

Registered number:11867181  
England and Wales

Genel Energy Finance 4 plc

Financial Statements

For the half year ended 30 June 2022

**Statement of comprehensive income**

For the half year ended 30 June 2022

	<b>Unaudited</b>	Unaudited	Audited
	<b>30 Jun</b>	30 Jun	31 Dec
	<b>2022</b>	2021	2021
<i>Notes</i>	<b>\$000</b>	\$000	\$000
<b>Operating result</b>	-	-	-
Interest income	<b>13,971</b>	13,933	28,119
Bond interest	5 <b>(12,950)</b>	(12,950)	(25,900)
Other finance expense	5 <b>(14)</b>	(83)	(131)
Discount unwind	5 <b>(1,002)</b>	(895)	(2,076)
<b>Profit before income tax</b>	<b>5</b>	5	12
Income tax expense	-	-	(2)
<b>Profit for the period</b>	<b>5</b>	5	10
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>5</b>	5	10

The notes are an integral part of these financial statements.

**Balance sheet**

At 30 June 2022

	<i>Notes</i>	<b>Unaudited 30 Jun 2022 \$000</b>	Unaudited 30 Jun 2021 \$000	Audited 31 Dec 2021 \$000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Receivables due from parent company	4	<b>276,432</b>	274,224	275,411
		<b>276,432</b>	274,224	275,411
<b>Total assets</b>		<b>276,432</b>	274,224	275,411
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	5	<b>(270,788)</b>	(268,605)	(269,786)
		<b>(270,788)</b>	(268,605)	(269,786)
<b>Current liabilities</b>				
Payables due to fellow subsidiaries		<b>(16)</b>	-	(2)
Accrued interest	5	<b>(5,539)</b>	(5,540)	(5,539)
		<b>(5,555)</b>	(5,540)	(5,541)
<b>Total liabilities</b>		<b>(276,343)</b>	(274,145)	(275,327)
<b>Net assets</b>		<b>89</b>	79	84
<b>Equity attributable to equity holders of the parent</b>				
Share capital	6	<b>64</b>	64	64
Retained earnings		<b>25</b>	15	20
<b>Total equity</b>		<b>89</b>	79	84

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 1 August 2022 and were signed on its behalf by:

Paul Weir  
Director  
Registered number: 11867181

**Statement of changes in equity**

For the half year ended 30 June 2022

	<i>Notes</i>	<b>Share Capital \$000</b>	<b>Retained earnings \$000</b>	<b>Total equity \$000</b>
Balance at 1 January 2021		64	10	74
Profit and comprehensive income for year		-	10	10
Balance at 31 December 2021 (Audited)		64	20	84
Balance at 1 January 2021		64	10	74
Profit and total comprehensive income for the period		-	5	5
Balance at 30 June 2021 (Unaudited)		64	15	79
<b>Balance at 1 January 2022</b>	<b>6</b>	<b>64</b>	<b>20</b>	<b>84</b>
<b>Profit and comprehensive income for the period</b>		<b>-</b>	<b>5</b>	<b>5</b>
<b>Balance at 30 June 2022 (Unaudited)</b>	<b>6</b>	<b>64</b>	<b>25</b>	<b>89</b>

**Statement of cash flows**

For the half year ended 30 June 2022

	<b>Unaudited 30 Jun 2022 \$000</b>	Unaudited 30 Jun 2021 \$000	Audited 31 Dec 2021 \$000
<b>Cash flows from operating activities</b>			
Profit before income tax	5	5	10
Adjustment for:			
Net interest income	(5)	(5)	(10)
<b>Cash generated from operations</b>	-	-	-
<b>Net change in cash and cash equivalents</b>	-	-	-
<b>Cash and cash equivalents at period end</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 UK adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. 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 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. 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*

Receivables due from other group entities, trade and other payables and borrowings are initially recognised at fair value on recognition and subsequently carried at amortised cost using the effective interest method.

#### **e) Cash**

Cash is cash in hand and in the bank.

Notes to the financial statements (*continued*)

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

**f) 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 expected credit losses.

**g) Borrowings**

Borrowings are initially recognised at fair value and 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.

**h) 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.

**i) 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*)

#### **j) 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 2022 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 as the parent company has sufficient cash to repay the loan immediately and has significant headroom on both the equity ratio and minimum liquidity financial covenants. The strength of the parent company's balance sheet is expected to be enhanced through 2022 and into 2023.

#### **k) New accounting standards**

The following new accounting standards, amendments to existing standards and interpretations are effective on 1 January 2022. Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020). Nothing has been early adopted, and these standards are not expected to have a material impact on the Company's results or financials statement disclosures 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/or have not yet been endorsed by the EU: Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current (1 Jan 2023), Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1 Jan 2023), Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (1 Jan 2023), Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (1 Jan 2023), Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (1 Jan 2023), IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (1 Jan 2023).

### 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 2022.

#### *b) Interest rate risk*

The Company is not exposed to interest rate risk because it incurs interest on its borrowings at a fixed rate and charges the interest to the parent company at the same rate.

#### *c) Credit risk*

Credit risk arises from the parent company's cash and cash equivalents and trade and other receivables to which the bond proceeds are lent to.



