

Company Registration No. 01568950

**Perenco Holdings**

**Annual Report and Financial Statements**

**For the Year Ended 31 December 2017**



| <b>Contents</b>                       | <b>Page</b> |
|---------------------------------------|-------------|
| Officers and professional advisers    | 3           |
| Strategic report                      | 4           |
| Directors' report                     | 5           |
| Directors' responsibilities statement | 7           |
| Independent auditor's report          | 8           |
| Statement of comprehensive income     | 10          |
| Statement of financial position       | 11          |
| Statement of changes in equity        | 12          |
| Cash flow statement                   | 13          |
| Notes to the financial statements     | 14          |

## **Officers and professional advisers**

### **Directors**

N J Fallows  
A P Eager  
J B Parr

### **Secretary**

A P Eager

### **Registered office**

8 Hanover Square  
London,  
England,  
United Kingdom,  
W1S 1HQ

### **Bankers**

The Royal Bank of Scotland  
5-10 Great Tower Street  
London,  
England,  
United Kingdom,

### **Solicitors**

Herbert Smith  
London

### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

## **Perenco Holdings**

### **Strategic report**

#### **For the year ended 31 December 2017**

The objectives of Perenco Holdings (the "Company") are to provide services to various related companies under common control, principally technical support in oil and gas, contract administration and provision of office space and services.

#### **Business review**

The Company's revenue for 2017 was £50,788k and has increased by £16,494k since 2016.

The profit after tax for year ended 31 December 2017 amounted to £2,737k (2016: £1,617k).

The Group's overall equity at the end of the year has increased from £19,351k at 31 December 2016 to £22,087k at 31 December 2017. No dividend was paid in the year.

The key performance indicators for the Company are revenue, gross profit margin and profit after tax.

#### **Principal risks and uncertainties**

The Company's operations expose it to a variety of financial risks that include credit risk, foreign currency risks and liquidity risk. The Company is not exposed to interest rate risk or price risk.

##### Credit risk

The Company's principal financial assets are cash and cash equivalents and intercompany receivables. The Company's counterparty risks in relation to its cash and cash equivalents are considered to be limited because counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies. The credit risk on intercompany receivables is monitored by the Company's parent, there was no impairment of intercompany receivables in 2017.

##### Foreign currency risk

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates. The Company considers that movements in foreign exchange are a regular part of its business environment. The Company accepts this foreign exchange risk and does not use foreign currency derivative instruments.

##### Liquidity risk

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial debts and liabilities.

Approved by the Board of Directors and signed on behalf of the Board:

  
A P Eager  
Secretary  
04 October 2018

## **Perenco Holdings**

### **Directors' report**

#### **For the year ended 31 December 2017**

The directors present their annual report on the affairs of the Company, together with the audited financial statements and auditor's report for the year ended 31 December 2017.

#### **Directors**

The directors who held office during the year and up to the 8<sup>th</sup> April 2018 were as follows:

N J Fallows

A P Eager

J B Parr

#### **Going concern**

The Company's business activities, key financial risks and position are set out in the strategic report. The financial position of the Company is set out in the statement of financial position and related notes.

The Company is largely self-funding, therefore meets its day-to-day working capital requirements through net proceeds received from intercompany recharges. The Company's projections, taking into account reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current financial position.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Subsequent events**

There are no significant subsequent events that have occurred after 31 December 2017.

#### **Dividends**

No dividend has been proposed for the year ending 31 December 2017.

#### **Future developments**

The Company will continue to provide services to related companies under common control for the foreseeable future.

#### **Political donations**

No political donations were made in the year ended 31 December 2017 (2016: £nil).

#### **Use of financial instruments and risk management**

Please refer to the strategic report for these disclosures.

## **Perenco Holdings**

### **Directors' report For the year ended 31 December 2017**

#### **Auditor**

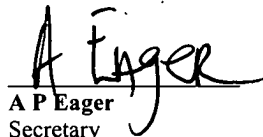
Each of the directors at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the auditor are unaware; and
- (2) the director has taken all steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Group's auditor are aware of that information.

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

Deloitte LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:



A P Eager  
Secretary

04 October 2018

## **Perenco Holdings**

### **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare such financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Perenco Holdings Report and Financial Statements 2017**

### **Independent auditor's report to the members of Perenco Holdings**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Perenco Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

##### **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.

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 Financial Reporting Council's (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

##### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.



