thousand.

Directors

The directors who served the company during the year were as follows:
Maxim Timchenko (appointed 27 February 2013); and
Accomplish Corporate Services Ltd (appointed 27 February 2013)

Independent auditors and disclosure information to them

PricewaterhouseCoopers LLP have been appointed as auditors of DTEK Investments Limited for the financial year ended 31 December 2014.

In so far as the directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Maxim Timchenko, Director

Accomplish Corporate Services Ltd, Director

Approved by the directors on 11 March 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union using the historical cost convention. 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 those 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 IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 lime 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.

Maxim Timchenko, Director

Accomplish Corporate Services Ltd, Director

11 March 2015

Independent auditors' report to the members of DTEK Investments Limited

Our opinion

In our opinion, DTEK Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows 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.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is highly dependent on the continued servicing of the interest payable on the loans issued to its fellow DTEK Group companies and repayment of the principal of the loans by those group companies on or before their due dates. As a result of the continuing political and economic uncertainties in Ukraine, which affect the operations of the ultimate parent company and the fellow DTEK Group companies, the ability of the fellow DTEK Group companies to repay the interest and principal is uncertain. In addition, as of 31 December 2014, fellow DTEK Group companies were in breach of a number of their bank covenants. Consequently, there are material uncertainties which may cast a significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

DTEK Investments Limited's financial statements comprise:

- the statement of financial position as at 31 December 2014;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

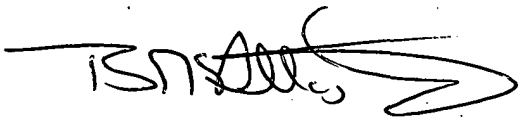
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited 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 material misstatements or inconsistencies we consider the implications for our report.



Tim McAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 March 2015

DTEK Investments Limited

Statement of Comprehensive Income

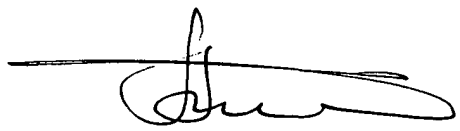
In thousands of US$	Note	Year ended 31 December 2014	Period from 27 February 2013 to 31 December 2013
Interest income	4	91,011	50,733
Finance costs	4	(25,467)	(7,106)
General and administrative expense	5	(260)	(199)
Net foreign exchange gain/(loss)		611,633	(1,128)
Profit before income tax		**676,917**	**42,300**
Income tax expense	16	(429)	(263)
Profit for the year/period		**676,488**	**42,037**
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Effective portion of change in the fair value of cash flow hedges	10	(5,230)	(2,148)
Reclassification adjustment in relation to cash flow hedges	10	3,501	2,321
Foreign currency translation		(623,934)	-
Total other comprehensive (loss)/profit		**(625,663)**	**173**
Total comprehensive income for the year/period		**50,825**	**42,210**

All of the activities of the Company are classed as continuing.
The Company has no recognised gains or losses other than the results for the period as set out above.

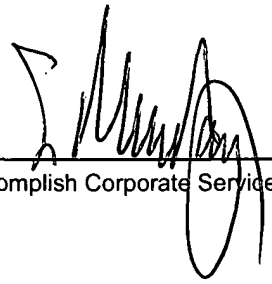
DTEK Investments Limited

Statement of Financial Position

In thousands of US$	Note	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Loans receivable	6	445,761	1,132,741
Total non-current assets		**445,761**	**1,132,741**
Current assets			
Loans receivable	6	584,636	3,394
Financial investments	7	37,400	-
Interest receivable	6	23,653	41,116
Trade and other receivables	9	206,025	76
Cash and cash equivalents	8	5,223	580
Total current assets		**856,937**	**45,166**
TOTAL ASSETS		**1,302,698**	**1,177,907**
EQUITY			
Share capital	9	942,601	736,576
Other reserves		(1,556)	173
Effect of foreign currency translation		(623,934)	-
Retained earnings		655,696	14,037
TOTAL EQUITY		**972,807**	**750,786**
LIABILITIES			
Non-current liabilities			
Derivatives	10	-	3,252
Borrowings	11	204,004	420,906
Total non-current liabilities		**204,004**	**424,158**
Current liabilities			
Borrowings	11	76,872	-
Derivatives	10	45,834	-
Interest accrual	11	2,916	2,663
Trade and other payables		49	37
Current income tax payable	16	216	263
Total current liabilities		**125,887**	**2,963**
TOTAL LIABILITIES		**329,891**	**427,121**
TOTAL LIABILITIES AND EQUITY		**1,302,698**	**1,177,907**



