

**Unaudited financial report for the six-month period
ending 30 June 2017**

innogy Finance B.V.

's-Hertogenbosch, the Netherlands

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Interim directors' report

Interim directors' report

Main developments during the first half year

In February 2017 innogy concluded the process of the change of the guarantor from RWE AG to innogy SE for all bonds of innogy Finance B.V. and innogy Finance II B.V. Since then all bonds of innogy Finance B.V. and innogy Finance II B.V. are solely guaranteed by innogy SE and RWE AG has been released from its former guarantee obligations. At the end of June innogy Finance II B.V. was merged with innogy Finance B.V. As the result of the merger innogy Finance B.V. substituted innogy Finance II B.V. as issuer of the EUR 600 million bond with the coupon of 5.75% due on 14 February 2033 and became lender of the corresponding intercompany loan to innogy SE.

On 13 April innogy Finance B.V. issued a senior, unsecured bond with the volume of EUR 750 million, a coupon of 1% and the maturity on 13 April 2025. The bond is guaranteed by innogy SE. The funds were on-lent to innogy SE.

At the end of June Moody's assigned innogy the rating of Baa2 (stable outlook) underlying innogy's solid investment grade credit profile. Thus, innogy possesses currently ratings from 3 main agencies:

- Moody's: Baa2, stable outlook
- S&P: BBB-, positive outlook
- Fitch: BBB+, stable outlook (senior unsecured bonds are rated at A-).

The next upcoming maturity will be in July 2018 for one bond in the amount of EUR 980 million. All bonds are guaranteed by innogy SE and are listed on the Luxembourg Stock Exchange. Since October 2013 one bond is also listed on the Frankfurt Stock Exchange, which means this bond is listed on two Stock Exchanges.

Risk management and use of financial instruments

The risk appetite of the Company is very limited. This is also embedded in the structure of the Company, in which external financing is applied only for internal financing purposes with very limited risks. Reference is made to the disclosures below on the separate risks. As part of the applicable tax ruling a fixed spread is set on the interest expenses resulting in a higher interest income on the intercompany loans receivable, and furthermore a maximum amount of operational expenses is allowed. Next to that, the Company is required to keep a minimal level of equity. These basic rules result in a continuously healthy financial company.

Both an external and internal legal counsel continuously monitor the compliance to relevant regulations and the internal legal counsel informs the Board of Directors in case of any changes or other relevant information. During the Board meetings, which take place three times a year, an update on compliancy is discussed by the internal legal counsel and documented in the minutes of the meetings.

The Company has designed and implemented control measures in order to mitigate risks. These control measures are both automated and manual. Amongst others the control measures are monitoring, reviewing, 4-eye principles and authorization matrices. To ascertain the existence and correct execution of control measures, different types of control monitoring are executed. Most important examples of these are the assessments on the controls performed by innogy SE once a year, and independent audits performed by the external auditor.

Currency risk

The Company's currency exposure mainly relates to positions and future transactions in British Pounds. However, as the bonds issued in foreign currencies have been one on one used to finance the loans to group companies in the same currency a natural hedge has been obtained and therefore currency risk is eliminated.

Interest rate risk

The Company's exposure to interest rate risk on interest-bearing receivables and interest-bearing non-current and current liabilities is limited as the bonds and loans issued all have corresponding tenors and fixed interest rates.

Credit risk

The loans to group companies have been granted to the direct parent company innogy International Participations N.V. as well as to innogy Benelux Holding B.V. and innogy SE, all being 100% group companies. Repayment of the bonds is guaranteed by innogy SE.

In June 2017 S&P confirmed the rating of innogy at BBB- (positive outlook). The outlook reflects the potential for one notch differential to RWE which is currently rated at BBB- (stable outlook).

On June 30 Moody's assigned innogy the rating of Baa2 (stable outlook) underlying innogy's solid investment grade credit profile.

innogy's rating by Fitch did not change and stayed at BBB+ (stable outlook). Due to assumed high recovery rates the senior unsecured bonds are rated one notch higher at A-.

Financial Outlook

innogy Finance B.V. intends to continue its operations as an intragroup finance company of the innogy Group for the foreseeable future.

Responsibility Statement

"The Managing Directors of the Company hereby declare that to the best of their knowledge and in accordance with the applicable reporting principles for the financial reporting, the financial statements for the period ending 30 June 2017 give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and that the Directors' report referred to above gives a true and fair view concerning the position as per the balance sheet date, the development and performance of the business during the financial year of the Company together with a description of the principal risks that it faces.