# **Perenco Holdings**

## **Report and Financial Statements 2017**

### **Independent auditor's report to the members of Perenco Holdings**

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

#### **Opinions on other matters 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

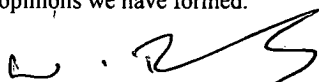
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **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.



William Brooks FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
04 October 2018

## Perenco Holdings

### Statement of comprehensive income For the year ended 31 December 2017

|  | Notes | 2017<br>£'000 | 2016<br>£'000 |
|--|-------|---------------|---------------|
| <b>Revenue</b>                                 | 4     | 50,788        | 34,294        |
| Administrative expenses                        |       | (48,136)      | (32,396)      |
| <b>Operating profit</b>                        | 5     | 2,652         | 1,898         |
| Finance costs                                  | 6     | (10)          | (6)           |
| Other financial gains and losses               | 7     | 636           | (248)         |
| Interest Income                                | 7     | 349           | 604           |
| <b>Profit before taxation</b>                  |       | 3,626         | 2,248         |
| Taxation                                       | 9     | (889)         | (631)         |
| <b>Total profit for the year</b>               |       | <u>2,737</u>  | <u>1,617</u>  |
| <b>Total comprehensive income for the year</b> |       | <u>2,737</u>  | <u>1,617</u>  |

All results are derived from continuing operations.

Total profit and total comprehensive income for the years presented are attributable to the owners of the Company.

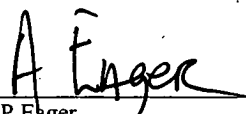
## Perenco Holdings

### Statement of financial position As at 31 December 2017

|                                | Notes | 2017<br>£'000   | 2016<br>£'000   |
|--------------------------------|-------|-----------------|-----------------|
| <b>Non-current assets</b>      |       |                 |                 |
| Property, plant and equipment  | 10    | 19,545          | 13,433          |
| Long term receivables          | 12    | 6,658           | 7,310           |
| Deferred tax asset             | 11    | 1,733           | 1,042           |
|                                |       | <u>27,936</u>   | <u>21,785</u>   |
| <b>Current assets</b>          |       |                 |                 |
| Trade and other receivables    | 13    | 18,841          | 17,877          |
| Cash and cash equivalents      |       | 16,124          | 5,617           |
|                                |       | <u>34,966</u>   | <u>23,494</u>   |
| <b>Total assets</b>            |       | <u>62,902</u>   | <u>45,279</u>   |
| <b>Current liabilities</b>     |       |                 |                 |
| Trade and other payables       | 15    | (25,303)        | (13,227)        |
|                                |       | <u>(25,303)</u> | <u>(13,227)</u> |
| <b>Non-current liabilities</b> |       |                 |                 |
| Borrowings                     | 14    | (12,658)        | (7,310)         |
| Long-term liability            | 16    | (2,853)         | (5,392)         |
|                                |       | <u>(15,512)</u> | <u>(12,702)</u> |
| <b>Total liabilities</b>       |       | <u>(40,815)</u> | <u>(25,929)</u> |
| <b>Net assets</b>              |       | <u>22,087</u>   | <u>19,350</u>   |
| <b>Equity</b>                  |       |                 |                 |
| Share capital                  | 21    | 6,910           | 6,910           |
| Retained earnings              |       | 15,177          | 12,440          |
| <b>Total equity</b>            |       | <u>22,087</u>   | <u>19,350</u>   |

These financial statements for Perenco Holdings (UK company registration number 01568950) were approved by the Board of Directors on 04 October 2018.

