

Registered number:11867181
England and Wales

Genel Energy Finance 4 plc

Financial Statements

For the half year ended 30 June 2023

Statement of comprehensive income

For the half year ended 30 June 2023

		Unaudited 30 Jun 2023 \$000	Unaudited 30 Jun 2022 \$000	Audited 31 Dec 2022 \$000
	<i>Notes</i>			
Operating result		-	-	-
Interest income		13,774	13,971	28,320
Bond interest	5	(12,649)	(12,950)	(25,761)
Other finance income/(expense)		1	(14)	(40)
Discount unwind	5	(1,121)	(1,002)	(2,509)
Profit before income tax		5	5	10
Income tax expense		-	-	-
Profit for the period		5	5	10
Other comprehensive income		-	-	-
Total comprehensive income for the period		5	5	10

The result relates to continuing activities.

The notes on page 5 to 10 form part of these financial statements.

The notes are an integral part of these financial statements.

Balance sheet

At 30 June 2023

		Unaudited 30 Jun 2023 \$000	Unaudited 30 Jun 2022 \$000	Audited 31 Dec 2022 \$000
ASSETS	<i>Notes</i>			
Non-current assets				
Receivables due from parent company	4	272,288	276,432	272,130
		272,288	276,432	272,130
Total Assets		272,288	276,432	272,130
LIABILITIES				
Non-current liabilities				
Borrowings	5	(266,767)	(270,788)	(266,594)
		(266,767)	(270,788)	(266,594)
Current liabilities				
Payables due to fellow subsidiaries		(16)	(16)	(16)
Accrued interest	5	(5,406)	(5,539)	(5,426)
		(5,422)	(5,555)	(5,442)
Total liabilities		(272,189)	(276,343)	(272,036)
Net assets		99	89	94
Equity attributable to equity holders of the parent				
Share capital	6	64	64	64
Retained earnings		35	25	30
Total equity		99	89	94

The notes on page 5 to 10 are an integral part of these financial statements.

The financial statements on pages 1 to 10 were approved by the Board of Directors on 23 August 2023 and were signed on its behalf by:

Luke Clements
Director
Registered number: 11867181

Statement of changes in equity

For the half year ended 30 June 2023

	<i>Notes</i>	Share Capital \$000	Retained earnings \$000	Total equity \$000
Balance at 1 January 2022		64	20	84
Profit and comprehensive income for year		-	10	10
Balance at 31 December 2022 (Audited)		64	30	94
Balance at 1 January 2022		64	20	84
Profit and total comprehensive income for the period		-	5	5
Balance at 30 June 2022 (Unaudited)		64	25	89
Balance at 1 January 2023	6	64	30	94
Profit and comprehensive income for the period		-	5	5
Balance at 30 June 2023 (Unaudited)	6	64	35	99

Statement of cash flows

For the half year ended 30 June 2023

	Unaudited 30 Jun 2023 \$000	Unaudited 30 Jun 2022 \$000	Audited 31 Dec 2022 \$000
Cash flows from operating activities			
Profit before income tax	5	5	10
Adjustment for:			
Net interest income	(5)	(5)	(10)
Cash generated from operations	-	-	-
 Net change in cash and cash equivalents	 -	 -	 -
 Cash and cash equivalents at period end	 -	 -	 -

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. Based on the Director's review of the Group's ability to service the interest and comply with the Bond covenants, 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.

Notes to the financial statements (*continued*)

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

d) Financial assets and liabilities (*continued*)

Current versus non-current classification

Financial assets are current when they are; expected to be realised or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other financial assets are classified as non-current.

Financial liabilities are current when they are; expected to be settled in the normal operating cycle, held primarily for the purpose of trading, due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other financial liabilities are classified as non-current.

e) Cash

Cash is cash in hand and in the bank.

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 2023 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.

k) New accounting standards

The following new accounting standards, amendments to existing standards and interpretations are effective on 1 January 2023. Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021), Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021), Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021), Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021), IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020). These standards did not have a material impact on the Company's results or financial statements disclosures in the current reporting period.

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 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (Issued on 25 May 2023), Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023), Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and Non-current Liabilities with Covenants (issued on 31 October 2022), Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022). 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 periods they become effective.

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 2023.

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.

Notes to the financial statements (*continued*)

2. Financial risk management (*continued*)

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.

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 2023, the Company has \$272 million (30 June 2022: \$276 million 31 December 2022: \$272 million) receivables from Genel Energy Holding Company Limited which is repayable on bond's maturity.

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 2022: \$63,500 31 December 2022: \$63,500).

f) Financial instruments

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

	30 Jun 2023 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000
Financial assets			
Receivables due from parent company	272,288	276,432	272,130
Financial liabilities			
Borrowings	266,767	270,788	266,594
Payables due to fellow subsidiaries	16	16	16
Accrued interest	5,406	5,539	5,426
	272,189	276,343	272,036

3. Administrative expenses

The Company had no employees during the year. (2022: nil)

The Directors has received no remuneration during the year for their services to this entity. (2022:nil)

4. Receivables due from parent company

	30 Jun 2023 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000
Loan to Genel Energy Holding Company Limited	260,464	267,464	261,464
Net finance income	11,824	8,968	10,666
	272,288	276,432	272,130

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 bond's maturity 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

	30 Jun 2023 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000
\$300 million 9.25% bonds due October 2025	266,767	270,788	266,594
	266,767	270,788	266,594

	1 Jan 23 \$000	Interest paid (Note 4) \$000	Repurchase \$000	Interest and discount unwind \$000	30 Jun 23 \$000
2025 Bond 9.25%	(266,594)	-	948	(1,121)	(266,767)
Accrued interest	(5,426)	12,625	44	(12,649)	(5,406)

At 30 June 2023, the fair value of the nominal \$273 million of 2025 bonds held by third parties is \$256.6 million (30 June 2022: \$276.6 million, 31 December 2022: \$257.6 million).

In April 2023, the Parent Company repurchased \$1 million of its existing \$274 million senior unsecured bond at a price equal to 95% of nominal amount on behalf of the Company.

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

	1 Jan 22 \$000	Interest paid (Note 4) \$000	Repurchase \$000	Interest and discount unwind \$000	31 Dec 22 \$000
2025 Bond 9.25%	(269,786)	-	5,701	(2,509)	(266,594)
Accrued interest	(5,539)	25,624	250	(25,761)	(5,426)

	30 Jun 2023 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000
Bond interest	12,649	12,950	25,761
Other finance (income) / expense	(1)	14	-
Discount unwind	1,121	1,002	2,509
	13,769	13,966	28,270

Notes to the financial statements (*continued*)

6. Share capital

	30 Jun 2023 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000
Allotted and fully paid (ordinary shares)			
At 31 December	64	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's registered office 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's registered office at 12 Castle Street, St Helier, Jersey JE2 3RT and at genelenergy.com.

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:

	30 Jun 2023 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000
Genel Energy Holding Company Limited	272,288	276,432	272,130

Amounts due to group companies:

	30 Jun 2023 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000
Genel Energy plc	(14)	(14)	(14)
Genel Energy UK Services Limited	(2)	(2)	(2)
	(16)	(16)	(16)

Transactions with group companies:

	30 Jun 2023 \$000	30 Jun 2022 \$000	31 Dec 2022 \$000
Interest charged	13,774	13,971	28,320
Interest paid	(12,625)	(12,950)	(25,624)
Bond repurchase (incl. interest)	(992)	-	(5,951)
Other	1	(14)	(40)