PETRONAS ENERGY TRADING LIMITED

Consolidated and Company financial statements
for the year ended
31 December 2015

Company Registration No: 03359379 (England and Wales)

PETRONAS ENERGY TRADING LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2015

PETRONAS ENERGY TRADING LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

Directors:

Mr Mohd Anuar Taib	
Mr Ahmad Adly Alias	
Mr Adnan Zainol Abidin	
Mr Klaus Reinisch	
Mr Habibul Rahman Kadir Shah	
Mr Mohamed Firouz Asnan	(appointed on 23 February 2016)
Mr Mohd Farid Adnan	(resigned on 23 December 2015)

Subsidiaries:
Humbly Grove Energy Limited
Humbly Grove Energy Services Limited
Gas Storage Limited
Overseas Gas Storage Limited

Secretary

Ms Kalina Ilieva Rose	(resigned on 6 February 2015)
Mr Joseph William Burfitt	(appointed on 17 February 2015)

Registered office
One New Ludgate
9th Floor, 60 Ludgate Hill
London
EC4M 7AW

Company number
03359379

Auditors
Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

HSBC
City of London Branch
60 Queen Victoria Street
London
EC4N4TR

Citibank
Citigroup Centre, 25
Canada Square
Canary Wharf
London
E14 5LB

CIMB Bank Berhad
London Branch
Ground Floor
27 Knightsbridge
London
SW1X 7YB

JP Morgan
25 Bank Street
Canary Wharf
London
E14 5JP

Strategic Report

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Petroliam Nasional Berhad is the ultimate parent undertaking and will together with its subsidiaries be referred to as "the PETRONAS Group".

Principal Activities

The principal activities of PETRONAS Energy Trading Limited ("the Company" or "PETL") during the year were to monetise and add value to the natural gas positions of the PETRONAS Group in the UK, Ireland and Northwest Europe through optimisation of its gas supply, marketing and capacity positions. The Company is also responsible for monetising its capacity at Dragon LNG's import, storage and re-gasification terminal in Milford Haven Waterway in Pembrokeshire, South West Wales ("Dragon LNG"), and its gas storage capacity at Humbly Grove Energy Limited in Alton, Hampshire. The Company also continues to provide other support services to other operating units within the PETRONAS Group.

The principal activities of Humbly Grove Energy Limited and its subsidiaries, wholly owned by the Company ("The Group"), during the year were to safely operate and provide a flexible and responsive gas storage facility for the benefit of the Group and the associated production, handling and sale of crude oil from the reservoirs identified in the oil production licence PL116b. The oil continues to be sold through an oil sale and purchase agreement dated 14 December 2011 to IGas PLC.

As part of the Company's strategy to add resilience and value to its existing natural gas portfolio, the Company continues to hold a minority share in an investment vehicle, MPF Holdings, together with a consortium of investors (the "MPF Consortium") led by Macquarie Group Ltd. The MPF Consortium owns three UK gas-fired power stations operating under the "Calon Energy" company name; the 489MW Baglan Bay gas-fired Power Station in Wales, the 819MW gas-fired Sutton Bridge Power Station in Lincolnshire, and the 832MW gas-fired Severn Power Station in Newport, Wales. The Company remains closely involved in the decision making of the MPF Consortium through its representation on the Board of Directors as well as its role in the MPF Consortium Risk Management Committee, tasked to set the commercial directions and dispatch as well as hedging policies and guidelines for the combined 2.1 GWh power station portfolio.

Business Strategy

The Group is an energy trading and gas marketing company, generating profits from its core business segments:

- Underground Gas Storage, including optimisation of its wholly-owned Humbly Grove gas storage facility
- Gas Transportation Optimisation, and
- Gas Marketing of flexible gas supplies

The Company's main growth focus is on its profitable gas supply and marketing business. Through sourcing and acquiring additional gas supply volumes from third-party producers in Europe, the Company has continued to increase its profitability by adding value through its extensive European gas infrastructure and midstream portfolio. In 2015, the Company has also engaged with other PETRONAS upstream units to develop a long-term strategy to assist in the marketing and trading of potential future gas supply volumes from Central Asia into Europe in the coming decades. The Company's long term Gas Supply Agreement with IGas Energy PLC signed in December 2011 also remains in place which means the Company is well placed to benefit from the UK shale gas exploration and production plans once commercial shale gas production commences in the future.

While gas supply and marketing has been growing in terms of profitability and volume in 2015, the gas storage and transportation business profitability however continues to be challenging. With seasonal as well as location gas price spreads at very low levels, the Company has implemented operational efficiencies initiatives at its Humbly Grove site to reduce its gas storage operating and capacity costs in order to remain competitive in the gas storage sector and use its transportation optimization capabilities going forward more effectively to mainly add value to the sourced gas supplies.

The Company has also diversified its core gas portfolio exposure with gas-to-power generation capacity through its investment in MPF Holdings.

Key Performance Indicators (KPIs)

During 2015, the Company's strategy of generating profitability from optimising its gas market positions continues to be driven and measured by four main KPIs: Profitability, Cost Control, Health and Safety and Human Resource Talent Retention and Development. Overall profitability and cost control remain the two key financial KPIs and while external market challenges remain for the Company's gas storage business, the growing capability in gas supply and marketing is helping to diversify its source of profitability. The Company has maintained strong cost control over the year to combat the challenging market conditions. Additionally, the Company has fully achieved its Health and Safety KPI with zero lost time injuries at its Humbly Grove or London locations in 2015 and in fact the Humbly Grove facility has now operated without any Lost Time Incidents for over 9 years which is a remarkable achievement. Finally, the Company has continued to invest strategically into its most important asset which is its human resource talent to achieve its long-term staff retention KPI to attract, retain and further develop its talent and staff to ensure knowledge transfer and career growth driven by its performance culture.