Maxim Timchenko, Director



Accomplish Corporate Services Ltd, Director

Approved by the Directors on 11 March 2015

Company Registration Number: 08422516

DTEK Investments Limited

Statement of Changes in Equity

In thousands of US$	Share capital	Other reserves	Effect of foreign currency translation	Retained earnings	Total
At 27 February 2013	-	-	-	-	-
Comprehensive income					
Profit for the period	-	-	-	42,037	**42,037**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Effective portion of change in the fair value of cash flow hedges (Note 10)	-	**(2,148)**	-	-	**(2,148)**
Reclassification adjustment in relation to cash flow hedges (Note 10)	-	**2,321**	-	-	**2,321**
Total comprehensive income	-	**173**	-	-	**173**
Total other comprehensive income for the period	-	**173**	-	**42,037**	**42,210**
Transactions with owners					
Share capital (Note 9)	736,576	-	-	-	736,576
Dividends	-	-	-	(28,000)	(28,000)
Total transactions with owners	**736,576**	-	-	**(28,000)**	**708,576**
At 31 December 2013	**736,576**	**173**	-	**14,037**	**750,786**
Comprehensive income					
Profit for theyear	-	-	-	676,488	**676,488**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss:					
Effective portion of change in the fair value of cash flow hedges (Note 10)	-	(5,230)	-	-	**(5,230)**
Reclassification adjustment in relation to cash flow hedges (Note 10)	-	3,501	-	-	**3,501**
Foreign currency translation	-	-	(623,943)	-	**(623,934)**
Total comprehensive income	-	**(1,729)**	**(623,934)**	-	**(625,663)**
Total other comprehensive income for the year	-	**(1,729)**	**(623,934)**	**676,488**	**50,825**
Transactions with owners					
Share capital issued not paid (Note 9)	206,025	-	-	-	206,025
Dividends	-	-	-	(34,829)	(34,829)
Total transactions with owners	**206,025**	-	-	**(34,829)**	**171,196**
At 31 December 2014	**942,601**	**(1,556)**	**(623,934)**	**655,696**	**972,807**

The accompanying notes on pages 13-23 are an integral part of these financial statements.

DTEK Investments Limited

Statement of Cash Flows

In thousands of US$	Note	Year ended 31 December 2014	Period from27 February 2013 to 31 December 2013
Cash flows from operating activities			
Profit before tax		**676,917**	**42,300**
Adjustments for:			
Interest income	4	(91,011)	(50,733)
Finance costs	4	25,467	7,106
Foreign exchange gains		(611,633)	1,128
Operating cash flows before working capital changes		**(260)**	**(199)**
Increase in trade and other payables		12	37
Cash generated from operations		**(248)**	**(162)**
Interest received		104,048	9,637
Interest paid		(22,312)	(966)
Income taxes paid		(476)	-
Net cash generated from operating activities		**81,012**	**8,509**
Cash flows from investing activities			
Deposits placed		(37,400)	-
Loans granted		(288,116)	(1,528,340)
Repayment of loans granted		358,081	398,972
Net cash generated from/(used in) investing activities		**32,565**	**(1,129,368)**
Cash flows from financing activities			
Share issue	9	76	736,500
Borrowings received, net of bank commission paid		20,455	414,006
Repayment of borrowings		(95,015)	-
Dividends paid		(34,829)	(28,000)
Net cash used in financing activities		**(109,313)**	**1,122,506**
Net increase in cash and cash equivalents		**4,264**	**1,647**
Cash and cash equivalents at beginning of year/period		**580**	**-**
Exchange gains on cash and cash equivalents		379	(1,067)
Cash and cash equivalents at end of year/period		**5,223**	**580**

1 The Organisation and its Operations

General

The principal activity of the Company is to serve as a finance vehicle for the DTEK Group (the "Group").

