# Unaudited financial report for the six-month period ending 30 June 2019

**innogy Finance B.V.**

**‘s-Hertogenbosch, the Netherlands**

# Interim directors’ report

## Interim directors’ report

**Introduction**
innogy Finance B.V. acts to facilitate the financing of the innogy Group. The external funding is inter alia carried out via innogy Finance B.V. guaranteed by innogy SE, and the funds are then lent from innogy Finance B.V. to the innogy Group companies. innogy Finance B.V. is a wholly owned (indirect) subsidiary of innogy SE and has no subsidiaries of its own.

**Main developments during the first half year**
In the first half year of 2019, one bond with an interest rate of 6.6250% and a face value of EUR 1,000 million matured. The corresponding loan with an interest rate of 6.6475% matured on the same date. Mainly as a result of this transaction the balance sheet total decreased from EUR 12.8 billion per the end of 2018 to EUR 11.7 billion per 30 June 2019. The next maturity date will be 30 January 2020 for an amount of EUR 750 million.

**Corporate responsibility**
In view of the activities of the Company, Research and Development is not applicable and as such no such expenses were incurred in the first half year of 2019 and 2018.
No employees were employed at the Company in 2019 and 2018, implicating that the Company itself does not have to establish procedures for topics such as health and safety and labour agreements.

**Risk management and use of financial instruments**
innogy Finance B.V. manages the risks of the Company with the procedures and systems used within the innogy Group. The risk management system meets the requirements of Company management. 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.

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

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.

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 example of these is the assessments on the controls performed by innogy SE once a year, and independent audits performed by the external auditor on the statutory annual report.

*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.

*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 these loans are higher than the interest rates on the related bonds.

As of 30 June 2019 innogy SE possessed credit ratings from 3 main agencies:
- Moody's => long term: Baa2, stable outlook; short-term: P2
- S&P => long-term: BBB, stable outlook; short-term: A2
- Fitch => long-term: BBB+, stable outlook (senior unsecured bonds are rated at A-); short-term: F2

**Financial Outlook**
For the upcoming months, innogy Finance B.V. intends to continue its operations as an intragroup finance company of the innogy Group. The activities of the Company in the foreseeable future depend on the outcome of the proposed RWE/ E.ON deal.

**Board**
According to legislation the Company is required to include certain disclosures regarding the appointment of at least 30% female board members. In the previous selection process, other criteria were given priority over diversity. Based on the current composition the criterion is nearly met. The importance of diversity is duly recognised. In case a position will become vacant in the future, the Company will actively seek for female candidates and invite them to apply.

's-Hertogenbosch, The Netherlands, 12 September 2019

Board of Directors,

S. Weitz | V. Heischkamp

J. Stollenga | H. Dullens

## Responsibility Statement

## 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 2019 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 first half year of 2019 of the Company together with a description of the principal risks that it faces.

's-Hertogenbosch, The Netherlands, 12 September 2019

Board of Directors,

S. Weitz

V. Heischkamp

J. Stollenga

H. Dullens

# Financial statements for the six-month period ending 30 June 2019

## Balance sheet
**(before appropriation of profit)**

| *Assets* | Ref. | 30 June 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| **Non-current assets** | | | | | |
| Financial assets | 5.1 | | 10,690,592 | | 11,450,364 |
| **Current assets** | | | | | |
| Receivables | 5.2 | 1,009,188 | | 1,321,077 | |
| Derivatives | 5.7 | 9 | | 23 | |
| Cash and cash equivalents | 5.3 | 8,042 | | 6,920 | |
| | | | 1,017,239 | | 1,328,020 |
| | | | 11,707,831 | | 12,778,384 |

| *Equity and liabilities* | Ref. | 30 June 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| **Shareholder's equity** | 5.4 | | | | |
| Share capital | | 2,000 | | 2,000 | |
| Retained earnings | | 8,435 | | 5,609 | |
| Profit for the financial year | | 1,524 | | 2,826 | |
| | | | 11,959 | | 10,435 |
| **Non-current liabilities** | 5.5 | | 10,688,442 | | 11,448,152 |
| **Current liabilities** | | | | | |
| Other Liabilities | 5.6 | 1,007,430 | | 1,319,797 | |
| | | | 1,007,430 | | 1,319,797 |
| | | | 11,707,831 | | 12,778,384 |

## Income statement

| | Ref. | Jan - Jun 2019 | | Jan - Jun 2018 | |
|---|---|---|---|---|---|
| | | EUR'000 | EUR'000 | | |
| Interest and similar income | 6.1 | 233,148 | | 278,647 | |
| Interest and similar expenses | 6.2 | (226,428) | | (272,357) | |
| **Total financial result** | | | 6,720 | | 6,290 |
| General and administrative expenses | 6.3 | | (4,688) | | (4,720) |
| **Operating income** | | | 2,032 | | 1,570 |
| Income tax expense | 6.4 | | (508) | | (392) |
| **Net result after taxation** | | | 1,524 | | 1,178 |

