

Registered number: 11867181  
England and Wales

Genel Energy Finance 4 plc  
(Formerly Genel Energy No.5 Limited)  
Financial statements  
For the half year ended 30 June 2021

**Statement of comprehensive income**

For the half year ended 30 June 2021

		<b>30 June 2021 \$000</b>	<b>30 June 2020 \$000</b>	<b>31 Dec 2020 \$000</b>
<b>Operating result</b>		-	-	-
Interest income	<i>4</i>	13,933	-	5,859
Bond interest	<i>5</i>	(13,033)	-	(5,539)
Discount unwind	<i>5</i>	(895)	-	(310)
<b>Profit before income tax</b>		<b>5</b>	-	<b>10</b>
Income tax expense		-	-	-
<b>Profit for the period</b>		<b>5</b>	-	<b>10</b>
Other comprehensive income		-	-	-
<b>Total comprehensive income for the period</b>		<b>5</b>	-	<b>10</b>

The notes are an integral part of these financial statements.

**Balance sheet**

For the half year ended 30 June 2021

	<i>Note</i>	<b>30 June 2021 \$000</b>	<b>30 June 2020 \$000</b>	<b>31 Dec 2020 \$000</b>
<b>ASSETS</b>				
<b>Current receivables</b>				
Receivables due from parent company	4	<u>274,224</u>	-	273,323
		<b>274,224</b>	-	<b>273,323</b>
<b>Total Assets</b>		<u><b>274,224</b></u>	-	<u><b>273,323</b></u>
<b>LIABILITIES</b>				
<b>Non – current liabilities</b>				
Borrowings	5	<u>(268,605)</u>	-	(267,710)
		<b>(268,605)</b>	-	<b>(267,710)</b>
<b>Current liabilities</b>				
Accrued interest		<u>(5,540)</u>	-	(5,539)
		<b>(5,540)</b>	-	<b>(5,539)</b>
<b>Net assets</b>		<u><b>79</b></u>	-	<u><b>74</b></u>
<b>Equity attributable to equity holders of the parent</b>				
Share capital	6	<b>64</b>	-	<b>64</b>
Retained earnings		<u><b>15</b></u>	-	<u><b>10</b></u>
<b>Total equity</b>		<u><b>79</b></u>	-	<u><b>74</b></u>

The notes are an integral part of these financial statements.

The financial statements on pages 1 to 10 were approved by the Board of Directors on 19 August 2021 and were signed on its behalf by:

Esa Ikaheimonen  
Director  
Registered number: 11867181

**Statement of changes in equity**

For the half year ended 30 June 2021

	<b>Share capital \$000</b>	<b>Retained earnings \$000</b>	<b>Total equity \$000</b>
Balance at 1 January 2020	-	-	-
Profit and total comprehensive income for the period	-	-	-
Balance at 30 June 2020	-	-	-
Balance at 1 January 2020	-	-	-
Allotted and fully paid (ordinary shares)	64	-	64
Profit and total comprehensive income for the period	-	10	10
Balance at 31 December 2020 and 1 January 2021	64	10	74
Profit and total comprehensive income for the period	-	5	5
<b>Balance at 30 June 2021</b>	<b>-</b>	<b>15</b>	<b>79</b>

**Statement of cash flows**

For the half year ended 30 June 2021

	<b>30 June 2021 \$000</b>	<b>30 June 2020 \$000</b>	<b>31 Dec 2020 \$000</b>
<b>Cash flows from operating activities</b>			
Profit before income tax	5	-	10
Adjustments for:			
Net interest income	<b>(5)</b>	-	<b>(10)</b>
<b>Cash generated from operations</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Increase in receivables from parent company	-	-	<b>(267,400)</b>
New bond issuance	-	-	<b>267,400</b>
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in cash and cash equivalents	-	-	-
<b>Cash and cash equivalents at period end</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the financial statements

### 1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### **a) Basis of preparation**

Genel Energy Finance 4 plc is a public limited company incorporated and domiciled in England and Wales. The company's registered office is 5th Floor, 36 Broadway, London, SW1H 0BH, U.K.