DTEK Investments Limited is a private limited liability company incorporated on 27 February 2013 in England and Wales through the contribution by DTEK Finance PLC of 100% of its equity interest. Its registered office is 18 South Street, London, United Kingdom.

The financial statements have been prepared for the year ended 31 December 2014.

Group structure

DTEK Finance PLC, a company registered in England and Wales, is the immediate parent company. DTEK Energy B.V. is the ultimate parent company.

DTEK Energy B.V. (the "Ultimate Parent Company") is a private limited liability company incorporated in the Netherlands on 16 April 2009. The Parent Company was formed through the contribution by System Capital Management Limited and InvestCom Services Limited of their 100% equity interest in DTEK Holding Limited, a Cyprus registered entity and predecessor to the Parent Company. The Parent Company and its subsidiaries (together referred to as "the Group" or "DTEK") are beneficially owned by Mr. Rinat Akhmetov, through various entities commonly referred to as System Capital Management ("SCM").

Going concern

The Company's ability to continue as a going concern is highly dependent on the continued servicing of the interest payable on the loans issued to fellow subsidiaries of DTEK Energy B.V. and repayment of principal of the loan on or before their due dates.

DTEK's business is concentrated in the Ukraine. Starting in late 2013 the political situation in Ukraine has experienced instability with numerous protests and continued political uncertainty that has led to a deterioration of the State's finances, volatility of financial markets and sharp depreciation of the national currency against major foreign currencies (since early 2014). The ratings of Ukrainian sovereign debt were downgraded by international rating agencies with negative outlooks for the future.

The political situation in Eastern Ukraine also deteriorated in 2014 resulting in armed conflict and military activity in some parts of the Donetsk and Lugansk regions. The armed conflict in the region has put further pressure on relations between Ukraine and the Russian Federation. Escalating political tensions have had an adverse effect on the Ukrainian financial markets, resulting in a hampering of the ability of Ukrainian companies and banks to obtain funding from the international capital and loan markets. This has contributed to a significant devaluation of the Hryvnya against major currencies and has adversely affected the operations of DTEK.

The majority of DTEK's revenue is generated in the Ukraine and denominated in Ukrainian Hryvnia, although DTEK receives foreign currencies from its export of electricity and coal. The vast majority of DTEK's borrowings have financial and non-financial covenants. Further, the majority of these borrowings have cross default clauses allowing lenders to demand repayment when covenants have been breached with respect to other loans above de-minimus amounts.

As of 31 December 2014 a number of covenants were breached and as a result of this certain borrowings of DTEK Group companies were reclassified from non-current to current liabilities. Management has prepared monthly cash flow projections for periods throughout 2015 and the first six months of 2016. Judgments with regard to future electricity prices, coal volumes, willingness of lenders not to require early repayments and the timing of settlements with various counterparties were required for the preparation of the cash flow projections. Positive overall cash flows (indicating that there is no liquidity gap in any month) are crucially dependent on the willingness of DTEK's lenders not to demand early repayment, and to continue their support to DTEK by restructuring a significant portion of payments due in 2015 to future periods; electricity tariffs to offset the UAH devaluation; the UAH stabilisation; and the continuation of ceasefire and reduced tensions in the East of Ukraine.

Despite the strong operating cash flow DTEK is nevertheless unable to wholly repay during 2015 or 2016 the amount of borrowings and other obligations classified as current liabilities. While management remains in discussions with its lenders, it acknowledges however that, prior to the successful restructuring of debt obligations, there are material uncertainties which may cast significant doubt about DTEK's ability to continue as a going concern.

Despite these material uncertainties with respect to the repayment of the current loans and the debt restructuring and based on cash flow projections performed, management considers that the application of the going concern assumption for the preparation of these financial statements is appropriate. No adjustments have therefore been made within these financial statements that would result if the Company was unable to continue as a going concern.

