

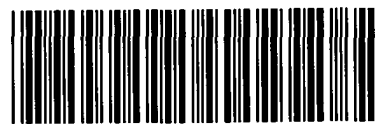
Registration number: SC017829

Premier Oil Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2020

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Premier Oil Group Limited

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7 to 9
Profit and Loss Account	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 to 25

Premier Oil Group Limited

Company Information

Directors	P A Kirk A L Krane H R Landes
Company secretary	D A Rose
Registered office	4th Floor Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
Auditors	Ernst & Young LLP Statutory Auditor 1 More London Place London United Kingdom SE1 2AF

Premier Oil Group Limited

Strategic Report for the Year Ended 31 December 2020

The directors present their strategic report on Premier Oil Group Limited (the "company") for the year ended 31 December 2020.

Results

For the year to 31 December 2020 the company made a profit of US\$ 18,147,000 (2019: profit of US\$285,679,000).

Business review

The company was incorporated on 10 April 1934 and is part of the Harbour Energy plc group of companies (formerly Premier Oil plc group prior to the completion of the merger with Chrysaor Holdings Limited on 31 March 2021). From 8 September 1981 to 15 May 1995 the company traded as a public limited company under the name of Premier Consolidated Oilfields plc. The company changed its name to Premier Oil plc on 15 May 1995, to Premier Oil Group plc on 15 July 2003 and to its current name on 13 August 2003.

The company acts as an intermediate holding company for the legacy Premier Oil plc group and was previously a wholly-owned subsidiary of Harbour Energy plc (formerly Premier Oil plc). In 2017, Harbour Energy plc transferred its entire interest in the company to the newly created Premier Oil Group Holdings Limited. Details of the company's subsidiaries are set out in note 8 of the accompanying notes to the financial statements.

The profit and loss account on page 10 of the financial statements shows that the primary source of the company's income was from dividends receivable from its subsidiaries, in the current year this totalled US\$50,000,000 (2019: US\$230,000,000). Dividends received together with interest received from loans due from subsidiary companies, was partially offset by an expected credit loss recognised in respect of loans due from subsidiary companies in the year and an investment impairment.

Key performance indicators

The Harbour Energy group manages its operations on a divisional basis with financial and non-financial key performance indicators reported by the company's ultimate parent on a consolidated basis. For this reason, the directors believe that further key performance indicators for the company are not appropriate for an understanding of the development, performance or position of the business of the company.

Principal risks and uncertainties

The company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The company does not enter into derivative financial instruments and does not hold or issue derivative financial instruments for speculative purposes.

Cash flow risk

The company has long-term loans to and from certain of its subsidiary undertakings with interest rates which are linked to LIBOR. Therefore, the company is exposed to changes in interest rates.

Credit risk

The company's principal financial assets are investments and amounts owed by fellow subsidiary undertakings.

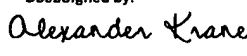
Liquidity risk

Liquidity risk is managed by the group's treasury company which has access to third party funding sources to enable the company's obligations to be met as they fall due.

Premier Oil Group Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Approved by the Board on 23 September 2021 and signed on its behalf by:

DocuSigned by:

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A L Krane
Director

Premier Oil Group Limited

Directors' Report for the Year Ended 31 December 2020

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 31 December 2020.

Dividends

During the year, the directors did not recommend an interim dividend payment (2019: US\$nil) or a final dividend for the year ended 31 December 2020.

Subsequent events

Refer to note 13 to the Financial Statements.

Directors' of the company

The directors who served throughout the year and subsequently were as follows:

R A Allan (resigned 25 June 2020)

A R C Durrant (resigned 16 December 2020)

A G Gibb (resigned 15 April 2021)

R A Rose (resigned 15 April 2021)

The following directors were appointed after the year end:

P A Kirk (appointed 15 April 2021)

A L Krane (appointed 15 April 2021)

H R Landes (appointed 15 April 2021)

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

Directors indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Future developments

There have not been any significant changes in the company's principal activities in the year under review and the directors do not foresee any changes in the company's activities in the immediate future.