Signed on behalf of the Board of Directors

  
A P Elger  
04 October 2018

## Perenco Holdings

### Statement of changes in equity For the year ended 31 December 2017

|   | <b>Share<br/>capital</b> | <b>Retained<br/>earnings</b> | <b>Total<br/>equity</b> |
|---|--------------------------|------------------------------|-------------------------|
|   | <u>£'000</u>             | <u>£'000</u>                 | <u>£'000</u>            |
| <b>At 1 January 2016</b>                | 6,910                    | 10,824                       | 17,734                  |
| Total comprehensive income for the year | <u>-</u>                 | <u>1,617</u>                 | <u>1,617</u>            |
| <b>At 31 December 2016</b>              | 6,910                    | 12,440                       | 19,350                  |
| Total comprehensive income for the year | <u>-</u>                 | <u>2,737</u>                 | <u>2,737</u>            |
| <b>At 31 December 2017</b>              | <u>6,910</u>             | <u>15,177</u>                | <u>22,087</u>           |

## Perenco Holdings

### Cash flow statement For the year ended 31 December 2017

|   | Note | 2017<br>£'000   | 2016<br>£'000  |
|---|------|-----------------|----------------|
| <b>Cash generated by operations</b>                           | 18   | 17,068          | 1,781          |
| Income taxes received / (paid)                                |      | 129             | (575)          |
| <b>Net cash from operating activities</b>                     |      | <u>17,197</u>   | <u>1,206</u>   |
| <b>Cash flows from investing activities</b>                   |      |                 |                |
| Purchase of property, plant and equipment                     |      | (11,217)        | (10,251)       |
| Interest received   |      | 349             | 743            |
| (Payment) / repayment on loan to related party                |      | (1,801)         | 3,871          |
| Sale of other non-current asset                               |      | 4               | -              |
| <b>Net cash used in investing activities</b>                  |      | <u>(12,665)</u> | <u>(5,638)</u> |
| <b>Cash flows from financing activities</b>                   |      |                 |                |
| Borrowings drawn down / (repaid)                              |      | 5,348           | (3,902)        |
| Bank charges and interest                                     |      | (10)            | (6)            |
| <b>Net cash generated by / (used in) financing activities</b> |      | <u>5,338</u>    | <u>(3,908)</u> |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |      | 9,871           | (8,340)        |
| <b>Cash and cash equivalents at the beginning of the year</b> |      | 5,617           | 14,205         |
| Effect of foreign exchange rate changes                       |      | 636             | (248)          |
| <b>Cash and cash equivalents at the end of the year</b>       |      | <u>16,124</u>   | <u>5,617</u>   |

## **Perenco Holdings**

### **Notes to the financial statements Year ended 31 December 2017**

#### **1. General Information**

Perenco Holdings (the "Company") is an unlimited company incorporated in England & Wales under the Companies Act 2006. The address of the registered office is: 8 Hanover Square, London, W1S 1HQ. The nature of the Company's operations and its principal activities are set out in the directors' report. These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

#### **2. Accounting policies**

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

The financial statements have been prepared on a going concern basis and in accordance with applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union applied consistently across the Group, and consistently with prior years.

The following new and revised Standards and Interpretations to published standards were adopted by the Group for the financial year beginning 1 January 2017:

|                  |  |
|------------------|--|
| IAS 7 (amended)  | Statement of Cash Flows                                  |
| IAS 12 (amended) | Recognition of Deferred Tax Assets for Unrealised Losses |
| 2014-2016 Cycle  | Annual Improvements to IFRS                              |

The adoption of these Standards and Interpretations has not had any significant impact of the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective and therefore not adopted:

|         |  |
|---------|--|
| IFRS 9  | Financial Instruments (effective 1 January 2018)                 |
| IFRS 15 | Revenue from Contracts with Customers (effective 1 January 2018) |
| IFRS 16 | Leases (Effective 1 January 2019)                                |

The Directors do not expect that the adoption of the other Standards or Interpretations listed above, which are all effective from 1 January 2017 (unless stated), will have a material impact on the financial statements of the Group in future periods, except for IFRS 9 which will impact both the measurement and disclosures of items within the financial statements, though we have yet to evaluate the impact of IFRS 15 Revenue or IFRS 16 Leases.

##### **(b) Revenue recognition**

Revenue represents amounts charged for technical and administration services provided to other Perenco group companies net of VAT and other sales related taxes. Revenue from services is recognised in the period in which services are rendered.

## **Perenco Holdings**

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

#### **2. Accounting policies (continued)**

##### **(c) Property, plant and equipment**

Property, plant and equipment is carried at cost less accumulated depreciation and provision for any impairment. The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Depreciation is charged so as to write off the cost, less estimated residual value of assets, using the straight-line method over their estimated useful lives as follows:

|   |  |
|---|--|
| Leasehold improvements                              | 10 years or the life of the lease if shorter |
| Office equipment (including computers) and vehicles | 3 years                                      |

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

##### **(d) Foreign currencies**

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling on the balance sheet date, with exchange differences being reflected in the income statement.