2 Critical accounting estimates and judgments

The Company performs an analysis of risk factors, which, if any should realise, would materially and adversely affect the results and financial position of the Group and therefore of the Company.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses for the year. These estimates and assumptions are based on management's knowledge of the relevant facts and awareness of circumstances, having regard to prior experience.

Other than the evaluation of going concern, the Company's financial statements do not contain any significant estimates, risks or uncertainties.

3 Accounting policies

Basis of preparation.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS using the historical cost convention. The principal accounting policies applied in the preparation of these financial statements are set out below.

New standards, amendments and interpretations adopted

The following amendment has been adopted by the company for the first time for the financial year beginning on or after 1 January 2014:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the company's financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not relevant for the company.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment modelin IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Company is yet to assess IFRS 9's full impact.

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Company.

3 Accounting policies (Continued)

Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company or under common control are considered a related party. In addition, statutory directors, other key management of DTEK Investments Limited or the ultimate parent company and close relatives are regarded as related parties.

Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement. In the Statement of cash flows, proceeds from and repayment of borrowings are presented within financing activity and the loans granted and repayment of loans granted are presented within investing activity. Interest associated with the loans and borrowings is presented within operating activity.

Functional and presentation currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The functional currency of the Company is Ukrainian Hryvnia. The Company is a treasury centre and is effectively an extension of the treasury department of the parent company, located in a foreign residence.

These annual financial statements are presented in thousands of United States dollars("US$"). Management has determined the US dollar as a presentation currency that provides the best appropriate presentation of the Company's financial statements for investors and other intended users of the financial statements.

Transactions denominated in currencies other than the relevant functional currency are translated into the functional currency, using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses, resulting from settlement of such transactions and from the translation of foreign currency denominated monetary assets and liabilities at year end, are recognised in the income statement. Translation at the year end does not apply to non-monetary items including equity investments.

The results and financial position are translated from the functional into the presentation currency as follows:

(a) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(c) all resulting exchange differences are recognised in other comprehensive income.

The exchange rate used for the revaluation of the Statement of financial position from functional to presentation currency was 15.769 UAH/USD as at 31 December 2014 (31 December 2013: 7.993 UAH/USD). Average exchange rate for 2014 was 11.889 UAH/USD (2013: 7.993 UAH/USD)

Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected cash flows. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 3 months. Cash and cash equivalents are stated at face value.

3 Accounting policies (Continued)

Income taxes

Income taxes have been provided for in the financial statements in accordance with United Kingdom legislation enacted or substantively enacted by the reporting date. The tax expense for the period comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity or other comprehensive income. In this case, the tax is also recognised directly in equity or other comprehensive income.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than on income are recorded within operating expenses.

Share capital

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

Derivative financial instruments, including hedge accounting

The Company enters into various derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk and applies hedge accounting to such transactions.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates certain derivatives as cash flow hedges - hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "Finance income/costs". Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain separately in equity and reclassified to profit or loss in the periods when the forecast transaction occurs. Changes in the fair value of the derivatives after the date when the hedge accounting is discontinued are recognised in the income statement in finance income or expense.

Borrowings

Borrowings comprise of long-term loans obtained from DTEK companies. Bank borrowings from VTB Capital PLC comprise of current loans with a purpose to perform an appropriate investment activity.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method.

Finance income and costs

Finance income and costs comprise interest expense on borrowings, and interest income on loans receivable. All interest and other costs incurred in connection with borrowings are expensed using the effective interest rate method. Interest income is recognised as it accrues, taking into account the effective yield on the asset.

3 Accounting policies (Continued)

Financial guarantees

Financial guarantees are initially recognised at fair value and are subsequently measured at the higher of (a) the amount determined in accordance with IAS 37 and (b) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18.