's-Hertogenbosch, The Netherlands, 25 September 2017

Board of Directors,

S. Lowis

V. Heischkamp

J. Stollenga

H. Dullens

Interim financial report for the six-month period ending 30 June 2017

Balance sheet

(before appropriation of profit)

	Ref.	30 June 2017		31 December 2016	
		EUR'000	EUR'000	EUR'000	EUR'000
<i>Assets</i>					
Non-current assets					
Financial assets	5.1		10,335,096		9,105,556
Current assets					
Receivables	5.2	502,858		355,472	
Cash and cash equivalents	5.3	10,722		10,306	
Derivatives	5.7	17		57	
			513,597		365,835
			<u>10,848,693</u>		<u>9,471,391</u>
<i>Equity and liabilities</i>					
Shareholder's equity					
Share capital	5.4	2,000		2,000	
Retained earnings		11,583		7,361	
Profit for the year		732		1,546	
			<u>14,315</u>		<u>10,907</u>
Non-current liabilities	5.5		10,335,096		9,105,556
Current liabilities	5.6		499,282		354,928
			<u>10,848,693</u>		<u>9,471,391</u>

Income statement

	Ref.	Jan - Jun 2017		Jan - Jun 2016	
		EUR'000	EUR'000	EUR'000	EUR'000
Interest and similar income	6.1	262,626		259,903	
Interest and similar expenses	6.2	(256,834)		(254,086)	
Total financial result			5,792		5,817
General and administrative expenses	6.3		(4,816)		(4,888)
Operating income			976		929
Income tax expense	6.4		(244)		(232)
Net result after taxation			732		697

Cash flow statement

	Ref.	Jan - Jun 2017	Jan - Dec 2016
		EUR'000	EUR'000
Cash flows from operating activities			
Cash generated from operations:			
Interest received		282.813	572.514
Interest paid		(272.139)	(560.047)
Expenses paid		(268)	(135)
Income tax paid		(521)	(598)
Guarantee fee paid		(9.575)	(10.080)
Net cash from operating activities		<u>310</u>	<u>1.654</u>
Cash flows from investment activities			
		-	-
Cash flows from financing activities			
Issuance of long-term bonds	5,5	750.000	-
Issuance of long-term loans	5,1	(750.000)	-
Repayment of long-term bonds	5,6	-	(850.000)
Repayment of long-term loans	5,2	-	850.000
Dividends paid	5,4	-	(1.400)
Net cash used in financing activities		<u>-</u>	<u>(1.400)</u>
Net cash flows		310	254
Exchange and translation differences on cash and cash equivalents		106	(32)
Net increase/(decrease) in cash and cash equivalents		<u>416</u>	<u>222</u>
Cash and cash equivalents			
Opening balance		10.306	10.084
Cash and cash equivalents acquired via merger innogy Finance II B.V.		104	-
Closing balance		10.722	10.306
Net increase/(decrease) in cash and cash equivalents (incl. impact merger)		<u>416</u>	<u>222</u>

Notes to the financial statements

1 General

1.1 Activities

The activities of innogy Finance B.V. are to facilitate the financing of companies within the innogy SE Group.

1.2 Group structure

innogy Finance B.V., incorporated on 14 February 2001, is a private limited liability company. Since July 2016 the direct parent company is innogy International Participations N.V. in 's-Hertogenbosch, the Netherlands. RWE AG remains the ultimate parent company. The financial statements of innogy Finance B.V. are included in the consolidated financial statements of innogy SE, available via www.innogy.com.

innogy Finance B.V. is seated at Willemsplein 4, 's-Hertogenbosch, the Netherlands and registered in the Trade register Brabant no. 34 15 11 16.

1.3 Accounting policies

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board.

1.4 Comparison previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

1.5 Notes to the cash flow statement

The cash flow statement has been prepared applying the direct method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks and current liability group companies.

Cash flows in foreign currencies have been translated at estimated average exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Receipts and payments of interest and corporate income tax are included in the cash flow from operating activities. Dividends paid have been included in the cash flow from financing activities.

1.6 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.7 Merger innogy Finance II B.V. and innogy Finance B.V.

On 29 June 2017 innogy Finance II B.V. and innogy Finance B.V. have been merged with retroactive effect to 1 January 2017, with innogy Finance B.V. as the acquiring company. This merger has been accounted for based on the carry over accounting method. The book values of the assets and liabilities of innogy Finance II B.V. have been added to the book values of innogy Finance B.V. The comparative figures of innogy Finance B.V. have not been adjusted.