Going concern

Based on the considerations detailed in note 2, the directors have a reasonable expectation that the company has adequate resources to continue as a going concern for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing these financial statements.

Premier Oil Group Limited

Directors' Report for the Year Ended 31 December 2020 (continued)


Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Pursuant to s386 Companies Act 1985, an elective resolution was passed on 8 June 2006 dispensing with the requirement to appoint auditor annually. This election was in force immediately before 1 October 2007.

Approved by the Board on 23 September 2021 and signed on its behalf by:

DocuSigned by:

CD20FB85420F461.....
A L Krane
Director

Premier Oil Group Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for the maintenance and integrity of the corporate and financial information included in the company's website and legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Premier Oil Group Limited

Independent Auditor's Report to the Members of Premier Oil Group Limited

Opinion

We have audited the financial statements of Premier Oil Group Limited (the 'Company') for the year ended 31 December 2020, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Premier Oil Group Limited

Independent Auditor's Report to the Members of Premier Oil Group Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Premier Oil Group Limited

Independent Auditor's Report to the Members of Premier Oil Group Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:


- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework and the relevant tax compliance regulations in the jurisdictions in which the company operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including those relating to health and safety, employee matters, environmental, and bribery and corruption practices;
- We understood how the company is complying with those frameworks by making enquiries of management, legal counsel and the Company Secretary. We corroborated the results of our enquiries through our review of Board minutes and correspondence received from regulatory bodies and noted that there was no contradictory evidence;
- We assessed the susceptibility of the financial statements to material misstatement, including how fraud might occur by considering the degree of incentive, opportunity and rationalisation that may exist to perform fraud. Where fraud risks were identified, we applied journal entry selection criteria to identify journals that were considered unusual or indicative of potential fraud before tracing such transactions back to source information in order to test their validity and appropriateness. In addition, our procedures included review of the volume and nature of complaints received by the whistleblowing hotline during the year; and
- based on the results of our audit procedures, there were no significant instances of non-compliance with laws and regulations identified.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Gary Donald (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor
London

23 September 2021

Premier Oil Group Limited

Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 US\$ 000	2019 US\$ 000
Expected credit loss movement	9	(29,121)	10,331
Dividend income		50,000	230,000
Interest receivable	6	54,179	45,348
Amounts written off investments	8	<u>(56,911)</u>	<u>-</u>
Profit on ordinary activities before tax		18,147	285,679
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
Profit on ordinary activities after tax		<u><u>18,147</u></u>	<u><u>285,679</u></u>


The above results were derived from continuing operations.

There were no other items of comprehensive income other than the profit of US\$18,147,000 (2019: profit of US\$285,679,000). Accordingly, no statement of total comprehensive income has been presented.

Premier Oil Group Limited
(Registration number: SC017829)
Balance Sheet as at 31 December 2020

	Note	2020 US\$ 000	2019 US\$ 000
Fixed assets			
Investments	8	362,839	442,850
Current assets			
Debtors	9	856,001	758,443
Cash at bank and in hand		600	-
		<u>856,601</u>	<u>758,443</u>
Net assets		<u>1,219,440</u>	<u>1,201,293</u>
Capital and reserves			
Called up share capital	10	123,118	123,118
Share premium reserve		268,461	268,461
Capital reserve		27,824	27,824
Profit and loss account		<u>800,037</u>	<u>781,890</u>
Shareholders' funds		<u>1,219,440</u>	<u>1,201,293</u>

The financial statements of Premier Oil Group Limited, registered number SC017829, were approved by the Board on 23 September 2021 and signed on its behalf by:

DocuSigned by:

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A L Krane
 Director

Premier Oil Group Limited

Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital US\$ 000	Share premium US\$ 000	Capital reserve US\$ 000	Profit and loss account US\$ 000	Total US\$ 000
At 1 January 2019	123,118	268,461	27,824	496,211	915,614
Profit for the year	-	-	-	285,679	285,679
At 31 December 2019	<u>123,118</u>	<u>268,461</u>	<u>27,824</u>	<u>781,890</u>	<u>1,201,293</u>
	Share capital US\$ 000	Share premium US\$ 000	Capital reserve US\$ 000	Profit and loss account US\$ 000	Total US\$ 000
At 1 January 2020	123,118	268,461	27,824	781,890	1,201,293
Profit for the year	-	-	-	18,147	18,147
At 31 December 2020	<u>123,118</u>	<u>268,461</u>	<u>27,824</u>	<u>800,037</u>	<u>1,219,440</u>

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

1 General information

Premier Oil Group Limited (the company) is a private company limited by share capital, incorporated in Scotland. The company is a wholly-owned subsidiary of Premier Oil Group Holdings Limited and acts as an intermediate holding company for the Harbour Energy group.

The address of its registered office is:

4th Floor
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EN
Scotland

These financial statements are separate financial statements. The company is a subsidiary of Harbour Energy plc (formerly Premier Oil plc). The group financial statements of Harbour Energy plc (formerly Premier Oil plc) for the year ended 31 December 2020 are available to the public and can be obtained from 23 Lower Belgrave Street, London, SW1W 0NR or on the company website www.harbourenergy.com. The registered office address of the parent company preparing consolidated Financial Statements is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

Where relevant, equivalent disclosures have been given in the group financial statements of Harbour Energy plc (formerly Premier Oil plc) for the year ended 31 December 2020 which are available to the public.

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are presented in US dollars since that is the currency in which the majority of the company's transactions are denominated.

Summary of disclosure exemptions

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share-based payment, non-current assets held for sale, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash-flow statement, impairment of assets and related party transactions.

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Adoption of new and revised standards

In the current year the following new and revised Standards and Interpretations have been adopted, none of which have a material impact on the Company's annual results.

- Amendments to IAS 1 and IAS 8 - Definition of Material
- Amendments to IFRS7, 9 and IAS 39 Interest Rate Benchmark reform and
- Amendments to IFRS 3 - Definition of Business

Going concern

The ability for the company to continue to operate as a going concern is dependent on financial support from the company's ultimate parent company, Harbour Energy plc (formerly Premier Oil plc), as a result of cash pooling across the group. The directors have adopted the going concern basis of accounting for the preparation of the financial statements as Harbour Energy plc has undertaken to directly provide the necessary financial support to the company, as and when required, to meet all liabilities throughout the 12 month period from the date of approval of these accounts.

In making their assessment of going concern the directors have considered the letter of support from Harbour Energy plc and the material uncertainties in respect of going concern disclosed in its most recent annual report dated 17 March 2021 which stated;

The uncertainties regarding (1) management's ability to complete the proposed merger of Premier Oil plc ('Premier') and Chrysaor Holdings Ltd ('Chrysaor') and the reorganisation of Premier's existing finance arrangements ('Debt Restructuring') (together, 'the Corporate Actions'); and (2) should the Corporate Actions fail to complete, management's ability to complete an alternative restructuring of its existing debt facilities and certain hedging liabilities and obtain covenant deferrals or waivers in the intervening period to prevent its existing debt falling due within the going concern period, create material uncertainties that may cast significant doubt on the company's ability to continue as a going concern.

The directors note that subsequent to the publication of the annual report, on 31 March 2021, the Corporate Actions, which included the settlement of Premier's debt facility that was due to mature in May 2021 via drawdown on the enlarged group's Reserve Based Lending ('RBL') facility that matures in November 2027, were completed. Following the completion of the Corporate Actions and following inquiries regarding the future liquidity of Harbour Energy plc, the directors have no reason to believe that Harbour Energy plc will not be able to honour its commitments in accordance with the letter of support. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue as a going concern for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing these financial statements.

Investments

Investments held as fixed assets are shown at cost less provision for impairment. Where the directors consider that an impairment of the value of the investment has occurred, the investment value is written down through the profit and loss account.