4 Interest income and Finance costs

In thousands of US$	Year ended 31 December 2014	Period from 27 February 2013 to 31 December 2013
Finance income		
Interest income on loans receivable	88,724	50,733
Change in fair value of derivative financial instruments	2,287	-
Total finance income	**91,011**	**50,733**
Interest expense on bank borrowings	9,671	2,190
Bank commitment fees	365	4,058
Interest expense on loans from related parties	13,967	585
Amortised cost expenses on bank borrowings	1,464	156
Change in fair value of derivative financial instruments	-	117
Total finance expenses	**25,467**	**7,106**
Total finance income , net	**65,544**	**43,627**

5 General and administrative expenses

In thousands of US$	Year ended 31 December 2014	Period from 27 February 2013 to 31 December 2013
Professional fees	220	164
Audit fees	29	25
Bank charges	11	10
Total	**260**	**199**

6 Loans and interest receivable

As at 31 December, loans and interest receivable were as follows:

In thousands of US$	31 December 2014	31 December 2013
Non-current		
Loans granted to related parties	445,761	1,132,741
Total non-current loans receivable	**445,761**	**1,132,741**
Current		
Loans granted to related parties	584,636	3,394
Interest receivable	23,653	41,116
Total current loans and interest receivable	**608,289**	**44,510**

The current receivables are all due within one year. As at 31 December 2014 the current loans are EUR 25,980 thousand (equivalent to USD 31,689 thousand) and USD 552,947 thousand issued to the companies of the DTEK Group and carry interest ranging from 7 % to 9% per annum. As at 31 December 2013 the current loans are EUR 1,950 thousand (equivalent to USD 2,694 thousand) and US$ 700 thousand and carried interest of 7%.

As at 31 December 2014 the non-current loans are EUR 165,468 thousand (equivalent to USD 176,151 thousand) and US$ 269,610 thousand issued to the companies of the DTEK Group and repayable by years from 2018 to 2025 and carry interest ranging from 5,15 % to 8% per annum. As at 31 December 2013 the non-current loans are EUR 246,140 thousand (equivalent to USD 340,017 thousand) and US$ 792,724 thousand issued to the companies of the DTEK Group, repayable by years from 2018 to 2025 and carry interest ranging from 7 % to 9% per annum. The principal and interest amounts are payable at any time before the cut-off date at behest of the borrower without the consent of the lender. For some contracts the interest is repayable on a quarterly basis.

7 Financial Investments

As at 31 December, current financial investments comprised:

In thousands of US$	Year ended 31 December 2014	Period from 27 February 2013 to 31 December 2013
Deposit placed	37,400	-
Total	**37,400**	-

As at 31 December 2014 US$ 37,400 thousand of deposits placed was pledged as collateral for the derivative liability in VTB Capital PLC (31 December 2013: none).

8 Cash and Cash Equivalents

As at 31 December 2014 cash and cash equivalents of US$ 3,455 thousand were denominated in US dollars, US$ 1,751 thousand were denominated in EUR and US$ 17 thousand were denominated in GBR. As at 31 December 2013 cash and cash equivalents of US$ 435 thousand were denominated in US dollars and US$ 145 thousand were denominated in EUR. Amounts of cash and cash equivalents relate to the amounts of cash at bank accounts. As at 31 December 2014 no cash and cash equivalents were restricted in use.

9 Equity

As at 31 December 2014 the authorised share capital of DTEK Investments Limited comprises 94,260,115 ordinary shares of US$ 10 each. (As at 31 December 2013: 73,657,615 ordinary shares of US$ 10 each). Issued shares for the amount 20,602,500 are not paid as at 31 December 2014 (7,615 are not paid on 31 December 2013) . All shares rank equally and have equal voting rights. In April 2014 the Company declared a dividend of US$ 34,829 thousand, that was fully paid by 31 December 2014.

Other reserves comprise movements on the hedging reserve in other comprehensive income as described in Note 3.

10 Derivatives

During 2013 DTEK Investments Limited concluded agreements for a swap of RUB loans with floating rate for EUR loans with fixed rate. As described in Note 3, the Company adopted hedge accounting for these transactions. The Company designated these swap agreements as cash flow hedges and recognised a net loss of US$ 5,230 thousand in other comprehensive income, that was reclassified to foreign exchange gains from borrowings in amount of US$ 3,480 thousand and finance costs in amount of US$ 21 thousand.

Starting from 1 July 2014 management decided to discontinue the hedge accounting application since it does not expect the hedge will be highly effective in the future. The cumulative loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain as a separate component reclassified to profit or loss in the periods when the forecast transaction occurs. Cash flow hedging was discontinued prospectively.