2 Accounting policies for the balance sheet

2.1 General

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes. The financial statements are expressed in EUR'000.

2.2 Foreign currencies

Transactions, receivables and payables

Transactions denominated in foreign currencies during the reporting period are recognized in the financial statements at the exchange rate ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Exchange differences resulting from settlement and translation are charged or credited to the income statement.

Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency). The financial statements are presented in euro, which is the functional and presentation currency of innogy Finance B.V.

2.3 Financial instruments

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an open market. If the underlying object of the derivative financial instrument is listed on an open market, it is valued at fair value. If the object is not quoted in an open market, it will be stated at cost or current value, if lower.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

The Company uses as derivatives Foreign Exchange contracts for hedging its foreign exchange risk. The Foreign Exchange contracts are valued at market value. The Foreign Exchange contracts were entered into in order to eliminate the risk stemming from exchange rate differences of interest accruals.

2.4 Financial assets

Loans to group companies

Loans to group companies included in financial assets are initially recognized at fair value, and subsequently measured at amortized cost.

Deferred premiums and discounts on loans to group companies are amortized over the term of the loans using the effective interest method. The deferred part of the premiums and discounts is included under the receivables and current liabilities.

The interest rate charged on loans to group companies has been set in conformity with the tax ruling obtained from the local tax authorities.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement

The amount of an impairment loss incurred on financial assets stated at amortized cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in the income statement.

2.5 Receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized 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 revenues. When a trade receivable is not collectible, it is written off against the allowance account for trade receivables.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and deposits with a maturity of less than twelve months. Current account liabilities at banks are recognized under bank overdrafts forming part of current liabilities. Cash and cash equivalents are stated at face value.

2.7 Non-current liabilities

Bonds included in non-current liabilities are initially recognized at fair value, net of transaction costs incurred. Bonds are subsequently measured at amortized cost.

Deferred premiums and discounts on bonds are amortized over the term of the loans using the effective interest method. The deferred part of the premiums and discounts is included under the receivables and current liabilities.

2.8 Current liabilities

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost, being the amount received taking account of any premium or discount, less transaction costs. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest in the income statement over the period of the borrowings using the effective interest method.

2.9 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised at non-discounted value for temporary differences between the tax bases and the carrying amounts of assets and liabilities and for unused tax losses carried forward. Deferred tax items are calculated using the tax rates that are expected to apply to the period when the asset will be realised or the liability settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the balance sheet date. The effects of changes in income tax rates are recognised directly in profit or loss, unless the effects relate to items recognised directly in equity.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses carried forward, to the extent that it is probable that taxable profit will be available in the foreseeable future against which these deductible temporary differences and unused tax losses carried forward can be realised.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset and they all relate to the same taxable entity and the same taxation authority

3 Accounting policies for the income statement

3.1 General

Results on transactions are recognized in the year in which they are realized; losses are accrued as soon as they are foreseeable.

3.2 Foreign currencies

Exchange differences resulting from settlement and translation are charged or credited to the income statement.

3.3 General and administrative expenses

The guarantee fee that is due by innogy Benelux Holding B.V. and innogy International Participations N.V. is received by the Company as part of their interest payments and accounted for and paid to RWE AG as an operating expense by the Company. Since February 2017 all innogy Finance B.V. bonds are guaranteed by innogy SE. Accordingly, as of February 2017 all future guarantee fees will be due to innogy SE.

3.4 Interest income and expense

Income from financing activities is determined as interest income received from intercompany financing activities. Interest paid and received is recognized on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognizing interest paid, allowance is made for the transaction costs on loans received as part of the calculation of effective interest.

3.5 Taxation

Income tax is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date, and applying the appropriate tax rates to the result before tax disclosed in the financial statements, taking into account non-taxable income and non-deductible expenses.

4 Financial instruments and risk management

4.1 Market risk

Currency risk

The Company's currency exposure mainly relates to positions and future transactions in British Pounds. However, as the bonds issued in foreign currencies have been one-on-one used to finance the loans to group companies a natural hedge has been obtained and therefore currency risk is eliminated.

Price risk

The Company's price risk is limited as the bonds issued by the Company have been one-on-one used to finance the loans to group companies. As a result, a natural hedge has been obtained.