##### **(e) Provisions**

A provision is recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

##### **(f) Operating leasing**

Rental income and rentals payable under operating leases are recognised on a straight-line basis over the lease term.

##### **(g) Pensions**

The Company makes defined contributions to certain money purchase personal pension plans which are expensed as incurred.

## **Perenco Holdings**

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

#### **2. Accounting policies (continued)**

##### **(h) Taxation**

The tax expense represents the sum of the charges and credits for current and deferred tax.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are non-taxable or deductible. Current 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 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.

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.

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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised at acquisition as part of the assessment of fair value of assets and liabilities acquired.

##### **(i) Financial instruments**

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes party to contractual provisions of the instrument. The Company has not entered into any derivative financial instruments during the years presented.

##### **Cash and cash equivalents**

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprises cash at bank.

##### **Trade and other receivables**

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.



## Perenco Holdings

### Notes to the financial statements (continued)

#### 2. Accounting policies (continued)

##### (j) Financial instruments (continued)

###### Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchase and ongoing costs. The carrying amounts of trade payables, which is their nominal value, approximates to their fair value.

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Group's accounting policies, which are described in note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources.

The following are the critical judgements and estimates that management have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

##### **Key sources of estimation uncertainty**

###### **(a) Long-term incentive scheme ("LTIS")**

The Company operates a LTIS available to certain employees. In determining the carrying value of units awarded management makes assumptions for the profitability of the Perenco SA Group. The carrying value of the LTIS liability at 31 December 2017 is shown in note 16.

##### **Critical accounting judgements**

###### **(b) Deferred tax**

Deferred tax assets relating to certain temporary differences are recognised when management considers it is probable that the future taxable profit will be available against which the temporary differences or tax losses can be utilised. The Company recognised deferred tax assets for £1,733k as at 31 December 2017 (2016: asset £1,042k).

#### 4. Revenue

Revenue comprises amounts charged for technical and administration services provided in the UK.

|                                      | <u>2017</u>   | <u>2016</u>   |
|--------------------------------------|---------------|---------------|
|                                      | <u>£'000</u>  | <u>£'000</u>  |
| Amounts charged to related companies | <u>50,788</u> | <u>34,294</u> |

## Perenco Holdings

### Notes to the financial statements (continued)

#### 5. Operating profit

|  | <u>2017</u>  | <u>2016</u>  |
|--|--------------|--------------|
|  | <u>£'000</u> | <u>£'000</u> |
| The operating profit is stated after charging/(crediting):                                     |              |              |
| Depreciation (note 10)   | 2,548        | 840          |
| Operating lease rentals  | 5,134        | 3,094        |
| Rents receivable under operating leases  | (897)        | (1,097)      |
| Auditor's remuneration fees payable for the audit of the Company's annual financial statements | <u>19</u>    | <u>18</u>    |

During the year ended 31 December 2017, fees payable by the Company to Deloitte LLP for audit related services rendered to related companies (which are subsequently recharged to them) amounted to £nil (2016: £1k).

#### 6. Finance costs

|              | <u>2017</u>  | <u>2016</u>  |
|--------------|--------------|--------------|
|              | <u>£'000</u> | <u>£'000</u> |
| Bank charges | <u>10</u>    | <u>6</u>     |

#### 7. Other financial gains and losses

|                                 | <u>2017</u>  | <u>2016</u>  |
|---------------------------------|--------------|--------------|
|                                 | <u>£'000</u> | <u>£'000</u> |
| Foreign exchange gains/(losses) | 636          | (248)        |
| Interest Income                 | <u>349</u>   | <u>604</u>   |

No gains or losses have been recognised in respect of loans and receivables (including cash and bank balances) and financial liabilities measured at amortised cost.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 8. Staff costs

|   | 2017         | 2016         |
|---|--------------|--------------|
|   | £'000        | £'000        |
| <b>(a) Directors' emoluments</b>                        |              |              |
| Total emoluments  | 2,304        | 1,250        |
| Company contributions to money purchase pension schemes | 43           | 48           |
|   | <u>2,347</u> | <u>1,298</u> |
| <b>Remuneration of the highest paid director</b>        |              |              |
| Emoluments  | 1,180        | 557          |
| Company contributions to money purchase pension schemes | 3            | 9            |
|   | <u>1,183</u> | <u>566</u>   |

At the end of the year an amount of £726k (2016: £464k) was owed to directors (senior management personnel), with respect to long term benefits.