The derivative liability at 31 December 2014 was US$ 45,834 thousand.

11 Borrowings and interest accrual

In thousands of US$	31 December 2014	31 December 2013
Non-current		
Bank borrowings	-	122,592
Loans from related parties	204,004	301,024
Bank borrowings - amortised premium	-	(2,710)
Total non-current borrowings	**204,004**	**420,906**
Current		
Bank borrowings	76,872	-
Interest accrual on bank borrowings	1,863	2,078
Interest accrual on loans from related parties	1,053	585
Total current interest accrual	**79,788**	**2,663**

11 Borrowings and interest accrual (Continued)

In September 2013 the Company entered into a credit line agreement with VTB Capital PLC for the total amount RUB 5.4 billion, RUB 4 billion of which were drawn at 31 December 2014 (USD 76,872 thousand). The availability of the undrawn facility expired in 2014. The loan is unsecured. The loan agreement contains specific covenants, including restrictions on permissible business activities, financial disclosure requirements and maximum permissible level of leverage. Events of default among others include cross-default to other DTEK debt.

The Group have performed an assessment of DTEK's compliance with certain financial covenants and have noted incompliance in relation thereto. When financial covenants are calculated in UAH terms DTEK breached (as a result of the remeasurement of borrowings using the year end exchange rate) covenants on a number of loans related to the ratio of indebtedness to EBITDA. Additionally, covenants in relation to tangible net worth for some loans were also breached. Furthermore, as a consequence of these loan covenant breaches some other loan covenants were also breached.

As a consequence a non-current liability of the Company in the amount of US$ 76,872 was reclassified to current.

As at 31 December 2014 the Company's loans from related parties are unsecured, repayable by 2025 and carry interest of 5%. As at 31 December 2013 the Company's loans from related parties are unsecured, repayable between 2023 to 2025 and carry interest of 7.875%.

12 Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return on capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of gearing ratio. This ratio is calculated as net liabilities divided by total capital under management. Net debt is calculated as total borrowing (current and long-term as shown in the statement of financial position) less cash and cash equivalents. Total capital under management equals equity as shown in the statement of financial position.

13 Related party transactions

As 31 December 2014 the outstanding balances, income and expense items with related parties were as follows:

In thousands of US$	**31 December 2014**	**31 December 2013**
Interest income	88,716	50,733
Interest expense	13,967	585
Trade and other receivables (Note 9)	206,025	76
Loans granted and interest accrued	1,054,050	1,177,251
Loans received and interest accrued	205,057	301,609

14 Ultimate controlling parties

DTEK Energy BV, a company registered in the Netherlands, is the immediate parent company and DTEK BV, a company registered in the Netherlands, is the ultimate parent company, which is beneficially owned by Mr. Rinat Akhmetov.

15 Personnel

The Company has no employees.

16 Taxation

The income tax expense is US$ 429 thousand for 2014.

The following table reconciles the expected income tax at the statutory income tax rate to the amounts recognised in the Statement of Comprehensive Income:

In thousands of US$	**31 December 2014**	**31 December 2013**
Profit before income taxes	676,917	42,300
Income tax rate	21.5%	23%
Income tax at statutory rates	145,537	9,729
Tax effect of items not deductible or assessable for taxation purposes	(145,108)	(9,466)
Income tax	**429**	**263**

With effect from 1 April 2014, the UK main corporation tax rate changed from 23% to 21%. The main corporation tax rate will further reduce from 21% to 20% effective from 1 April 2015. These rate changes were substantively enacted on 2 July 2013.

17 Directors remuneration

During 2014, the remuneration of the directors was US$ 3 thousand represented by short-term employee benefits (2013: US$ 3 thousand).

Mr Timchenko provides management services to both the ultimate parent and DTEK Investments Limited. The remuneration of Mr Timchenko is paid by other Group companies and it is not possible to make an accurate apportionment of his remuneration in respect of each of the companies. Accordingly, the above details include no remuneration in respect of Mr Timchenko. His total remuneration is included in the aggregate of directors' remuneration disclosed in the financial statements of the ultimate parent company.