4.2 Interest rate risk

The Company's exposure to interest rate risk on interest-bearing receivables and interest-bearing non-current and current liabilities is limited as the bonds and loans issued all have fixed interest rates. The spread on loans amounts to 0.0237% for loans issued before 2008 and 0.0225% for loans issued thereafter till 2012. For 2012 and 2013 the spread was again 0.0237% and for 2014 as well as 2015 0.03%. As from 2016 the spread is 0.0639%.

4.3 Credit risk

The loans to group companies have been granted to the direct parent company innogy International Participations N.V. as well as to innogy Benelux Holding B.V. and innogy SE, all being 100% group companies. Repayment of the bonds is guaranteed by innogy SE. The actual long-term rating for innogy SE provided by S&P is BBB- (positive outlook); Moody's rates innogy with Baa2 (stable outlook) and Fitch with BBB+ (stable outlook; senior unsecured bonds are rated with A-).

We furthermore refer to paragraph 5.1 of the notes to these financial statements.

4.4 Liquidity risk

The liquidity risk is limited, because the proceeds of the bonds outstanding are one-on-one lent to innogy International Participations N.V., innogy Benelux Holding B.V. and innogy SE.

The interest rates on the loans to innogy International Participations N.V., innogy Benelux Holding B.V. and innogy SE are higher than the interest rates on the related bonds.

5 Notes to the balance sheet

5.1 Financial assets

Financial assets concern loans to group companies and are specified as follows:

	2017	2016
	EUR'000	EUR'000
1 January		
Book value	9,105,556	9,867,557
Movements financial year		
New loans issued	750,000	-
Exchange rate differences	(120,460)	(762,001)
Short-term part of loans transferred to receivables	-	-
Loan acquired via merger innogy Finance II B.V.	600,000	-
	1,229,540	(762,001)
30 June/ 31 December		
Book value	10,335,096	9,105,556

The loans are to be repaid in the period between 2018 and 2039. An amount of EUR 3,730 million and GBP 570 million is to be repaid between 1 July 2018 and 30 June 2022.

In April 2017 a new loan was issued to innogy SE (EUR 750 million) with a maturity date of 13 April 2025 and an interest rate of 1.0639%. As result of the merger with Finance II B.V. a loan has been acquired of EUR 600 million with a maturity date of 14 February 2033 and an interest rate of 5.78%. This loan contains a premium of EUR 137.2 million at merger date (1 January 2017), presented under Deferred premiums and discounts (note 5.2).

Currency

The loan to the direct parent company innogy International Participations N.V. is contracted in GBP for a nominal amount of GBP 600 million (EUR 682.3 million). Furthermore four loans for a total amount of EUR 2,550 million have been lent on to innogy Benelux Holding B.V., a 100% group company. With the new loan issued and the new acquired loan, a total of four loans for a total amount of EUR 3,330 million have been lent to innogy SE. Next to this, eight loans contracted in GBP for a total amount of GBP 3,317.5 million (EUR 3,772.8 million) have been lent on to innogy SE, also a 100% group company.

Interest

The interest rates are fixed, ranging from:

Loan	Amount	Interest rate
EUR	5,880,000,000	1.0639% - 6.6475%
GBP	3,917,500,000	5.3737% - 6.5237%

5.2 Receivables

	30 June 2017		31 December 2016	
	Total	Term > 1 year	Total	Term > 1 year
	EUR'000	EUR'000	EUR'000	EUR'000
Short-term part of group loans	-	-	-	-
Interest receivable from group companies	310,707	-	299,501	-
Deferred premiums and discounts	192,151	192,151	55,971	55,971
	502,858	192,151	355,472	55,971

The fair value of the receivables is in line with their carrying amount.

5.3 Cash and cash equivalents

The cash and cash equivalents are at the free disposal of the Company.

	30 June 2017	31 December 2016
	EUR'000	EUR'000
Current account group companies	10,669	10,297
Cash	53	9
Total cash and cash equivalents	10,722	10,306

The fair value of the cash and cash equivalents is in line with their carrying amount.