Foreign currencies

The functional currency of the company is United States dollars. All transactions denominated in foreign currencies, being currencies other than the functional currency, are recorded in the functional currency at actual exchange rates as of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rate, subsequent to the dates of the transactions, is included as an exchange gain or loss in the profit and loss account.

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill/excess of fair value over cost or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The company reassesses its unrecognised deferred tax asset each year taking into account changes in oil and gas prices, the company's proven and probable reserve profile and forecast capital and operating expenditures.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantially enacted at the balance sheet date.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Income and expense

Income, costs and expenses are allocated to the year to which they relate. Losses are accounted for in the year in which they are identified. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade and other debtors are stated net of any appropriate allowances for credit loss.

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

Expected credit loss

The company applies the IFRS 9 requirements to measuring expected credit losses using a forward looking expected credit loss model to the full value of amounts due from group companies. The expected loss rates are based on the ultimate parent probability default ratio and loss given default over the 12 month period prior to the period end.

3 Critical accounting judgements and key sources of estimation uncertainty

Details of the company's significant accounting judgements are set out in these financial statements and are considered to be:

Going concern

The application of the going concern basis of accounting (section above)

Investments

The recoverability of the Company's investments and amounts owed by group companies

There were no key sources of estimation uncertainty.

4 Auditors' remuneration

	2020 US\$ 000	2019 US\$ 000
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>20</u>	<u>20</u>

This audit fee was borne by the ultimate parent company in both the current and preceding years.

5 Staff costs and directors' remuneration

The company employed no staff during the year (2019: none).

The directors received no remuneration for their services to the company in either the current or preceding years.

6 Interest receivable

	2020 US\$ 000	2019 US\$ 000
Bank interest	1	-
Interest receivable on loans to subsidiary undertakings	<u>54,178</u>	<u>45,348</u>
	<u>54,179</u>	<u>45,348</u>

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

6 Interest receivable (continued)

Interest is receivable on the loans between the company and certain of its subsidiary undertakings. Interest is charged at market rates. The loans mature in 2021.

7 Tax on profit on ordinary activities

a) Analysis of tax charge in the year

There was no current or deferred tax charge for the year (2019: US\$nil).

Corporation tax is calculated at the average UK corporation tax rate for the year of 19% (2019: 19%). The charge for the year can be reconciled to the profit and loss account as follows:

b) Factors affecting the tax charge for the year

	2020 US\$ 000	2019 US\$ 000
Profit on ordinary activities before tax	18,147	285,679
Corporation tax at average rate 19% (2019: 19%)	3,448	54,279
Group relief claimed for nil consideration	(10,294)	(8,616)
Non-taxable income/expenses not deductible for tax purposes	6,846	(45,663)
Total tax charge/(credit)	-	-

The company had tax losses of US\$126,337,405 at 31 December 2020 (2019: US\$126,337,405), which have no expiry date. No deferred tax asset is recognised in respect of these as insufficient taxable profits are expected to arise in the future against which the deferred tax asset will reverse.

In the March 2021 Budget, it was announced that the UK Corporation Tax Rate will rise from its current rate of 19 per cent to 25 per cent with effect from April 2023. UK deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19 per cent as this was the substantively enacted rate at that date. There is no impact on the company's net deferred tax liabilities as a result of increasing the rate to 25 per cent with effect from April 2023.

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments

Subsidiaries	US\$ 000
Cost or valuation	
At 1 January 2020	1,000,006
Reduction	(23,100)
At 31 December 2020	976,906
Provision	
At 1 January 2020	557,156
Provision	56,911
At 31 December 2020	614,067
Carrying amount	
At 31 December 2020	362,839
At 31 December 2019	442,850

The company's investment in Premier Oil Holdings Limited and Premier Oil UK Limited have been fully written-down. At the year end the company's investment in Premier Oil E&P Holdings Limited had been impaired to reflect the net assets of the subsidiary.

In 2020 Premier Oil Overseas BV repaid share premium of US\$23,100,000.