18 Contingent liabilities

The Company has given a guarantee in respect of the bank borrowings of a fellow subsidiary, which amounted to EUR 245,017 thousand at 31 December 2014 (at 31 December 2013: none). The Company has given a guarantee in respect of payments on Eurobonds of a fellow subsidiary and of its Parent Company at 31 December 2014 (at 31 December 2013: none). The Eurobonds liability of a fellow subsidiary amounted to US$ 181,000 thousand at 31 December 2014 and the Eurobonds liability of the Parent Company amounted to US$ 750,000 thousand at 31 December 2014.

19 Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

Risk management is carried out by a centralised treasury department of the Group working closely with the operating units, under policies approved by the supervisory board. The Group Treasury identifies, evaluates and proposes risk management techniques to minimise these exposures.

Credit risk. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The maximum exposure of credit risk is shown in table below:

In thousands of US$	**31 December 2014**	**31 December 2013**
Loans receivable (Note 6)	1,030,397	1,136,135
Financial investments (Note 7)	37,400	-
Interest receivable (Note 6)	23,653	41,116
Cash and cash equivalents (Note 8)	5,223	580
Total	**1,096,673**	**1,177,831**

All the loans receivable are neither past due nor impaired. As at 31.12.2014 cash and cash equivalents were placed in a banks rated by Moody's Investors Service not lower than A3.

19 Financial Risk Management (Continued)

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities and (c) equity investments, all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Currency risk. The Company's functional currency is Ukrainian Hryvnia and accordingly its exposure to foreign currency risk is determined mainly by borrowings, gross settled derivative financial instruments, cash balances and deposits, which are denominated in or linked to US$, EUR and RUB. Increasing domestic uncertainty, led to volatility in the currency exchange market and resulted in significant downward pressure on the Ukrainian Hryvnia relative to major foreign currencies. While management monitors this exchange exposure, the Company hedges its RUB and EUR.

The following table presents sensitivities of profit or loss and equity before tax to reasonably possible changes in exchange rates applied at the balance sheet date relative to the functional currency.

The exposure was calculated only for monetary balances denominated in currencies other than the functional currency of the Company.

	At 31 December 2014		At 31 December 2013	
In thousands of US$	**Impact on profit or loss**	**Impact on equity**	**Impact on profit or loss**	**Impact on equity**
US$ strengthening by 50% (2013: 25%)	500,628	500,628	188,209	188,209
US$ weakening by 50% (2013: 25%)	(500,628)	(500,628)	(188,209)	(188,209)
Euro strengthening by 50%(2013: 25%)	45,972	45,972	(6,234)	(6,234)
Euro weakening by 50% (2013: 25%)	(45,972)	(45,972)	6,234	6,234
RUB strengthening by 50% (2013: 25%)	(38,707)	(38,707)	3,234	3,234
RUB weakening by 50% (2013: 25%)	38,707	38,707	(3,234)	(3,234)

Interest rate risk. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable interest rates expose the Group to interest rate risk. Borrowings at fixed rate expose the Group to fair value interest rate risk.

The Group's exposure to fixed or variable rates is determined at the time of issuing new debt. Management uses its judgment to decide whether fixed or variable rate would be more favourable to the Group over the expected period until maturity. The risk of increase in market interest rates is monitored by the DTEK Corporate Finance Department together with the Treasury Department. The Corporate Finance Department is responsible for planning the financing structure (levels of leverage) and borrowing activities. The key objectives to financing is reduction of borrowing costs, matching currency of borrowings with currency of proceeds from operating activities, and agreeing maturity profile of borrowings with liquidity needs.

The maturity dates and interest rates of financial instruments are disclosed in Note 11. Re-pricing for fixed rate financial instruments occurs at maturity of fixed rate financial instruments. Re-pricing of floating rate financial instruments occurs continually.

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months and subsequently until the repayment of borrowings. Gains and losses recognised in the hedging reserve in equity (Note 9) on cross-currency interest rate swap arrangements as of 31 December 2014 are recognised in the income statement in the period or periods during which the hedged forecast transaction affects the income statement.