5.4 Shareholder's equity

Share capital

The authorized share capital as at 30 June 2017 amounts to EUR 10 million of which 20,000 ordinary shares of EUR 100 each have been issued and fully paid up. The breakdown of the share capital can be specified as follows:

	2017		2016	
	Shares	Share capital EUR'000	Shares	Share capital EUR'000
1 January				
Issued and fully paid-up	20,000	2,000	20,000	2,000
Movements financial year				
Additionally paid-in capital	-	-	-	-
30 June/ 31 December				
Issued and fully paid-up	20,000	2,000	20,000	2,000

Retained earnings

	2017	2016
	EUR'000	EUR'000
Balance as at 1 January	7,361	6,955
Additions from profit previous year	1,546	1,806
Impact merger innogy Finance II B.V.	2,676	-
Dividends declared/paid	-	(1,400)
Balance as at 30 June/ 31 December	11,583	7,361

Profit for the year

	2017	2016
	EUR'000	EUR'000
Balance as at 1 January	-	-
Profit for the financial year	732	1,546
Balance as at 30 June/ 31 December	732	1,546

5.5 Non-current liabilities

This item relates to the issued bonds and is specified as follows:

	2017	2016
	EUR'000	EUR'000
1 January		
Book value	9,105,556	9,867,557
Movements financial year		
New bonds issued	750,000	-
Exchange rate differences	(120,460)	(762,001)
Short-term part of bonds transferred to current liabilities	-	-
Bond acquired via merger innogy Finance II B.V.	600,000	-
	1,229,540	(762,001)
Balance as at 30 June/ 31 December		
Book value	10,335,096	9,105,556

The bonds are to be repaid in the period between 2018 and 2039. An amount of EUR 3,730 million and GBP 570 million is to be repaid between 1 July 2018 and 30 June 2022. During the year under review a new bond has been issued (EUR 750 million) with a maturity date of 13 April 2025 and an interest rate of 1%. Next to this, a new bond of EUR 600 million has been acquired via the merger of innogy Finance II B.V. with a maturity date of 14 February 2033 and an interest rate of 5.75%. This bond contains a premium of EUR 134.7 million at merger date (1 January 2017), presented under Deferred premiums and discounts (note 5.6).

Currency

The nominal amount of the bonds consists of eight bonds contracted in EUR amounting to EUR 5,880 million and nine bonds contracted in GBP to a total amount of GBP 3,917.5 million (EUR 4,455.1 million). The bonds are listed at the Luxembourg Stock Exchange and one of these bonds also at the Frankfurt Stock Exchange since October 2013.

Interest

The interest rates are fixed, ranging from:

Bond	Amount	Interest rate
EUR	5,880,000,000	1.000% - 6.625%
GBP	3,917,500,000	4.750% - 6.500%

5.6 Current liabilities

	30 June 2017		31 December 2016	
	Total	Term > 1 year	Total	Term > 1 year
	EUR'000	EUR'000	EUR'000	EUR'000
Short-term part of bonds	-	-	-	-
Interest payable	305,425	-	289,573	-
Guarantee Fee (innogy SE/ RWE AG)	3,640	-	8,600	-
Corporate income tax	260	-	547	-
Accrued liabilities	13	-	42	-
Deferred tax liability	179	147	195	163
Deferred premiums and discounts	189,765	189,765	55,971	55,971
	499,282	189,912	354,928	56,134

The fair value of the liabilities is in line with their carrying amount.

innogy Finance B.V. is part of the fiscal unity Innogy International Participations N.V. as of 1 January 2015. The current tax expense is settled with the fiscal unity parent within one year.

Deferred tax liability

	2017
	EUR'000
At 1 January	195
Movements	(16)
At 30 June	179

During this year EUR 32,371 will be amortized to the income statement.

The deferred tax liability is caused by a penalty payment in 2007 for early termination of a loan. For tax purposes the payment is spread over the original duration of the loan which originally ended in 2030.

5.7 Financial instruments

Financial instruments valued at cost

The table below shows financial instruments whose market value differs from cost.

	30 June 2017		31 December 2016	
	Market value	Book value	Market value	Book value
	EUR'000	EUR'000	EUR'000	EUR'000
<i>Financial assets</i>				
Loans to group companies	12,758,713	10,335,096	11,031,207	9,105,556
<i>Financial liabilities</i>				
Bonds issued	12,533,065	10,335,096	11,122,490	9,105,556

The market value of bonds and loans is determined through different valuation methods. The market value of bonds is determined based on market quotes, whereas the market value of loans is based on a discounted cashflow model. As a result of the different valuation methods the market values are different.

The market value of loans to group companies and bonds issued is higher than the book value because they carry interest at a rate that is higher than the market rate.

The derivatives comprise the fair value of financial contracts with innogy SE to cover the risk of foreign exchange rates related to interest balances in GBP and the guarantee fee payable in GBP.