Business Environment, Principal Risks and Uncertainties

The United Kingdom and European gas markets are increasingly becoming oversupplied while demand remains flat. This has led to a downward movement in prices for natural gas and related products (commodity price risk) further influenced by the drop in global oil prices. This has also meant that seasonal and geographical price spreads have narrowed (price spread risk), and the Company is investing in growing its gas supply and marketing positions to extract profitable marketing margins from these new business opportunities to counter the challenging gas storage and transportation markets. 2015 also saw a further decline in oil prices combined with uncertain political ramifications to the global oil market, excess supply and falling world demand. As a result of the fall in oil prices the Group has now fully impaired its oil facilities in Humbly Grove Energy Limited. The gas commodity price risk, together with interest rate risk, constitutes market risk. Market, credit and liquidity risks represent the principal financial risks to the Company.

Challenges

While local and imported gas supplies were still abundant in 2015 and the system had sufficient flexibility to balance, profitability from gas storage and transportation is increasingly challenged. This market supply situation in combination with historically mild weather, reduced number of trading participants and overall gas trading activity has inevitably led to lower gas price spreads, reducing the opportunity for the Company to fully optimise its gas storage positions. However, by increasing its focus on gas supply and marketing, the Company is actively diversifying its risks and looking to monetise its capabilities through marketing physical volumes and flexibility to retailers and other market participants profitably.

By Order of the Board

Klaus Reinisch
Director and Chief Executive Officer

Date 29/02/16

Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Petroliam Nasional Berhad is the ultimate parent undertaking and will together with its subsidiaries be referred to as "the PETRONAS Group".

Business review

The results of the Group and the Company for the year ended 31 December 2015 are set out on pages 11 to 14 and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group recorded a loss before taxation of £16.3 million (2014: loss of £30.1 million) and the Company achieved profit before taxation for the year of £3.4 million (2014: loss of £18.1 million).

Further reduction in the forward crude oil prices triggered an impairment review of the oil business in Humbly Grove Energy Limited. This alongside the revision of abandonment provision necessitated an impairment write-down of £10.9 million during the year.

Events after the reporting date

There were no significant events after the reporting period.

Dividends

The Group has not declared any dividend during the year (2014 – £nil) and the directors do not recommend the payment of a dividend.

Statement of Going Concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, and its exposure to market, credit and liquidity risks are detailed out in the Strategic Report.

The financial position of the Group and the Company is set out in the financial statements. The liquidity position and borrowing facilities of the Group and the Company are set out in Note 30 to the financial statements. The Group is also part of a group that has considerable financial resources.

Having considered the Group's financial position, including the amounts payable to other PETRONAS Group companies as well as the Company's forecast and projections, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook and have a reasonable expectation that the Company, with the support from the PETRONAS Group, has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' Report (continued)

Directors and directors' interests

The directors of the Company who served during the year and subsequent to the year end were as follows:

Mr Mohd Anuar Taib	
Mr Ahmad Adly Alias	
Mr Adnan Zainol Abidin	
Mr Klaus Reinisch	
Mr Habibul Rahman Kadir Shah	
Mr Mohamed Firouz Asnan	(appointed on 23 February 2016)
Mr Mohd Farid Adnan	(resigned on 23 December 2015)

Auditors

In the absence of a notice proposing that the appointment be terminated, Ernst & Young LLP will be deemed to be re-appointed as the Company's auditor for the next year.

Directors Indemnity Provisions

During the period under review, the Company had in force an indemnity provision in favour of the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in Section 234 of the Companies Act 2006.

Directors' Statement as to the Disclosure of Information to the Auditor

The directors who were members of the board at the time of approving the directors' report are listed on the Company information page. Having made enquiries of fellow directors and of the Company's auditor, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the Company's report of which the Company's auditor is unaware; and

- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

By Order of the Board

Klaus R

Klaus Reinisch
Director and Chief Executive Officer

Date 29/02/16

PETRONAS ENERGY TRADING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and International Financial Reporting Standards (IFRS) as adopted by the European Union. The directors are required to prepare financial statements for each financial year that present fairly the financial position of the Group and the Company and the financial performance and cash flows of the Group and the Company for the period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosure when compliance with the specific requirements of IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the financial position and financial performance;
- State that IFRS has complied with, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Group and the Company's business activities, performance, position and risk are set out in the report. The financial position, cash flows and liquidity position are detailed in the appropriate sections on pages 11 - 14 and elsewhere in the notes on financial statements. The report also includes details of the Group and the Company's risk mitigation and management. The Group and the Company has considerable financial resources, and the director's believe that the Group and the Company is well placed to manage its business risk successfully. After making enquiries, the directors have a reasonable expectation that the Group and 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 accounts.

Having made the requisite enquiries, so as the directors are aware, there is no relevant audit information (as defined by Section 418 (3) of the Companies Act 2006) of which the Group and the Company's auditors are unaware, and the directors have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the Group and the Company's auditors are aware of that information.

The Directors confirm that to the best of their knowledge:

- The financial statements, prepared in accordance with IFRS as adopted by the European Union and in accordance with the provisions of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and loss of the Group and the Company, and
- The management report, which is incorporated in the Strategic Report and Directors' Report, includes a fair review of the development and performance of the business and the position of the Group, the Company, the Business Strategy, KPIs and Challenges, together with a description of the principal risk and uncertainties.