Bank hedged borrowings are at MOSPRIME. Gains and losses recognised in the hedging reserve in equity (Note 9) on cross-currency interest rate swap arrangements as of 31 December 2014 will be continuously released to the income statement within finance cost until the repayment of the bank borrowings (Note 11).

19 Financial Risk Management (Continued)

Liquidity risk. Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding to meet existing obligations as they fall due.

The following table analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are undiscounted cash flows. The maturity analysis of financial liabilities at 31 December 2014 is as follows:

In thousands of US$	Up to 6 months	6 -12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
Liabilities						
Bank borrowings (Note 11)	84,845	-	-	-	-	84,845
Gross settled derivative financial instruments – outflows	105,217	-	-	-	-	105,217
Gross settled derivative financial instruments – inflows	(121,620)	-	-	-	-	(121,620)
Loans from related parties (Note 11)	-	-	-	-	388,867	388,867
Trade and other payables	28	21	-	-	-	49
Total future payments, including future principal and interest payments	**68,470**	**21**	**-**	**-**	**388,867**	**457,358**

The maturity analysis of financial liabilities at 31 December 2013 is as follows:

In thousands of US$	Up to 6 months	6 -12 months	1 - 2 years	2 - 5 years	Over 5 years	Total
Liabilities						
Bank borrowings (Note 11)	8,383	6,410	12,715	143,754	-	171,262
Gross settled derivative financial instruments – outflows	3,539	3,598	7,137	138,209	-	152,483
Gross settled derivative financial instruments – inflows	(7,039)	(7,156)	(14,207)	(147,691)	-	(176,093)
Loans from related parties (Note 11)	-	-	-	-	571,474	571,474
Trade and other payables	27	6	-	-	-	33
Total future payments, including future principal and interest payments	**4,910**	**2,858**	**5,645**	**134,272**	**571,474**	**719,159**

20 Fair value of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price.

The estimated fair values of financial instruments have been determined by the Company using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Management has used all available market information in estimating the fair value of financial instruments.

Financial instruments carried at fair value.

Fair values were determined based on quoted market prices or third party valuations using discounted cash flows techniques.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows, expected to be received, discounted at current interest rates for new instruments with similar credit risk and remaining maturity. Discount rates used depend on credit risk of the counterparty.

Liabilities carried at amortised cost. Fair values of other liabilities were determined using valuation techniques. The estimated fair value of fixed interest rate instruments with stated maturity was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid. The estimated fair values of the financial liabilities are summarised in the table below. Carrying amounts of trade and other payables approximate fair values.

20 Fair value of Financial Instruments (Continued)

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

a) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period:

Financial instruments carried at fair value. Trading and available-for-sale investments and financial derivatives are carried in the statement of financial position at their fair value. The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

In thousands of US$	31 December 2014 Level 2	31 December 2013 Level 2
Financial liabilities		
Gross-settled derivative financial instruments (Note 10)	45,834	3,252
Total liabilities recurring fair value measurements	**45,834**	**3,252**

(b) Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy of assets and liabilities not measured at fair value are as follows:

	31 December 2014		31 December 2013	
In thousands of US$	Level 2	Carrying value	Level 2	Carrying value
Financial assets				
Loans and interest receivable(Note 6)	610,707	1,054,050	1,155,806	1,177,251
TOTAL ASSETS	**610,707**	**1,054,050**	**1,155,806**	**1,177,251**
Financial liabilities				
Borrowings and interest accrual (Note 11)	283,792	283,792	423,569	423,569
TOTAL LIABILITIES	**283,792**	**283,792**	**423,569**	**423,569**

The description of valuation technique used in the fair value measurement for level 2 measurements:

	Fair value Level 2		
In thousands of US$	2014	2013	Valuation technique
Financial assets			
Loans and interest receivable(Note 6)	610,707	1,155,806	Current cost accounting adjusted
Total assets	**610,707**	**1,155,806**	
Financial liabilities			
Borrowings and interest accrual (Note 11)	283,792	423,569	Current cost accounting
Derivatives (Note 10)	45,834	3,252	Futures pricing models - MTM
Total liabilities	**329,626**	**426,821**	