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 applicable to Companies reporting under International Financial Reporting Standards (IFRS) as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRS Interpretations Committee (IFRS IC) interpretations. The financial statements have been prepared under the historical cost convention. The significant accounting policies are set out below and have been consistently applied throughout the year.

#### **b) Going Concern**

The Company's ability to continue as a going concern is dependent on the upon the Group's ability to pay the interest on the bonds and comply with the bond covenants. The Group regularly evaluates its financial position, cash flow forecasts and its compliance with financial covenants by considering multiple combination of oil price, discount rates, production volumes, payments, capital and operational spend scenarios. In addition, specifically for the purposes of the going concern, the group has modelled a downside scenario, recognising the impact of the COVID19 pandemic, which includes a significant reduction in oil price from current levels combined with a reduction in production. As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and consequently the financial statements have been prepared on a going concern basis.

#### **c) Foreign currency translation**

The Company's financial statements are presented in U.S. dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the U.S dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

#### **d) Financial assets and liabilities**

##### *Classification*

The Company assesses the classification of its financial assets on initial recognition at amortised cost, fair value through other comprehensive income or fair value through profit and loss. The Company assesses the classification of its financial liabilities on initial recognition at either fair value through profit and loss or amortised cost.

##### *Recognition and Measurement*

Regular purchases and sales of financial assets are recognised at fair value on the trade-date – the date on which the Company commits to purchase or sell the asset. Receivables due from other group entities, trade and other payables and borrowings are subsequently carried at amortised cost using the effective interest method.

Notes to the financial statements (*continued*)

1. Summary of significant accounting policies (*continued*)

**a) Cash**

Cash is cash in hand and in the bank.

**b) Receivables due from other group entities**

Receivables due from other group entities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**c) Borrowings**

Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are presented as long or short-term based on the maturity of the respective borrowings in accordance with the loan or other agreement. Borrowings with maturities of less than twelve months are classified as short-term. Amounts are classified as long-term where maturity is greater than twelve months. Where no objective evidence of maturity exists, related amounts are classified as short-term.

**d) Trade and other payables**

Trade and other payables are classified as financial liabilities and are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**e) Current and deferred income tax**

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements (*continued*)

1. Summary of significant accounting policies *continued*

**f) Impairment of financial assets**

IFRS 9 requires a forward-looking impairment model based on expected credit losses (ECLs) of financial assets and the Company to book an allowance for ECLs for its financial assets.

The Company has assessed its receivables due from the parent company at 30 June 2021 for ECLs. The Company uses both past track record of receivables, information available until the reporting date and future expected performance. The result of the Company's assessment is that the effect of the ECL on the financial statements is assessed as not material and no amount is recorded in the accounts.

**g) New accounting standards**

The following new accounting standards, amendments to existing standards and interpretations are effective on 1 January 2021. Amendments to IFRS 4 Insurance Contracts – deferral of IFRS19 (1 Jan 2021), Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (1 Jan 2021). Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) Nothing has been early adopted, and also that these standards are not expected to have a material impact on the group in the current or future reporting periods.

The following new accounting standards, amendments to existing standards and interpretations have been issued but are not yet effective and have not yet been endorsed by the EU: IFRS 17 Insurance contracts (effective 1 Jan 2023), Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (1 Jan 2023), Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (01 Jan 2023), Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (01 Jan 2023), Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (01 Jan 23). The following new accounting standards, amendments to existing standards and interpretations have been issued but are not yet effective but have been endorsed by the EU: Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (1 Jan 2022).



**Notes to the financial statements (continued)**

**2. Financial risk management**

The Company's activities expose it to a variety of financial risks. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

*a) Foreign exchange risk*

Foreign exchange risk arises when transactions and recognised assets and liabilities of the Company are denominated in a currency that is not the company's functional currency. The Company does not have significant exposure to foreign exchange risk. There are no forward exchange rate contracts in place at, or subsequent to, 30 June 2021.

*b) Interest rate risk*

The Company is not exposed to interest rate risk because it does not incur interest on its borrowings.

*c) Credit risk*

The Company is not exposed to credit risk because it does not have sales and trade receivables.