By Order of the Board

Klaus R

Klaus Reinisch
Director and Chief Executive Officer

Date 29/02/16

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETRONAS ENERGY TRADING LIMITED

We have audited the financial statements of PETRONAS Energy Trading Limited for the year ended 31 December 2015 which comprise the Consolidated and Parent Company Statements of Financial Position, Income Statements, Statements of Comprehensive Income, Statements of Cash Flows, Statements of Changes in Equity and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the Group's loss and the parent company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PETRONAS ENERGY TRADING LIMITED (Continued)

Matters on which we are required to report by exception

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Ernst + Young LLP

Paul Wallek (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 29/2/16

PETRONAS ENERGY TRADING LIMITED
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
Revenue	4	2,382,400	2,015,697	2,379,491	2,007,777
(Loss)/gain from financial instruments		(2,248)	29,272	(2,248)	29,272
Cost of sales		(2,377,377)	(2,050,801)	(2,364,942)	(2,039,865)
Gross profit/(loss)		2,775	(5,832)	12,301	(2,816)
Other operating income	5	4,056	2,978	3,999	2,970
Selling and distribution costs		(4,138)	(6,543)	(4,138)	(6,543)
Impairment of property, plant and equipment	11	(10,917)	(9,317)	-	-
Administrative expenses		(9,265)	(10,454)	(9,138)	(10,288)
Operating (loss)/profit	7	(17,489)	(29,168)	3,024	(16,677)
Finance costs	6	(5,306)	(6,323)	(9,223)	(9,838)
Finance income	6	6,476	5,390	9,639	8,443
(Loss)/profit before taxation		(16,319)	(30,101)	3,440	(18,072)
Income tax credit / (charge)	9	(2,089)	430	(255)	(101)
(Loss)/profit for the year		(18,408)	(29,671)	3,185	(18,173)

PETRONAS ENERGY TRADING LIMITED
STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

;tatement of comprehensive income	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
Loss)/profit for the year	(18,408)	(29,671)	3,185	(18,173)
)ther comprehensive income				
Deferred tax credit/(charge) recognised ırough reserves	956	(598)	255	101
Available-for-sale financial assets increase in ıir value	7,016	-	7,016	-
'otal comprehensive (loss) / profit for the ear	(10,436)	(30,269)	10,456	(18,072)

tatement of changes in equity

CONSOLIDATED

	Share Capital £'000	Retained deficit £'000	Merger Reserve £'000	Capital Contribution Reserve £'000	Revaluation Reserve £'000	Total £'000
.s at 1 January 2015	225,644	(142,040)	(7,349)	2,331	-	78,586
oss for the year	-	(18,408)	-	-	-	(18,408)
.vailable-for-sale financial assets ıcrease in fair value	-	-	-	-	7,016	7,016
'eferred tax credit recognised through :serves	-	-	-	956	-	956
.s at 31 December 2015	225,644	(160,448)	(7,349)	3,287	7,016	68,150
s at 1 January 2014	225,644	(112,369)	(7,349)	3,085	-	109,011
oss for the year	-	(29,671)	-	-	-	(29,671)
ıir value adjustments on interest free ›ans from related parties	-	-	-	(156)	-	(156)
eferred tax charge recognised through :serves	-	-	-	(598)	-	(598)
s at 31 December 2014	225,644	(142,040)	(7,349)	2,331	-	78,586

THE COMPANY

	Share Capital £'000	Retained deficit £'000	Merger Reserve £'000	Capital Contribution Reserve £'000	Revaluation Reserve £'000	Total £'000
s at 1 January 2015	225,644	(114,884)	-	5,068	-	115,828
:ofit for the year	-	3,185	-	-	-	3,185
vailable-for-sale financial assets crease in fair value	-	-	-	-	7,016	7,016
eferred tax credit recognised through eserves	-	-	-	255	-	255
s at 31 December 2015	225,644	(111,699)	-	5,323	7,016	126,284
s at 1 January 2014	225,644	(96,711)	-	4,967	-	133,900
›ss for the year	-	(18,173)	-	-	-	(18,173)
eferred tax credit recognised through eserves	-	-	-	101	-	101
s at 31 December 2014	225,644	(114,884)	-	5,068	-	115,828

PETRONAS ENERGY TRADING LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
on-current assets					
operty, Plant and equipment	10	90,514	95,774	71,437	74,062
tangible assets	12	878	1,593	878	1,593
epaid lease	13	20,983	22,149	-	-
vestment in subsidiaries	15	-	-	56,447	56,447
vailable-for-sale investment	15	32,711	25,695	32,711	25,695
on-current loan notes	16	64,960	64,960	64,960	64,960
eferred tax asset	9	-	1,133	-	-
		210,046	211,304	226,433	222,757
urrent Assets					
epaid lease	13	1,166	1,166	-	-
ventories	17	105,896	135,581	105,250	134,502
rade and other receivables	18	153,247	204,751	149,379	206,545
ther financial assets	19	44,517	40,619	44,517	40,619
oans due from subsidiaries	20	-	-	82,975	72,905
ash and short term deposits	22	20,461	46,273	19,502	44,794
		325,287	428,390	401,623	499,365
otal assets		**535,333**	**639,694**	**628,056**	**722,122**
quity					
are capital	23	225,644	225,644	225,644	225,644
etained deficit		(160,448)	(142,040)	(111,699)	(114,884)
apital Contribution reserve	23	3,287	2,331	5,323	5,068
evaluation reserve	21	7,016	-	7,016	-
erger reserve		(7,349)	(7,349)	-	-
		68,150	78,586	126,284	115,828
on-current liabilities					
ong term creditor	26	275	561	-	-
ong term borrowings	24	108,720	107,045	108,720	107,045
nance lease liability	14	-	-	55,591	56,182
ovisions	25	18,151	8,223	327	-
		127,146	115,829	164,638	163,227
urrent liabilities					
rade and other payables	26	133,068	187,290	129,574	184,587
ther financial liabilities	19	36,969	23,689	36,969	23,689
nance lease liability	14	-	-	591	491
ort term borrowings	27	170,000	234,300	170,000	234,300
		340,037	445,279	337,134	443,067
otal liabilities		467,183	561,108	501,772	606,294
otal equity and liabilities		**535,333**	**639,694**	**628,056**	**722,122**