Details of the subsidiaries as at 31 December 2020 are as follows:

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2020	2019
Premier Oil Holdings Limited*	Intermediate holding company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Overseas BV*	Intermediate holding company, Netherlands	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
Premier Oil UK Limited*	Exploration, production and development, UK	4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN Scotland	Ordinary shares	100%	100%
Premier Oil (Vietnam) Limited*	Exploration, production and development, Vietnam	Commerce House, Wickhams Cay 1, Road Town, Tortola, VG1110 British Virgin Islands	Ordinary shares	100%	100%

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2020	2019
Premier Oil Exploration and Production Mexico S.A*	Exploration, production and development, Mexico	Presidente Masaryk 111, Piso 1, Polanco V Sección, C.P. Mexico City, 11560, Mexico	Ordinary shares	100%	100%
Premier Oil Mexico Recursos S.A de C.V*	Exploration, production and development, Mexico	Presidente Masaryk 111, Piso 1, Polanco V Sección, C.P. Mexico City, 11560, Mexico	Ordinary shares	100%	100%
Premier Oil do Brasil Petróleo e Gás Limitada*	Exploration, production and development, Brazil	Rua Lauro Muller, 116-Sala 2006, Botafogo, RJ	Ordinary shares	100%	100%
Premier Oil E&P Holdings Limited*	Holding company (E&P), UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil ONS Limited*	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Exploration and Production Limited	Exploration, production and development, Falkland Islands	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Exploration and Production (Iraq) Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil FarEast Limited	Service company, Singapore	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil and Gas Services Limited	Service company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
EnCore Oil Limited	Intermediate holding company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2020	2019
Premier Oil Mexico Holdings Limited	Intermediate holding company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
EnCore (NNS) Limited	Intermediate holding company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil (EnCore Petroleum) Limited	Intermediate holding company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Aberdeen Services Limited	Service company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
FP Mauritania A BV	Decommissioning activities, Mauritania	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
FP Mauritania B BV	Decommissioning activities, Mauritania	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
Premier Oil Exploration (Mauritania) Limited	Decommissioning activities, Mauritania	IFC 5, St Helier, Jersey, JE1 1ST Jersey	Ordinary shares	100%	100%
Premier Oil Mauritania B Limited	Decommissioning activities, Mauritania	IFC 5, St Helier, Jersey, JE1 1ST Jersey	Ordinary shares	100%	100%
Premier Oil International Holding BV	Dormant	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
Premier Oil Natuna Sea BV	Exploration, production and development, Indonesia	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
Premier Oil Buton BV	Dormant	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2020	2019
Premier Oil Tuna BV	Exploration, production development, Indonesia	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
Premier Oil Andaman Limited	Exploration, production development, Indonesia	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Andaman I Limited	Exploration, production development, Indonesia	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil South Andaman Limited	Exploration, production development, Indonesia	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Bukit Barat Limited	Exploration, production development, Indonesia	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Vietnam Offshore BV	Exploration, production development, Indonesia	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
Premier Oil Vietnam North BV	Dormant	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
Premier Oil Vietnam 121 Limited	Exploration, production development, Vietnam	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil E&P UK Limited	Exploration, production development, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil E&P EU UK Limited	Exploration, production development, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2020	2019
Premier Oil E&P UK Energy Trading Limited	Gas trading company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Ebury Gate Limited	Risk Mitigation Services	Level 5, Mill Court, La Charroterie, St Peter port, GY1 1EJ Guernsey	Ordinary shares	100%	100%
Premier Oil Mexico Investments Limited	Intermediate holding company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil ANS Holdings Limited*	Intermediate holding company, UK	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil ANS Limited	Exploration, production and development, Alaska	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil CCS Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Congo (Marine IX) Limited	Dormant	1 IFC, St Helier, Jersey JE1 1ST Jersey	Ordinary shares	100%	100%
Premier Oil Investments Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Pacific Limited	Dormant	36/F, Tower Two, Time Square, 1 Matheson Street, Causeway Bay, Hong Kong	Ordinary shares	100%	100%
Premier Overseas Holdings Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
EnCore (VOG) Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments (continued)