#### (b) Employees

|   | 2017          | 2016          |
|---|---------------|---------------|
|   | £'000         | £'000         |
| Employee costs, including directors, during the year were as follows: |               |               |
| Wages and salaries  | 21,429        | 16,512        |
| Social security costs   | 2,960         | 1,973         |
| Other pension costs   | 533           | 584           |
|   | <u>24,922</u> | <u>19,069</u> |

Other pension costs comprise the cost of contributions made to employees' individual personal pension plans. All three directors accrued benefits under pension schemes in the current and prior year.

The average monthly number of persons employed by the Company, including directors, was 85 (2016: 93), all within administration.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 9. Taxation

##### (a) Analysis of corporation tax charge for the year

|  | <u>2017</u>  | <u>2016</u>  |
|--|--------------|--------------|
|  | <u>£'000</u> | <u>£'000</u> |
| Current taxation:  |              |              |
| Overseas tax   | 129          | 86           |
| Current taxation – UK  | 1,595        | 573          |
|  | <u>1,724</u> | <u>659</u>   |
| Adjustment in respect of prior years:                          |              |              |
| UK   | (164)        | 9            |
| Total current taxation   | <u>1,560</u> | <u>668</u>   |
| Deferred taxation:   |              |              |
| Origination and reversal of timing differences                 | (625)        | (64)         |
| Effect of changes in average tax rate on deferred tax balances | <u>(46)</u>  | <u>27</u>    |
| Tax charge for the year  | <u>889</u>   | <u>631</u>   |

##### (b) Factors affecting corporation tax charge for the year

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

|   | <u>2017</u>  | <u>2016</u>  |
|---|--------------|--------------|
|   | <u>£'000</u> | <u>£'000</u> |
| Profit on ordinary activities before tax  | 3,626        | 2,248        |
| Profit on ordinary activities multiplied by average 2017 UK corporation tax rate of 19.25% (2016: 20.00%) | 698          | 450          |
| Effects of:   |              |              |
| Fixed assets ineligible depreciation  | 208          | 26           |
| Deduction for foreign tax expensed  | (6)          | (11)         |
| Effect of changes in average tax rate on deferred tax balances  | (46)         | 74           |
|   | <u>854</u>   | <u>525</u>   |
| Overseas withholding taxes  | (129)        | 56           |
| Under-provision of tax in prior years   | 164          | 36           |
|   | <u>889</u>   | <u>631</u>   |

## Perenco Holdings

### Notes to the financial statements (continued)

#### 9. Taxation (continued)

##### Tax rate changes

On 26 October 2015, the Finance Act 2015 was substantively enacted and provided for a reduction in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and a further 1% reduction to 18% from 1 April 2020. The reduced rates have been reflected in the calculation of deferred tax at the balance sheet date. The 2016 Budget (delivered on 16 March 2016) announced a further reduction to the main rate of UK corporation tax to 17% from 1 April 2020. This was substantively enacted on 6 September 2016. Re-measurement of the opening deferred tax balance at 18% increased the deferred tax charge in the current year 2017 by £46k.