By Order of the Board

Klaus Reinisch
Director and Chief Executive Officer

Date 29/12/16

PETRONAS ENERGY TRADING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
ash flows from operating activities					
ash receipts from customers		882,456	629,352	877,415	622,840
ash paid to suppliers and employees		(839,901)	(582,591)	(833,517)	(580,565)
et cash flows generated from ɔerating activities		42,555	46,761	43,898	42,275
ash flows from investing activities					
ıterest income on short term deposits		31	19	30	19
et purchase of property, plant and ıuipment and intangible assets		(2,334)	(1,252)	(1,156)	(88)
ɔan repayment from subsidiary		-	-	-	3,550
et cash flows (used in)/generated om investing activities		(2,303)	(1,233)	(1,126)	3,481
ash flows from financing activities					
rawdown of term loans		-	11,800	-	11,800
ɘpayment of term loans		(9,125)	(7,300)	(9,125)	(7,300)
rawdown cash advance: PLSB		3,500	-	3,500	-
rawdown of revolving credit		105,000	197,000	105,000	197,000
ɘpayment of revolving credit		(162,000)	-	(162,000)	
ɘpayment of short term borrowings		-	(204,125)	(2,000)	(204,125)
terest expense paid		(4,113)	(4,243)	(4,113)	(4,243)
et cash outflows from financing :tivities		(66,738)	(6,868)	(68,738)	(6,868)
ɘt (decrease)/increase in cash and cash ıuivalents		(26,486)	38,660	(25,966)	38,888
ɘt foreign exchange differences		674	-	674	-
ash and cash equivalents at beginning 'the year		46,273	7,613	44,794	5,906
ash and cash equivalents at the end 'the year	22	20,461	46,273	19,502	44,794

Corporate Information
The consolidated financial statement of PETRONAS Energy Trading Limited ("The Company") and its subsidiaries (collectively, "The Group") for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 23 February 2016. The Company is incorporated and domiciled in the United Kingdom under the Companies Act 2006. The address of the registered office is given on the Company information page. The principal activities of the Group are set out in the Strategic Report on pages 4 - 5.

.1 **Basis of preparation**
The consolidated financial statement of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and with those parts of the Companies Act 2006 that are applicable to companies reporting under IFRSs.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

The consolidated financial statements have been prepared on a historical cost basis, except unless otherwise stated. The consolidated financial statements are presented in UK Sterling and all values are rounded to the nearest thousand (£'000), except when otherwise indicated.

The Company elected to present separate financial statements for management decisions.

.2 **Basis of consolidation**
The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2015.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions are eliminated in full.

.3 **Summary of significant accounting policies**
The following are the significant accounting policies applied by the Group in preparing its financial statements:

.3.1 **Current versus non-current classification**
The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

a) Expected to be realised or intended to sold or consumed in normal operating cycle
b) Held primarily for the purpose of trading
c) Expected to be realised within twelve months after the reporting period, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

a) It is expected to be settled in normal operating cycle
b) It is held primarily for the purpose of trading
c) It is due to be settled within twelve months after the reporting period, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

.3 Summary of significant accounting policies (continued)

.3.2 Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 21.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for recurring fair value measurement, such as unquoted available-for-sale financial assets.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

.3 Summary of significant accounting policies (continued)

.3.3 Foreign Currency Translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Exchange gains or losses on translation are included in the income statement.

.3.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of natural gas, oil and electricity is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

Provision of services
Revenue from management services are billed on a cost-plus basis and are recognised when services are rendered.

Option fees
Option fees income is recognised when the Group's right to receive payment is established.

Interest income
Interest income is recognised as interest occurs using the effective interest method.

3.5 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the United Kingdom where the Group operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

.3 Summary of significant accounting policies (continued)

.3.5 Taxation (continued)

Deferred tax (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

a) Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

b) Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

.3.6 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. All repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Land and Buildings	-	23 years
Computer equipment	-	3 years
Furniture and fittings	-	3-5 years
Plant and equipment – gas assets	-	10-30 years
Finance lease asset	-	23 years

Plant and equipment – oil assets are depreciated on a units of production basis.

Tank heel has an indefinite useful life and therefore is not depreciated. Tank heel is the minimum level of LNG that is needed to maintain the operations at the Dragon terminal.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

.3.7 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2010, the date of inception is deemed to be 1 April 2010 in accordance with the IFRS 1.

Group and Company as a lessee

Finance leases that transfer to the Group and Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statements.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group and the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

3 Summary of significant accounting policies (continued)

3.7 Leases (continued)

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.8 Borrowings costs
All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.9 Intangible assets
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets are amortised over their useful economic lives. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the income statement in the expense category consistent with the function of the intangible assets.