# Cash flow statement

| | Ref. | Jan - Jun 2019 | Jan - Jun 2018 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash generated from operations: | | | |
| Interest received | | 294,571 | 286,196 |
| Interest paid | | (283,307) | (275,540) |
| Expenses paid | | (118) | (161) |
| Income tax paid | | (973) | (594) |
| Guarantee fee paid | | (9,118) | (8,952) |
| Net cash from operating activities | | 1,055 | 949 |
| | | | |
| **Cash flows from investment activities** | | | |
| Issuance of long-term bonds | 5.1 | - | 2,000,000 |
| Issuance of long-term loans | 5.2 | - | (2,000,000) |
| | | - | - |
| **Cash flows from financing activities** | | | |
| Repayment of long-term bonds | 5.6 | (1,000,000) | - |
| Repayment of long-term loans | 5.2 | 1,000,000 | - |
| Dividends paid | 5.4 | - | - |
| Net cash used in financing activities | | - | - |
| | | | |
| **Net cash flows** | | 1,055 | 949 |
| | | | |
| Exchange and translation differences on cash and cash equivalents | | 67 | (14) |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | 1,122 | 935 |
| | | | |
| **Cash and cash equivalents** | | | |
| Opening balance | | 6,920 | 10,169 |
| Closing balance | | 8,042 | 11,104 |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | 1,122 | 935 |

# 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. The financial statements of innogy Finance B.V. are included in the consolidated financial statements of the indirect parent company innogy SE, having its legal seat in Essen, Germany. These statements are available via www.innogy.com. RWE AG is the ultimate parent company, having its legal seat in Essen, Germany.

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 Audit committee

innogy Finance BV is exempted from having an audit committee under the Dutch Act on Supervision Audit firms, since innogy SE as innogy Finance B.V.’s (indirect) sole shareholder has a qualified audit committee which complies with certain governance requirements under Dutch law.

### 1.4 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 (‘Raad voor de Jaarverslaggeving’).

The accounting principles applied to the valuation of assets and liabilities and the determination of results in these financial statements are based on the assumption of continuity of the company.

### 1.5 Comparison previous year

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

### 1.6 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 receivables group companies.

Cash flows in foreign currencies have been translated at calculated 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. When dividends are paid they will be included in the cash flow from financing activities.

## 1.7 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates and management's judgment in the process of applying the 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, are disclosed in the relevant notes to the financial statements.

## 1.8 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 to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

# 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.

The exchange rate for GBP which is used for the balance sheet per 30 June 2019 is 0.89655 (31 December 2018: 0.89453). The average exchange rate used for profit and loss statement and the cash flow statement per 30 June 2019 is 0.87743 (31 December 2018: 0.885700).

*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 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 less transaction cost (if material), and subsequently measured at amortized cost. If loans are issued at a

discount or premium, the discount or premium is recognised through profit or loss over the maturities of the loans using the effective interest method. Impairment losses are deducted from amortized cost and expensed in the income statement.
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

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 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. Cash and cash equivalents are stated at nominal 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, being the amount received taking into account premiums or discounts and minus transaction costs. Deferred premiums and discounts on bonds are amortized over the term of the bonds using the effective interest method.

## 2.8 Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

## 2.9 Deferred tax liabilities

Deferred tax liabilities are recognised at non-discounted value for temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred tax liabilities are calculated using the tax rates that are expected to apply to the period when the liability will be 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.

# 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 rate 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 innogy SE as an operating expense by the Company.

## 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 pro rata 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.

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.

# 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 0.06386%.

## 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.

As of 30 June 2019 innogy SE possessed credit ratings from 3 main agencies:

- Moody's => long term: Baa2, stable outlook; short-term: P2
- S&P => long-term: BBB, stable outlook; short-term: A2
- Fitch => long-term: BBB+, stable outlook (senior unsecured bonds are rated at A-); short-term: F2

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:

| | | 2019 | | 2018 | |
|---|---|---|---|---|---|
| **January** | | | | | |
| Book value | | | 12,450,247 | | 11,233,970 |
| **financial year** | | | | | |
| New loans issued | | - | | 2,231,858 | |
| Redemption | | (1,000,000) | | (980,000) | |
| Amortization of discount and premiums | | (383) | | 260 | |
| Exchange rate differences | | (10,348) | | (35,841) | |
| Short-term part of loans transferred to receivables | | (748,924) | | (999,883) | |
| | | | (1,759,655) | | 216,394 |
| **Balance as at 30 June/ 31 December** | | | | | |
| **Book value** | **non current** | | 10,690,592 | | 11,450,364 |
| | current (see note 5.2) | | 749,417 | | 999,883 |
| | **total** | | **11,440,009** | | **12,450,247** |

In the first half year of 2019, one bond with an interest rate of 6.625% and a face value of EUR 1,000.0 million matured. This mainly explains the lower book value of financial assets. The loans are to be repaid in the period between 2020 and 2039. An amount of EUR 750.0 million is to be repaid in January 2020. An amount of EUR 1,750.0 million and GBP 1,070.0 million is to be repaid between 1 July 2020 and 30 June 2023.