#### 10. Property, plant and equipment

|                       | Leasehold<br>improvements<br>£'000 | Office<br>equipment<br>£'000 | Vehicles<br>£'000 | Total<br>£'000 |
|-----------------------|------------------------------------|------------------------------|-------------------|----------------|
| <b>Cost</b>           |                                    |                              |                   |                |
| At 1 January 2016     | 7,841                              | 4,748                        | 142               | 12,731         |
| Additions             | 8,631                              | 1,619                        | -                 | 10,250         |
| Disposals             | -                                  | -                            | -                 | -              |
| At 31 December 2016   | 16,472                             | 6,367                        | 142               | 22,981         |
| Additions             | 9,146                              | 2,052                        | 19                | 11,217         |
| Disposals             | (7,735)                            | (1,113)                      | (4)               | (8,852)        |
| At 31 December 2017   | 17,883                             | 7,306                        | 157               | 25,346         |
| <b>Depreciation</b>   |                                    |                              |                   |                |
| At 1 January 2016     | 4,240                              | 4,374                        | 94                | 8,708          |
| Charge for the year   | 489                                | 324                          | 27                | 840            |
| Disposals             | -                                  | -                            | -                 | -              |
| At 31 December 2016   | 4,729                              | 4,698                        | 121               | 9,548          |
| Charge for the year   | 1,561                              | 963                          | 25                | 2,548          |
| Charge on Disposals   | (5,179)                            | (1,112)                      | (3)               | (6,294)        |
| At 31 December 2017   | 1,111                              | 4,549                        | 142               | 5,802          |
| <b>Net book value</b> |                                    |                              |                   |                |
| At 31 December 2016   | 11,743                             | 1,669                        | 21                | 13,433         |
| At 31 December 2017   | 16,772                             | 2,757                        | 15                | 19,545         |

## Perenco Holdings

### Notes to the financial statements (continued)

#### 11. Deferred taxation

|   | <u>2017</u>  | <u>2016</u>  |
|---|--------------|--------------|
|   | <u>£'000</u> | <u>£'000</u> |
| Accelerated capital allowances                            | 1,108        | 14           |
| Other timing differences                                  | <u>625</u>   | <u>1,028</u> |
|   | <u>1,733</u> | <u>1,042</u> |
|   | <u>2017</u>  | <u>2016</u>  |
|   | <u>£'000</u> | <u>£'000</u> |
| The movement in the deferred tax asset is outlined below: |              |              |
| At 1 January  | 1,042        | 1,005        |
| Credit to profit or loss                                  | <u>691</u>   | <u>37</u>    |
| At 31 December  | <u>1,733</u> | <u>1,042</u> |

#### 12. Long Term receivables

|                                  | <u>2017</u>  | <u>2016</u>  |
|----------------------------------|--------------|--------------|
|                                  | <u>£'000</u> | <u>£'000</u> |
| Receivables from related parties | <u>6,658</u> | <u>7,310</u> |

A facility of \$420m was made available to a related party (Petrowarao). A total of £15,893k was utilised on 12 March 2015 with a repayment of \$7,190k (£4,816k) in 2015. A further repayment of \$7,700k (£5,918k) was made in 2016. The loan accumulates interest at a rate of 1Y USD Libor + a margin of 4.5% and the interest is paid on a quarterly basis. The loan's first repayment date of 1/12 of the aggregate principal is the 30 September 2018 and the last repayment date is 31 December 2025. No repayment was made in 2017, the balance difference is due to FX on GBP/USD only.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 13. Trade and other receivables

|                                     | <u>2017</u>   | <u>2016</u>   |
|-------------------------------------|---------------|---------------|
|                                     | <u>£'000</u>  | <u>£'000</u>  |
| Trade receivables (related parties) | 9,908         | 7,266         |
| Other receivables                   | 95            | 135           |
| VAT recoverable                     | 482           | 1,348         |
| Corp Tax receivable                 | 282           | -             |
| Accrued income (related parties)    | 6,099         | 8,236         |
| Prepayments                         | 1,976         | 892           |
|                                     | <u>18,841</u> | <u>17,877</u> |

#### *Ageing of past due but not impaired receivables*

|                    | <u>2017</u>  | <u>2016</u>  |
|--------------------|--------------|--------------|
|                    | <u>£'000</u> | <u>£'000</u> |
| 30-60 days         | 1,020        | -            |
| 60-90 days         | 1,725        | 157          |
| 90-120 days        | 2,352        | 73           |
| More than 120 days | (1,057)      | 1,642        |
| Total              | <u>4,040</u> | <u>1,872</u> |

#### 14. Borrowings

Loans from a related party (Perenco SA) are non-interest bearing totalling £12,658k (2016: £7,310k). The loan is to be repaid on a mutually agreeable date with Perenco SA.