6 Notes to the income statement

6.1 Interest and similar income

	Jan - Jun 2017	Jan - Jun 2016
	EUR'000	EUR'000
Interest income on loans group companies	263,620	258,379
Release deferred premiums and discounts	(1,011)	1,524
Interest on deposit/bank	-	-
Income derivatives	17	-
	<u>262,626</u>	<u>259,903</u>

6.2 Interest and similar expenses

	Jan - Jun 2017	Jan - Jun 2016
	EUR'000	EUR'000
Interest expenses on bonds issued	257,733	252,557
Release deferred premiums and discounts	(956)	1,524
Interest on deposit/bank	-	5
Expenses derivatives	57	-
	<u>256,834</u>	<u>254,086</u>

6.3 General and administrative expenses

	Jan - Jun 2017	Jan - Jun 2016
	EUR'000	EUR'000
Guarantee Fee	4,615	4,820
Audit fees	40	15
Management and administrative expenses	160	52
Other	1	1
	<u>4,816</u>	<u>4,888</u>

In 2016 and 2017 the remuneration of the Board of Directors was nil.

PricewaterhouseCoopers Accountants N.V. is the auditor of the financial statements of the Company.

The composition of the fees paid to the auditor is as follows:

	Jan - Jun 2017	Jan - Jun 2016
	EUR'000	EUR'000
Audit of the Financial Statements	13	15
Other assurance services	27	-
Total audit fees	<u>40</u>	<u>15</u>

The fees for audit of the financial statements relate to the audit of the 2017 financial statements, regardless of whether the work was performed during the financial year.

6.4 Income tax expense

	Jan - Jun 2017	Jan - Jun 2016
	<u>EUR'000</u>	<u>EUR'000</u>
Current tax:		
Current income tax	260	248
Deferred tax:		
Net movement in deferred taxes	(16)	(16)
Income tax expense	<u>244</u>	<u>232</u>
Income before tax	976	929
Effective tax rate	<u>25.0%</u>	<u>25.0%</u>

The statutory tax rate is 25% for the year 2017 (2016: 25%).

7 Supplementary information

7.1 Employees

innogy Finance B.V. had no employees in 2016 and 2017.

7.2 Related parties

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 are considered a related party. In addition, statutory directors, other key management of innogy Finance B.V. or the ultimate parent company and close relatives are regarded as related parties.

The ultimate parent company RWE AG, the direct parent company innogy International Participations N.V., innogy Benelux Holding B.V., innogy Finance II B.V. and innogy SE qualify as related parties. We also refer to the notes 5.1, 5.2, 5.3 and 5.6. Transactions carried out by the Company with related parties are all based on arm's length terms and conditions.

The related party positions within the balance sheet can be specified as follows:

	30 June 2017	31 December 2016
	EUR'000	EUR'000
Loans including deferred premium and discount	10,297,064	9,075,358
Interest receivable on the above loans	310,707	299,501
Inhouse bank balance	10,669	10,297
Derivatives	17	57
Guarantee fee payable	(3,640)	(8,600)
Total related parties in the balance sheet	10,614,817	9,376,613

The related party positions within the income statement can be specified as follows:

	Jan - Jun 2017	Jan - Jun 2016
	EUR'000	EUR'000
Interest on loans	263,620	258,379
Amortisation premium and discount	(1,011)	1,524
Expense derivatives	57	-
Guarantee fee	4,615	(4,820)
Total related parties in the income statement	267,281	255,083

7.3 Commitments and contingencies

Fiscal Unity

innogy Finance B.V. is part of the fiscal unity innogy International Participations N.V. with effective date 1 January 2015. The company and its fellow group members are jointly and severally liable for all tax liabilities within the fiscal unity.

Revolving credit facility

To strengthen its financing capacity innogy Finance B.V. became an additional borrower within the scope of the EUR 4 billion revolving credit facility of RWE AG on 29 June 2016. The credit line is a backup facility provided by a group of 32 banks and is available for drawings up to the maturity on 31 March 2021. According to the internal allocation agreement, innogy Finance B.V. is allowed to draw up to EUR 1.5 billion from this credit line.

7.4 Subsequent events

No events after balance sheet date occurred, which should be included in these accounts.

's-Hertogenbosch, The Netherlands, 25 September 2017

Board of directors,

S. Lowis

V. Heischkamp

J. Stollenga

H. Dullens

Other information

Other information

Articles of association governing profit appropriation

According to article 27 of the Articles of Association the profit for the year is at the free disposal of the General Meeting of Shareholders.