*Currency*

The loan to the direct parent company innogy International Participations N.V. is contracted in GBP for a nominal amount of GBP 600.0 million (EUR 669.2 million). Furthermore four loans for a total amount of EUR 2,550.0 million have been lent on to innogy Benelux Holding B.V., a 100% group company. A total of seven loans for a total amount of EUR 4,450.0 million plus another eight loans contracted in GBP for a total amount of GBP 3,317.5 million (EUR 3,700.3 million) have been lent on to innogy SE, also a 100% group company.

*Interest*

The interest rates are fixed, ranging from:

| Loan | Amount (EUR '000) | Interest rate |
|---|---|---|
| EUR | 7,000,000 | 0.8139% - 6.5225% |
| GBP | 3,917,500 | 5.3737% - 6.5237% |

## 5.2 Receivables

| | 30 June 2019 | | 31 December 2018 | |
|---|---|---|---|---|
| | **Total** | **Term > 1 year** | **Total** | **Term > 1 year** |
| | EUR'000 | EUR'000 | | |
| Short-term part of bonds | 749,417 | - | 999,883 | - |
| Interest payable | 253,577 | - | 310,456 | - |
| Guarantee Fee (innogy SE) | 3,777 | - | 8,318 | - |
| Corporate income tax | 517 | - | 982 | - |
| Accrued liabilities | 15 | - | 22 | - |
| Deferred tax liability | 127 | 108 | 136 | 117 |
| | 1,007,430 | 108 | 1,319,797 | 117 |

The fair value of the receivables is in line with their carrying amount. All receivables are due within one year.

## 5.3 Cash and cash equivalents

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

| | 30 June 2019 | 31 December 2018 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Current account group companies | 8,030 | 6,899 |
| Cash | 12 | 21 |
| | 8,042 | 6,920 |

The fair value of the cash and cash equivalents is in line with their carrying amount. Current account group companies refers to the current account position with innogy International Participation N.V., which can be reclaimed directly.

## 5.4 Shareholder's equity

*Share capital*

The issued share capital as of 30 June 2019 amounts to EUR 2 million of which 20,000 ordinary shares of EUR 100 each have been fully paid up. The breakdown of the share capital can be specified as follows:

| | | 2019 | | 2018 |
|---|---|---|---|---|
| | **Shares** | **Share capital** | **Shares** | **Share capital** |
| | | EUR'000 | | EUR'000 |
| **Balance as at 1 January** | | | | |
| Issued and fully paid-up | 20,000 | 2,000 | 20,000 | 2,000 |
| **Movements financial year** | | | | |
| Additionally paid-in capital | - | - | - | - |
| **Balance as at 30 June/ 31 December** | | | | |
| Issued and fully paid-up | 20,000 | 2,000 | 20,000 | 2,000 |

*Retained earnings*

| | 2019 | 2018 |
|---|---|---|
| | EUR'000 | EUR'000 |
| **Balance as at 1 January** | 5,609 | 10,083 |
| Additions from profit previous year | 2,826 | 1,726 |
| Dividends declared/paid | - | (6,200) |
| **Balance as at 30 June/ 31 December** | 8,435 | 5,609 |

*Profit for the year*

| | 2019 | 2018 |
|---|---|---|
| | EUR'000 | EUR'000 |
| **Balance as at 1 January** | 2,826 | 1,726 |
| Addition to retained earnings | (2,826) | (1,726) |
| Profit for the financial year | 1,524 | 2,826 |
| **Balance as at 30 June/ 31 December** | 1,524 | 2,826 |

During the first half of the year the Company did not declare an interim dividend (2018: EUR 6.2 million).