The amortisation period estimated for the following assets are:

Computer software	-	3 years
Trading software	-	5 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

3.10 Financial instruments — initial recognition and subsequent measurement
i) Financial assets

Initial recognition and measurement
Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include unquoted investments, cash and short-term deposits, trade and other receivables, loans and other receivables and derivative financial instruments.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

.3 Summary of significant accounting policies (continued)

.3.10 Financial instruments — initial recognition and subsequent measurement (continued)
i) Financial assets (continued)

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

The Group is currently not using hedge accounting.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Available-for-sale financial investments
Available-for-sale financial investments include equity investments. Equity investments classified as available-for-sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised within other comprehensive income, except for impairment losses, foreign exchange gains or losses and any changes in fair value arising from revised estimates of future cash flows, which are recognized in profit or loss.

Derecognition
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

a) the rights to receive cash flows from the asset have expired

b) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

.3 Summary of significant accounting policies (continued)

.3.10 Financial instruments — initial recognition and subsequent measurement (continued)

ii) Impairment of financial assets
The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement.

iii) Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives held for trading. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and derivative financial instruments.

Subsequent measurement
The measurement of financial liabilities depends on their classification as follows:

!.3 Summary of significant accounting policies (continued)

!.3.10 Financial instruments — initial recognition and subsequent measurement (continued)
iii) Financial liabilities (continued)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities carried at amortised costs
All other financial liabilities are initially recognised at fair value. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other revenues and finance costs. This category of financial liabilities includes trade and other payables and finance debt.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

iv) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

v) Fair value of financial instruments
The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 21.

3.11 Derivative financial instruments
Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of commodity contracts that meet the definition of a derivative as defined by IAS 39 are recognised in the income statement. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement.

.3 Summary of significant accounting policies (continued)

.3.12 Inventories

Inventories, consisting of natural gas, liquefied natural gas, spare parts, oil and fuel gas were valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

.3.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

.3.14 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

.3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where is not possible to estimate the probable outcome of the obligation or legal dispute, no provision is made.

The Group records a provision for decommissioning costs of abandonment and reinstatement of land. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at the current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

.3.16 Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the income statement represents the contributions payable to the scheme in respect of the accounting period.

.3.17 Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

Investments in subsidiaries are stated at cost less amount written off, if any. On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

3 Summary of significant accounting policies (continued)

3.18 Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

i) Judgements

In the process of applying the company's accounting policies, management has made the judgement in relation to a long term gas storage agreement being accounted as finance lease as referred to in Note 14.

ii) Estimates and assumptions

Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Changes to these assumptions could affect the reported fair value of financial instruments (see Note 21).

Provision for decommissioning and abandonment

The Group has recognised a provision in respect of its oil and gas assets, for decommissioning obligations associated with the abandonment and reinstatement of the sites at the end of their useful life. Details of provision in respect of these obligations are provided in Note 25.

Impairment of property, plant and equipment

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Impairment indicators were identified as at the year end on the oil plant assets and accordingly, the value in use calculation was prepared based on a discounted cash flow model. The key assumptions used to determine the recoverable amount are disclosed and further explained in Note 11.

Standards and amendments applicable from 1 January 2015

The adoption of a number of new standards and other amendments to accounting standards issued by the IASB applicable from 1 January 2015 has not had a material impact on the Group's and the Company's financial statements.

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Analysis of revenue				
Gas sales	2,363,578	1,969,135	2,363,578	1,969,135
Option premiums	7,403	2,724	7,403	2,724
Management charges	6,358	6,100	6,358	6,100
Oil sales	2,696	7,740	-	-
Capacity charges	1,815	1,500	1,815	1,500
Others	550	28,498	337	28,318
	2,382,400	2,015,697	2,379,491	2,007,777

Included in the Gas sales are sales related to Sleeve Contracts of which there were no margin generated by the Group and the Company. Total Sleeve Contracts during the year was £563.9 million (2014: £427.5 million).

Other operating income

Net foreign exchange gains	3,902	2,438	3,845	2,438
Towage & mooring	154	77	154	77
Others	-	463	-	455
	4,056	2,978	3,999	2,970

Finance income / costs

.1 **Finance costs**

Interest on borrowings	4,485	5,370	4,485	5,277
Interest on shareholders' loan	771	566	771	566
Interest on finance lease liability	-	-	3,967	3,995
Others	50	387	-	-
	5,306	6,323	9,223	9,838

.2 **Finance income**

Interest income on short-term deposits	34	22	31	19
Interest income arising from loans due from subsidiaries	-	-	3,166	3,056
Interest income arising from non-current loan notes	6,442	5,368	6,442	5,368
	6,476	5,390	9,639	8,443

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Operating loss				
Operating loss is stated after charging / (crediting):				
Depreciation of property, plant and equipment	5,972	6,528	3,775	3,787
Amortisation of intangible assets	722	529	722	529
Amortisation of prepaid lease	1,166	1,166	-	-
Impairment of property, plant and equipment	10,917	9,317	-	-
Unwinding of discount on abandonment provision	685	304	1	-
Net foreign exchange differences	(3,902)	(2,438)	(3,845)	(2,438)
Employee benefits expense	8,016	9,693	5,071	6,962
Operating lease charges: Land and buildings	1,052	519	1,052	519
Auditor's remuneration	307	230	180	162
Other	-	40	-	-
Employee benefits expense				
Wages and salaries	5,801	7,250	3,335	4,963
National insurance contributions	972	1,383	674	1,102
Pension costs	603	450	422	287
Others	640	610	640	610
	8,016	9,693	5,071	6,962
The average number of Company's employees (including executive directors) during the year was:	93	88	56	55

Director remuneration

The aggregated remuneration of the only, and highest paid, director for the year ending 31 December for the Company was:

	THE COMPANY	
	2015	2014
	£'000	£'000
- Director emoluments (gross)	428	605
- Pension	40	38
	468	643

Director emoluments comprise salary and benefits earned by executive directors during the relevant financial year, plus cash bonuses awarded. Pensions represent the estimated cost to the Company of providing defined benefit pensions to this director.