#### 15. Trade and other payables

|  | <u>2017</u>   | <u>2016</u>   |
|--|---------------|---------------|
|  | <u>£'000</u>  | <u>£'000</u>  |
| Trade payables   | 1,169         | 1,588         |
| Amounts owed to related companies under common control | 6,216         | 4,770         |
| Salaries and social security                           | 3,883         | 2,345         |
| Corporation Tax payable                                | 2,239         | 573           |
| Long-term incentive scheme (Note 16)                   | 4,999         | -             |
| Other accruals   | 6,798         | 3,951         |
|  | <u>25,303</u> | <u>13,227</u> |

Amounts owed to related companies under common control are repayable on demand and do not bear interest.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 16. Non-current liabilities

|                            | <u>2017</u>  | <u>2016</u>  |
|----------------------------|--------------|--------------|
|                            | <u>£'000</u> | <u>£'000</u> |
| Long-term incentive scheme | <u>2,853</u> | <u>5,392</u> |

The Group operates a long term incentive scheme ("LTIS") that rewards certain employees based on the performance of the Perenco SA Group. Under the terms of the LTIS, which is accounted for in accordance with IAS 19 'Employee Benefits', employees are awarded units which vest after 3 years, the value of which are linked to the profitability of the Group. Perenco Holdings have recorded a provision for LTIS of £2,853k (2016: £5,392k), of which £2,853k (2016: £5,392k) is disclosed within non-current liabilities and £4,999k (2016: £nil) is disclosed within trade and other payables.

#### 17. Financial instruments

##### Financial risk management

The Company monitors and manages the financial risks relating its operations on a continuous basis. These include interest, credit, foreign exchange and liquidity risks. The Company's significant financial instruments are cash and cash equivalents, trade and other receivables and trade payables. The Company is not exposed to interest rate risk or price risk.

##### Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern whilst maximising return to shareholders. The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital and retained earnings.

The Company had no external borrowings at 31 December 2017 (2016: £nil). The Company was not subject to any externally imposed capital requirements as at 31 December 2017 (2016: none).



## Perenco Holdings

### Notes to the financial statements (continued)

#### 17. Financial instruments (continued)

##### Foreign currency risk

The Company's activities expose it to the risks of changes in foreign currency exchange rates. The Company considers that movements in foreign exchange are a regular part of its business environment and therefore accepts this risk and does not use foreign currency derivative instruments.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

|     | Liabilities |       | Assets  |       |
|-----|-------------|-------|---------|-------|
|     | 2017        | 2016  | 2017    | 2016  |
|     | £'000       | £'000 | £'000   | £'000 |
| USD | 630         | 1,928 | (1,265) | 347   |
| EUR | (1,990)     | 1,776 | 5,858   | 3,932 |
|     | (1,360)     | 3,705 | 4,593   | 4,280 |

A possible change in foreign exchange rates of 10% would result in a gain of £541k (2016: £52k) to the Company's results.

##### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

Credit risk is not considered to be a significant risk to the Company as the Company provides services to various related companies under common control and therefore the majority of financial assets are held with these companies. As such these amounts are considered fully recoverable.

The credit risk on cash and cash equivalents is considered to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 17. Financial instruments (continued)

##### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial debts and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

|                         | Less than<br>1 month<br>£'000 | 1-3<br>months<br>£'000 | 3 months<br>to 1 year<br>£'000 | 1 to 5<br>years<br>£'000 | Total<br>£'000 |
|-------------------------|-------------------------------|------------------------|--------------------------------|--------------------------|----------------|
| <b>31 December 2016</b> |                               |                        |                                |                          |                |
| Non-interest bearing    | <u>4,208</u>                  | <u>-</u>               | <u>-</u>                       | <u>7,310</u>             | <u>11,518</u>  |
| <b>31 December 2017</b> |                               |                        |                                |                          |                |
| Non-interest bearing    | <u>4,593</u>                  | <u>-</u>               | <u>-</u>                       | <u>6,658</u>             | <u>11,251</u>  |

##### Categories of financial instruments

The Company's financial instruments, grouped according to the categories defined in IAS 39 'Financial instruments: Recognition and Measurement', were as follows:

|   | 2017<br>£'000 | 2016<br>£'000 |
|---|---------------|---------------|
| <b>Financial assets</b>                                     |               |               |
| Loans and receivables (including cash and cash equivalents) | 32,786        | 10,869        |
| <b>Financial liabilities</b>                                |               |               |
| Financial liabilities measured at amortised cost            | (20,043)      | (11,518)      |
|   | <u>12,743</u> | <u>(649)</u>  |

##### Fair value of financial assets and liabilities

At 31 December 2017 and 2016 the carrying amounts of cash and cash equivalents, trade and other receivables (notes 13) and trade and other payables (note 15) approximated their fair values due to the short-term maturities of these assets and liabilities.