5.5 Non-current liabilities

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

| | | 2019 | 2018 |
|---|---|---|---|
| | | EUR'000 | EUR'000 |
| **Balance as at 1 January** | | | |
| Book value | | 12,448,035 | 11,231,640 |
| **Movements financial year** | | | |
| New bonds issued | | - | 2,231,858 |
| Redemption | | (1,000,000) | (980,000) |
| Amortization of discount and premiums | | (323) | 377 |
| Exchange rate differences | | (10,346) | (35,840) |
| Short-term part of bonds transferred to current liabilities | | (748,924) | (999,883) |
| | | (1,759,593) | 216,512 |
| **Balance as at 30 June/ 31 December** | | | |
| Book value | **non current** | 10,688,442 | 11,448,152 |
| | current (see note 5.6) | 749,417 | 999,883 |
| | **total** | **11,437,859** | **12,448,035** |

The bonds are to be repaid in the period between 2020 and 2039. An amount of EUR 750 million is to be repaid in January 2020. An amount of EUR 1,750.0 million and GBP 1,070.0 million is to be repaid between 1 July 2020 and 30 June 2023.

*Currency*

The nominal amount of the bonds consists of nine bonds contracted in EUR amounting to EUR 7,000.0 million and six bonds contracted in GBP to a total amount of GBP 3,917.5 million (EUR 4,369.5 million). The bonds are listed at the Luxembourg Stock Exchange.

*Interest*

The interest rates are fixed, ranging from:

| Bond | Amount (EUR '000) | Interest rate |
|---|---|---|
| EUR | 7,000,000 | 0.7500% - 6.5000% |
| GBP | 3,917,500 | 4.7500% - 6.5000% |

## 5.6 Current liabilities

| | 30 June 2019 | | 31 December 2018 | |
|---|---|---|---|---|
| | Total | Term > 1 year | Total | Term > 1 year |
| | EUR'000 | EUR'000 | | |
| Short-term part of bonds | 749,417 | - | 999,883 | - |
| Interest payable | 253,577 | - | 310,456 | - |
| Guarantee Fee (innogy SE) | 3,777 | - | 8,318 | - |
| Corporate income tax | 517 | - | 982 | - |
| Accrued liabilities | 15 | - | 22 | - |
| Deferred tax liability | 127 | 108 | 136 | 117 |
| | 1,007,430 | 108 | 1,319,797 | 117 |

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*

| | 2019 |
|---|---|
| At 1 January 2019 | 136 |
| Movements | (9) |
| At 30 June 2019 | 127 |

During the coming 12 months EUR 18,709 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 amortized cost*

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

| | 30 June 2019 | | 31 December 2018 | |
|---|---|---|---|---|
| | **Market value** | **Book value** | **Market value** | **Book value** |
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| *Financial assets* | | | | |
| Loans to group companies | 13,509,194 | 11,443,446 | 13,903,413 | 12,450,247 |
| *Financial liabilities* | | | | |
| Bonds issued | 13,426,586 | 11,441,236 | 13,806,052 | 12,448,035 |

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 cash flow 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 2019 | Jan - Jun 2018 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Interest income on loans group companies | 233,421 | 278,483 |
| Release deferred premiums and discounts | (383) | 45 |
| Interest on deposit/ bank | 110 | - |
| Income derivatives | - | 119 |
| | 233,148 | 278,647 |

## 6.2 Interest and similar expenses

| | Jan - Jun 2019 | Jan - Jun 2018 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Interest expenses on bonds issued | 226,735 | 272,251 |
| Release deferred premiums and discounts | (323) | 103 |
| Expenses derivatives | 16 | 3 |
| | 226,428 | 272,357 |

## 6.3 General and administrative expenses

| | Jan - Jun 2019 | Jan - Jun 2018 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Guarantee Fee | 4,577 | 4,570 |
| Audit fees | 47 | 54 |
| Management and administrative expenses | 60 | 90 |
| Other | 4 | 6 |
| | 4,688 | 4,720 |

In 2018 and 2019 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 2019 | Jan - Jun 2018 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Audit of the Financial Statements | 13 | 21 |
| Other assurance services | 34 | 33 |
| Total audit fees | 47 | 54 |

The fees for audit of the financial statements relate to the audit of the 2019 financial statements, regardless of whether the work was performed during the financial year.

## 6.4 Income tax expense

| | Jan - Jun 2019 | Jan - Jun 2018 |
|---|---|---|
| | EUR'000 | EUR'000 |
| Current tax: | | |
| Current income tax | 517 | 405 |
| Deferred tax: | | |
| Net movement in deferred taxes | (9) | (13) |
| Income tax expense | 508 | 392 |
| | | |
| Income before tax | 2,032 | 1,570 |
| | | |
| Effective tax rate | 25% | 25% |

The statutory tax rate is 25% for the year 2019 (2018: 25%).

# 7 Supplementary information

## 7.1 Employees

innogy Finance B.V. had no employees inside or outside the Netherlands in 2018 and 2019.

## 7.2 Commitments and contingencies

*Fiscal Unity*

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

## 7.3 Subsequent events

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

‘s-Hertogenbosch, The Netherlands, 12 September 2019

Board of directors,

S. Weitz

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.