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
Taxation				
The taxation charge / (credit) is made up as follows:				
1 **Amounts recognised through the Income Statement**				
Current tax:				
Corporation tax on profits for the period	-	-	-	-
Adjustments in respect of previous periods	-	-	-	-
	-	-	-	-
Deferred tax:				
Increase in deferred tax provision in the period	1,334	638	103	101
Adjustments in respect of previous periods	110	(1,068)	110	-
Rate change adjustment	645	-	42	-
Total tax charge/(credit) recognised through the Income Statement	2,089	(430)	255	101
2 **Amounts recognised through Reserves**				
Current tax:				
Arising in respect of transitional adjustments due to adoption of IFRS	-	-	-	-
Deferred tax:				
Decrease in deferred tax provision	(420)	(470)	(103)	(101)
Adjustments in respect of previous periods	(110)	1,068	(110)	-
Rate change adjustment	(426)	-	(42)	-
Total tax (credit)/charge recognised through Reserves	(956)	598	(255)	(101)

Factors affecting tax charge / (credit) for the period:
The tax assessed for the period is lower than the standard rate of income tax in the UK (20.25%) (2014: 21.50%). The differences are explained below:

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
(Loss)/profit on ordinary activities before tax	(16,319)	(30,101)	3,440	(18,072)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 for 21.50%)	(3,477)	(6,472)	696	(3,885)
Effects of:				
Expenses not deductible for tax purposes	5,398	6,909	746	788
Losses utilised in the current year	-	(1,787)	-	-
Impact of temporary differences arising in the period in respect of which deferred tax not recognised	-	-	-	3,089
Impact of transitional adjustments	435	490	103	109
Movement of unrecognised deferred tax	3,295	5,176	(1,442)	-
Rate differential (deferred tax)	(4,490)	(3,678)	-	-
Rate change adjustment	645	-	42	-
Adjustment in respect of previous periods	110	(1,068)	110	-
Total tax charge / (credit) for the period	1,916	(430)	255	101

Taxation (continued)

.3 Deferred tax asset / (liability)	**Opening Balance**	**(Charged)/ released to income**	**(Charged) / released to equity**	**Closing Balance**
The Group				
As at 31 December 2015				
Site restoration provision	-	-	-	-
Losses	8,136	(1,780)	-	6,356
Accelerated tax depreciation	-	-	-	-
Other	(7,003)	(309)	956	(6,356)
	1,133	(2,089)	956	-
As at 31 December 2014				
Site restoration provision	137	(137)	-	-
Losses	6,817	1,319	-	8,136
Accelerated tax depreciation	(1,246)	1,246	-	-
Other	(4,406)	(1,999)	(598)	(7,003)
	1,302	429	(598)	1,133

.4 Deferred tax not recognised

The Group

A potential deferred tax asset of £41.4 million (2014: £34.1 million) has not been recognised at the year end, on the basis that the availability of suitable taxable profits arising in the future against which the temporary difference could reverse is not considered probable.

The unrecognised deferred tax asset is in relation to tax losses of £31.3 million (2014: £26.9 million), decelerated capital allowances of £2.8 million (2014: £4.2 million), abandonment provision and asset of £7.2 million (2014: £2.6 million) and other temporary difference of £0.05 million (2014: £0.3 million).

The Company:

A potential deferred tax asset of £15.7 million (2014: £18.2 million) has not been recognised at the year end, on the basis that the availability of suitable taxable profits arising in the future against which the temporary difference could reverse is not considered probable.

The unrecognised deferred tax asset is in relation to tax losses of £14.8 million (2014: £15.8 million), decelerated capital allowances of £0.9 million (2014: £2.1 million) and other temporary differences of £0.05 million (2014: £0.3 million).

.5 Future reductions in the rate of corporation tax

Finance Act 2013 reduced the main rate of corporation tax to 21%, with effect from 1 April 2014, with further reductions to 20% from 1 April 2015. Further reductions in the main rate of corporation tax were announced as part of the 2015 Summer budget, reducing to 19% from 1 April 2017 and 18% from 1 April 2020. Given that the 18% tax rate was substantively enacted at the balance sheet date, the closing deferred tax balances are reflected in these accounts at 18%.

0 **Property, plant and equipment**

The Group	Land & Buildings £'000	Plant & Equipment £'000	Computer hardware £'000	Furniture and fittings £'000	Tank heel £'000	Total £'000
Cost						
At 1 January 2014	279	172,601	235	428	966	174,509
Additions	-	1,439	34	16	-	1,489
Disposals	-	-	-	(4)	-	(4)
Reclassified to inventory	-	(4,843)	-	-	-	(4,843)
At 31 December 2014	279	169,197	269	440	966	171,151
Additions	-	10,543	123	1,929	-	12,595
Disposals	-	-	-	-	(966)	(966)
At 31 December 2015	279	179,740	392	2,369	-	182,780
Accumulated depreciation and impairment						
At 1 January 2014	148	59,000	178	207	-	59,533
Depreciation charge	13	6,361	74	80	-	6,528
Impairment loss	-	9,317	-	-	-	9,317
Disposals	-	-	-	(1)	-	(1)
At 31 December 2014	161	74,678	252	286	-	75,377
Depreciation charge	12	5,821	119	20	-	5,972
Impairment loss	-	10,917	-	-	-	10,917
At 31 December 2015	173	91,416	371	306	-	92,266
Net book value						
At 31 December 2014	118	94,519	17	154	966	95,774
At 31 December 2015	106	88,324	21	2,063	-	90,514