*d) Liquidity risk*

Liquidity risk is the risk that the company will not have sufficient funds to meet liabilities.

*e) Capital management*

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. Capital includes share capital of \$63,500. (31 December 2020: \$63,500)

**3. Administrative expenses**

The Company had no employees during the year. (31 December 2020: nil)

The Directors has received no remuneration during the year for their services to this entity.

(31 December 2020:nil)

**4. Receivables due from parent company and Interest income**

	<b>30 Jun 2021 \$000</b>	<b>30 Jun 2020 \$000</b>	<b>31 Dec 2020 \$000</b>
Loan to Genel Energy Holding Company Limited	260,291	-	267,464
Interest income	13,933	-	5,859
	<b>274,224</b>	-	<b>273,323</b>

The on-loan of cash to Genel Energy Holding Company Limited is repayable on demand and is fixed at a rate equivalent to the Company's external borrowing rate plus management fees. No loss allowance is made under the expected credit loss model as explained at note 1.

Notes to the financial statements (*continued*)

**5. Borrowings and Interest expense**

	<b>30 Jun 2021 \$000</b>	<b>30 Jun 2020 \$000</b>	<b>31 Dec 2020 \$000</b>
\$300 million 9.25% bonds due October 2025	<b>268,605</b>	-	267,710
	<b>268,605</b>	-	267,710

	<b>1 Jan 21 (\$000)</b>	<b>New issuance (\$000)</b>	<b>Own bonds held (\$000)</b>	<b>Interest and discount unwind (\$000)</b>	<b>30 Jun 21 (\$000)</b>
<b>2025 Bond 9.25%</b>	<b>(267,710)</b>	-	-	<b>(895)</b>	<b>(268,605)</b>
<b>Accrued interest</b>	-	-	-	<b>(5,539)</b>	<b>(5,539)</b>

In October 2020, the Company issued a new \$300 million senior unsecured bond with maturity in October 2025. The new bond has a fixed coupon of 9.25% per annum.

	<b>30 Jun 2021 \$000</b>	<b>30 Jun 2020 \$000</b>	<b>31 Dec 2020 \$000</b>
Bond interest	<b>13,033</b>	-	5,539
Discount unwind	<b>895</b>	-	310
Interest expense	<b>13,928</b>	-	5,849

**6. Share capital**

	<b>30 Jun 2021 \$</b>	<b>30 Jun 2020 \$</b>	<b>31 Dec 2020 \$</b>
<b>Allotted and fully paid</b>			
2 (31 December 2020: 2) ordinary shares at £1 each	<b>2</b>	-	2

On 7 March 2019, 2 shares were issued for cash. The nominal value of each share was £1 and the consideration received per share was £1.

On 22 September 2020, 49,998 shares were issued for cash. The nominal value of these shares was £49,998 and the consideration received was £49,998.

**Notes to the financial statements (continued)**

**7. Parent company**

The Company is a wholly owned subsidiary of Genel Energy Holding Company Limited, a company registered in Jersey. Copies of Genel Energy Holding Company Limited's financial statements can be obtained from the Company Secretary at 12 Castle Street, St Helier, Jersey JE2 3RT.

The Company's ultimate parent undertaking and controlling party is Genel Energy plc, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Genel Energy plc's consolidated financial statements can be obtained from the company secretary at 12 Castle Street, St Helier, Jersey JE2 3RT.

**8. Related parties**

The Directors have identified the ultimate parent company, key management personnel and the Board members, together with the close family members and companies controlled by or affiliated with each of them; and associated, investments and joint ventures as related parties of the company under IAS 24.

Amounts due from group companies:

	<b>30 Jun 2021 \$000</b>	<b>30 Jun 2020 \$000</b>	<b>31 Dec 2020 \$000</b>
Genel Energy Holding Company Limited	274,224	-	273,323
	<b>274,224</b>	-	<b>273,323</b>

Transactions with group companies:

	<b>30 Jun 2021 \$000</b>	<b>30 Jun 2020 \$000</b>	<b>31 Dec 2020 \$000</b>
Loan	-	-	267,400
Interest charged	13,851	-	5,859
Interest payment	(12,950)	-	-
Other	-	-	64