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

**2. Financial risk management (continued)**

*d) Liquidity risk*

The Company is committed to ensuring it has sufficient liquidity to meet its bond payable as it falls due on October 2025. At 30 June 2022, the Company has \$276 million (30 June 2021: \$274 million 31 December 2021: \$275 million) receivables from Genel Energy Holding Company Limited which is repayable on demand.

*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 (30 June 2021: \$63,500 31 December 2021: \$63,500).

*f) Financial instruments*

All financial assets and liabilities are measured at amortised cost. Their carrying values are as follows:

	<b>30 Jun 2022 \$000</b>	30 Jun 2021 \$000	31 Dec 2021 \$000
<b>Financial assets</b>			
Receivables due from parent company	<b>276,432</b>	274,224	275,411
<b>Financial liabilities</b>			
Borrowings	<b>270,788</b>	268,605	269,786
Payables due to fellow subsidiaries	<b>16</b>	-	2
Accrued interest	<b>5,539</b>	5,540	5,539
	<b>276,343</b>	274,145	275,327

**3. Administrative expenses**

The Company had no employees during the year. (2021: nil)

The Directors has received no remuneration during the year for their services to this entity. (2021:nil)

**4. Receivables due from parent company**

	<b>30 Jun 2022 \$000</b>	30 Jun 2021 \$000	31 Dec 2021 \$000
Loan to Genel Energy Holding Company Limited	<b>267,464</b>	267,464	267,464
Net finance income	<b>8,968</b>	6,760	7,947
	<b>276,432</b>	274,224	275,411

As disclosed in Note 5, the Company issued a bond in October 2020 and its cash proceeds were loaned to its parent, Genel Energy Holding Company Limited. The loan is repayable on demand and the Company earns interest income on the loan at a fixed rate equivalent to the Company's external borrowing rate of 9.25% per annum plus management fees of \$10,000.

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

**4. Receivables due from parent company (continued)**

The semi-annual interest expense on the bond is paid directly by Genel Energy Holding Company Limited to the bondholders on behalf of the Company. The Company and Genel Energy Holding Company Limited has an arrangement to settle the interest paid on its behalf through intercompany offsetting and is therefore treated as a non-cash transaction by the Company.

No loss allowance is made under the expected credit loss model as explained at note 1.

**5. Borrowings and Interest expense**

	<b>30 Jun 2022 \$000</b>	30 Jun 2021 \$000	31 Dec 2021 \$000
\$300 million 9.25% bonds due October 2025	<b>270,788</b>	268,605	269,786
	<b>270,788</b>	268,605	269,786

	1 Jan 22 \$000	Interest paid \$000	Interest and discount unwind \$000	30 Jun 22 \$000
<b>2025 Bond 9.25%</b>	<b>(269,786)</b>	-	<b>(1,002)</b>	<b>(270,788)</b>
<b>Accrued interest</b>	<b>(5,539)</b>	<b>12,950</b>	<b>(12,950)</b>	<b>(5,539)</b>

At 30 June 2022, the fair value of the nominal \$280.0 million of 2025 bonds held by third parties is \$276.6 million (30 June 2021: \$274.4 million, 31 December 2021: \$287.8 million).

	1 Jan 21 \$000	Interest paid \$000	Interest and discount unwind \$000	30 Jun 21 \$000
2025 Bond 9.25%	(267,710)	-	(895)	(268,605)
Accrued interest	-	12,950	(18,490)	(5,540)

	1 Jan 21 \$000	Interest paid \$000	Interest and discount unwind \$000	31 Dec 21 \$000
2025 Bond 9.25%	(267,710)	-	(2,076)	(269,786)
Accrued interest	(5,539)	25,900	(25,900)	(5,539)

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

	<b>30 Jun 2022 \$000</b>	30 Jun 2021 \$000	31 Dec 2021 \$000
Bond interest	<b>12,950</b>	12,950	25,900
Other finance expense	<b>14</b>	83	131
Discount unwind	<b>1,002</b>	895	2,076
	<b>13,966</b>	13,298	28,107

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

**6. Share capital**

	<b>30 Jun 2022 \$000</b>	30 Jun 2021 \$000	31 Dec 2021 \$000
<b>Allotted and fully paid (ordinary shares)</b>			
At 31 December	<b>64</b>	64	64

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.

**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 parent company, key management personnel and the board members, together with the families and companies controlled by or affiliated with each of them; and associates, investments and joint ventures as related parties of the Company under IAS 24.

Amounts due from group companies:

	<b>30 Jun 2022 \$000</b>	30 Jun 2021 \$000	31 Dec 2021 \$000
Genel Energy Holding Company Limited	<b>276,432</b>	274,224	275,411

Amounts due to group companies:

	<b>30 Jun 2022 \$000</b>	30 Jun 2021 \$000	31 Dec 2021 \$000
Genel Energy UK Services Limited	<b>(16)</b>	-	(2)

Transactions with group companies:

	<b>30 Jun 2022 \$000</b>	30 Jun 2021 \$000	31 Dec 2021 \$000
Interest charged	<b>13,971</b>	13,933	28,119
Interest paid	<b>(12,950)</b>	(12,950)	(25,900)
Other	<b>(14)</b>	(83)	(131)