The Company	Plant & Equipment £'000	Computer hardware £'000	Furniture and fittings £'000	Tank heel £'000	Total £'000
Cost					
At 1 January 2014	90,161	356	209	966	91,692
Additions	-	34	1	-	35
Disposals	-	-	(4)	-	(4)
At 31 December 2014	90,161	390	206	966	91,723
Additions	-	2	2,114	-	2,116
Disposals	-	-	-	(966)	(966)
At 31 December 2015	90,161	392	2,320	-	92,873
Accumulated depreciation					
At 1 January 2014	13,490	263	122	-	13,875
Depreciation charge for the year	3,651	74	62	-	3,787
Disposals	-	-	(1)	-	(1)
At 31 December 2014	17,141	337	183	-	17,661
Depreciation charge for the year	3,653	34	88	-	3,775
At 31 December 2015	20,794	371	271	-	21,436

0 Property, plant and equipment (continued)

	Plant & Equipment £'000	Computer hardware £'000	Furniture and fittings £'000	Tank heel £'000	Total £'000
Net book value					
At 31 December 2014	73,020	53	23	966	74,062
At 31 December 2015	69,367	21	2,049	-	71,437

The Company:

The carrying value of property, plant and equipment held under finance leases as at 31 December 2015 was £69,367,169 (31 December 2014: £73,020,178)

1 Impairment of Plant and Equipment

The depressed oil price and the long term outlook of the industry triggered the need for the Group to recognise impairment losses on its cash generating unit ("CGU") of its oil business during the year. In arriving at the impairment loss amount, the carrying amount of oil assets CGU is compared with its respective recoverable amount. The Group's recoverable amount for impaired CGU of was determined from the value in use calculations, using cash flow projections. The Group uses a range of long term assumptions including prices, volumes, margins and costs based on past performance and management's expectations of market development. The projected cash flows were discounted using discount rate of 8.5% (2014: 9%).

	Oil assets 2015 £'000	2014 £'000
Carrying value and recoverable amount at start of year	1,078	11,075
Additions	756	810
Depreciation and depletion	(732)	(1,490)
Recognition of assets on change in estimate on decommissioning provision	9,815	-
Impairment	(10,917)	(9,317)
Carrying value and recoverable amount at end of year	**-**	**1,078**

12 Intangible assets

	CONSOLIDATED AND THE COMPANY £'000
Computer Software	
Cost	
At 1 January 2014	**3,781**
Additions	67
At 31 December 2014	**3,848**
Additions	7
At 31 December 2015	**3,855**
Accumulated amortisation	
At 1 January 2014	**1,726**
Amortisation for the year	529
At 31 December 2014	**2,255**
Amortisation for the year	722
At 31 December 2015	**2,977**
Net book value	
At 31 December 2014	1,593
At 31 December 2015	878

13 Prepaid lease

	CONSOLIDATED £'000
Cost	
At 1 January 2014	**33,000**
Additions	-
At 31 December 2014	**33,000**
Additions	-
At 31 December 2015	**33,000**
Accumulated amortisation	
At 1 January 2014	**8,519**
Amortisation for the year	1,166
At 31 December 2014	**9,685**
Amortisation for the year	1,166
At 31 December 2015	**10,851**
Net book value	
At 31 December 2014	**23,315**
At 31 December 2015	**22,149**
Amount to be amortised:	
Not later than one year	1,166
Later than one year but not later than five years	4,664
Later than 5 years	16,319

The Group purchased a Gas Storage agreement from a counterparty against the Humbly Grove storage facility. This is treated as a pre-paid lease for the Group and is amortised over the estimated asset life of 23 years.

4 Finance lease: The Company

The Company entered into a contract with its subsidiary, Humbly Grove Energy Limited ("HGEL") for the exclusive provision of gas storage services, facilities and associated assets. On the basis that the risks and rewards incidental to these assets have been transferred to the Company, liability has been recorded representing the net present value of minimum future lease payments.

Minimum lease income was projected forward for the projected design life of the plant, being 2034. It was inflated by 3%, and discounted by 7%, the projected cost of borrowing that PETL would achieve for the period. This produces a net present value of minimum lease payments of £57,160,704.

The table below show the capital repayments and finance income recognised during the year:

	Minimum lease payments £'000	Capital charge £'000	Interest charge £'000
The Company	126,029	57,161	68,868

Period	Opening balance £'000	Lease payment £'000	Interest £'000	Capital £'000	Closing balance £'000
Current year	56,673	4,458	3,967	491	56,182
Not later than one year	56,182	4,524	3,933	591	55,591
Later than one year and not later than five years	55,591	18,960	15,234	3,726	51,865
Later than five years	51,865	85,601	33,736	51,865	-

		THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
5	**Investments**		
5.1	**Investments in subsidiaries**		
	Unquoted shares at cost	44,531	44,531
	Fair value adjustments on interest-free loans extended to subsidiaries	11,916	11,916
		56,447	56,447

	Country of incorporation	Interest held	Principal activities
Humbly Grove Energy Ltd	UK	100%	Provision of storage facilities
Humbly Grove Energy Services Ltd	UK	100%	Service Company
Overseas Gas Storage Services Ltd	UK	100%	Dormant
Gas Storage Limited	UK	100%	Dormant

		CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
5.2	**Available-for-sale investment**				
	Unquoted equity shares	32,711	25,695	32,711	25,695
		32,711	25,695	32,711	25,695

The unquoted equity shares are classified as available-for-sale investments. As such, they are recorded at fair value with the gain or loss as a result of changes in fair value recorded in other comprehensive income. Accumulated fair value changes are recycled to the income statement on disposal, or when the investment is impaired.