Name of subsidiary	Principal activity	Registered office	Holding	Proportion of ownership interest and voting rights held	
				2020	2019
EnCore CCS Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Barakuda Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
EnCore Natural Resources Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
EnCore Oil and Gas Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil B Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
XEO Exploration plc	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Exploration Limited	Dormant	4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN, Scotland Scotland	Ordinary shares	100%	100%
Premier Oil Exploration ONS Limited	Dormant	23 Lower Belgrave Street, London, SW1W 0NR England & Wales	Ordinary shares	100%	100%
Premier Oil Pakistan Offshore BV	Dormant	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%
Premier Oil Philippines BV	Dormant	Herikerbergweg 88, 1101 CM Amsterdam, Netherlands	Ordinary shares	100%	100%

* indicates direct investment of Premier Oil Group Limited which is wholly owned with the exception of Premier Oil do Brasil Petróleo e Gás Ltda as Premier Oil Group Limited holds 0.0000001 per cent of its shares, Premier Oil Exploration and Production Mexico S.A 0.002 per cent and Premier Oil Mexico Recursos S.A de. C.V 0.002 per cent. All other companies are held through subsidiary undertaking unless stated otherwise.

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

8 Investments (continued)

Associates

Details of the associates as at 31 December 2020 are as follows:

Name of associate	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2020	2019
Egdon Resources plc	Investment, UK	The Wheat House, 98 High Street, Odiham, Hampshire, RG29 1LP England & Wales	14.11%	15.08%

The interest held in an Associate company is through subsidiaries of a subsidiary of the company.

9 Debtors

	2020	2019
	US\$ 000	US\$ 000
Amounts owed by subsidiary undertakings	856,001	758,443

The amounts owed by subsidiary undertakings in the year to 31 December 2020 comprised of loans bearing interest at the rate of LIBOR plus 6.45 per cent and are payable on demand.

The above includes an impairment provision of US\$31,875,000 (2019: US\$2,754,000) as required under IFRS 9 and was calculated using 12 month expected credit losses (ECL). The movement in the ECL has resulted in a US\$29,121,000 charge (2019: US\$10,331,000 credit) to the profit and loss account.

Premier Oil Group Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

10 Share capital

Allotted, called up and fully paid shares

	No. 000	2020 US\$ 000	No. 000	2019 US\$ 000
Ordinary shares of £0.05 each	<u>1,282,477</u>	<u>123,118</u>	<u>1,282,477</u>	<u>123,118</u>

11 Commitments

At the year-end date the company, together with the ultimate parent company and certain other fellow subsidiary undertakings, had jointly guaranteed the group's borrowing facilities which consisted of:

- a US\$2.5 billion revolving credit facility;
- Medium-term loans of US\$150.0 million and £100.0 million;
- Senior notes of US\$335.0 million and €63.6 million and US\$ 130 million converted loan facility;
- £150.0 million retail bonds.

All the above facilities were settled on completion of Premier Oil plc's merger with Chrysaor Holdings Limited on 31st March 2021. See the subsequent events note for further detail.

Following the merger, the company, together with the ultimate parent company and certain other fellow subsidiary undertakings, had jointly guaranteed the enlarged group's RBL borrowing facility.

12 Parent and ultimate parent undertaking

The company's immediate parent is Premier Oil Group Holdings Limited. The ultimate and controlling parent is Harbour Energy plc (formerly Premier Oil plc), a company incorporated in Great Britain and registered in Scotland. Harbour Energy plc is the parent undertaking of the largest and the smallest group of which the company is a member and for which group financial statements are prepared. Copies of the group financial statements are available from Harbour Energy plc, 23 Lower Belgrave Street, London, SW1W 0NR

13 Subsequent events

Subsequent to the year end, Premier Oil plc's proposed merger with Chrysaor Holdings Limited was completed on 31 March 2021.

Further detail on the terms of the merger are available in the group financial statements of Harbour Energy plc (formerly Premier Oil plc) for the year ended 31 December 2020.