There were no financial instruments measured subsequent to initial recognition at fair value and accordingly no analysis of the level of the degree to which the fair value is observable has been provided.

## Perenco Holdings

### Notes to the financial statements (continued)

#### 18. Notes to the cash flow statement

##### Reconciliation of operating profit to cash generated by operations

|   | <b>2017</b>   | <b>2016</b>  |
|---|---------------|--------------|
|   | <b>£'000</b>  | <b>£'000</b> |
| <b>Cash flows from operation activities:</b>                |               |              |
| Operating profit  | 2,652         | 1,898        |
| Adjustments for:  |               |              |
| Depreciation  | 2,548         | 840          |
| Loss on disposal of fixed assets                            | 2,557         | -            |
| <b>Operating cash flow prior to working capital changes</b> | <b>7,758</b>  | <b>2,738</b> |
| (Increase) / Decrease in receivables                        | (965)         | (3,009)      |
| Increase in payables  | 12,076        | 2,052        |
| Adjustment for related parties included in TP/TR            | (1,801)       | -            |
| <b>Net cash from operating activities</b>                   | <b>17,068</b> | <b>1,781</b> |

Cash and cash equivalents (which are presented as a single class of assets on the face of the balance sheet) comprise cash at bank and other short-term liquid investments with a maturity of three months or less. The difference of £129k is a non-cash item relating to withholding tax.

#### 19. Capital commitments

At 31 December 2017 the Company had no capital commitments (2016: £nil).

#### 20. Lease commitments

The Company's minimum annual rental commitments under operating leases at 31 December 2017, all of which are for leases on land and buildings, expiring between one and five years, amounted to £29,887k (2016: £28,977k).

|                               | <b>2017</b>   | <b>2016</b>   |
|-------------------------------|---------------|---------------|
|                               | <b>£'000</b>  | <b>£'000</b>  |
| <b>Minimum lease payments</b> |               |               |
| Due within one year           | 5,977         | 5,784         |
| Between two and five years    | 23,910        | 23,910        |
| Greater than five years       | 25,011        | 30,989        |
|                               | <b>54,898</b> | <b>60,682</b> |

## Perenco Holdings

### Notes to the financial statements (continued)

#### 21. Share capital

|   | 2017   | 2016   |
|---|--------|--------|
|   | £'000  | £'000  |
| <b>Authorised</b>   |        |        |
| 155,228,040 (2016: 155,228,040) ordinary shares of £0.10 each | 15,523 | 15,523 |
| <b>Allotted, called up and fully paid</b>                     |        |        |
| 69,101,970 (2016: 69,101,970) ordinary shares of £0.10 each   | 6,910  | 6,910  |

#### 22. Related parties

During the year the Company:

- (a) Recognised income of £50,788k (2016: £34,294k) in respect of recharged salaries, associated overhead, office space and office services to other related companies under common control;
- (b) Recognised £897k (2016: £1,097k) in respect of rents receivable under operating leases and;
- (c) Incurred £1,626k (2016: £5,536k) of reimbursable expenditure on behalf of connected persons, of which £1,641k was included in debtors at 31 December 2017 (2016: £3,946k).

Amounts owed by (trade receivables and accrued income) and amounts owed to related parties (trade payables and borrowings) under common control are disclosed in notes 13 and 15 respectively.

Details of transactions with directors and its senior and key management personnel are disclosed in note 8.

#### 23. Ultimate parent company

Lorinser Limited, a company incorporated in The Bahamas, is the immediate parent company of Perenco Holdings, but does not prepare consolidated financial statements.

Perenco SA, a company incorporated in The Bahamas, is the smallest group of undertakings, of which Perenco Holdings is a member, for which consolidated financial statements are prepared.

Perenco International Limited, a company incorporated in The Bahamas, is the ultimate parent company of Perenco Holdings and is the largest group of undertakings for which consolidated financial statements are prepared. It is controlled by the Perrodo family and trusts for their benefit.

The financial statements of both these companies are not available to the public.

#### 24. Subsequent events

There are no significant subsequent events that have occurred after 31 December 2017.