The Group uses an income approach in deriving the fair value of the investment. The methodology uses the discounted future cash flows ("DCF") that are expected to be generated by the investment. In preparing the valuation, the Group obtained independently prepared DCF and applied appropriate discount rate comparable to the market and industry. The Management is in the view that this is the most appropriate valuation method to fair value the investment in the absence of recently completed transactions.

The Company's assessment of the fair value of the available-for-sale investment as at the year end resulted in appreciation in the carrying value of the investment of £7.0 million (2014: nil) (see Note 21).

		CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
6	**Long-term receivables**				
	Non-current loan notes	64,960	64,960	64,960	64,960

The non-current loan notes are carried at amortised cost which generates a fixed income of 8% per annum, which are held to maturity (30 June 2022).

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
Inventories				
Liquefied natural gas	-	14,517	-	14,517
Natural gas	105,250	119,985	105,250	119,985
Spare parts	249	182	-	-
Oil	1	2	-	-
Fuel gas	396	895	-	-
Total inventories	105,896	135,581	105,250	134,502

During 2015, £44,431 (2014: £577,526) was recognised as cost of sales expense for inventories carried at net realisable value.

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
18 Trade and other receivables (current)				
Trade receivables	8,084	7,923	7,602	7,424
Other receivables	-	69	-	1
Receivables from related parties	2,871	2,190	433	5,101
VAT receivables	365	2,923	365	2,923
Prepayments	1,393	1,110	446	567
Accrued income	140,534	190,536	140,533	190,529
	153,247	204,751	149,379	206,545

- The Group and the Company do not typically renegotiate the terms of trade receivables. There were no renegotiated balances outstanding at the year end (2014: nil)
- Trade receivables are non-interest bearing and are generally on 10 – 20 days terms.
- Receivables from related parties are made on terms equivalent to those that prevail in arm length transactions.

As at 31 December, the aging analysis of trade and other receivables is as follows:

	Total	Neither past due nor impaired	30 - 60 days	61 - 90 days	91 - 120 days	Greater than 120 days
As at 31 December 2015						
The Company	149,379	149,379	-	-	-	-
The Group	153,247	153,247	-	-	-	-
As at 31 December 2014						
The Company	206,545	206,545	-	-	-	-
The Group	204,751	204,751	-	-	-	-

There are no indicators for an impairment need for financial assets that are not past due. The allowance account as at 31 December 2015 was £nil (2014: £nil)

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
19 Other financial assets and financial liabilities				
19.1 Other financial assets				
Financial instruments at fair value through profit and loss				
Foreign exchange forward contracts	-	238	-	238
Options	-	-	-	-
Forward commodity and futures contracts	44,517	40,381	44,517	40,381
Total current	44,517	40,619	44,517	40,619
9.2 Other financial liabilities				
Financial liabilities at fair value through profit and loss				
Options	14,499	5,121	14,499	5,121
Forward commodity and futures contracts	22,470	18,568	22,470	18,568
Total current	36,969	23,689	36,969	23,689
0 Loans due from subsidiaries (current)	-	-	82,975	72,905

The loans due from subsidiaries are interest-free, repayable on demand maturing on 31 December 2017, which were fair valued at 4% per annum.

:1 Additional disclosures on financial instruments

:1.1 Derivatives

Derivative instruments the Group and the Company entered into, includes, forward commodity contracts, foreign exchange forward contracts, futures contracts and options in the commodity markets.

Forward contracts and futures contracts are an agreement between two parties that a financial instrument or commodity will be traded at a fixed price and fixed date in the future. The Group and the Company entered into various forward purchase and selling contracts for LNG and natural gas for which there is an active market with a number of suppliers in United Kingdom and Europe. The purchase and selling prices are linked to the price of gas.

Option contracts provide the holder the right to buy or sell financial instruments or commodities at a fixed price over an agreed period or on a fixed date. The contract does not oblige the holder to buy or sell, however the writer must perform if the holder exercises the rights pertaining to the option.

The Group and the Company entered into foreign exchange forward contracts to hedge against changes in the fair value of foreign denominated equity instruments as a result of movements in market foreign exchange rates.

1.2 Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's and Company's financial instruments that are carried in the financial statements.

		Carrying amount		Fair value	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
The Group					
Financial Assets					
Available-for-sale-investments	AFS	32,711	25,695	32,711	25,695
Trade and other receivables	LAR	153,247	204,751	153,247	204,751
Other financial assets	HFT	44,517	40,619	44,517	40,619
Non-current loan notes	LAR	64,960	64,960	64,960	64,960
Cash & short term deposits	LAR	20,461	46,273	20,461	46,273
Total		315,896	382,298	315,896	382,298
Financial Liabilities					
Trade and other payables	FLAC	133,068	187,290	133,068	187,290
Long term creditor	FLAC	275	561	275	561
Interest bearing loan	FLAC	108,720	107,045	108,720	107,045
Other financial liabilities	HFT	36,969	23,689	36,969	23,689
Short-term borrowings	FLAC	170,000	234,300	170,000	234,300
Total		449,032	552,885	449,032	552,885
Loans and receivables	LAR	238,668	315,984	238,668	315,984
Available for Sale	AFS	32,711	25,695	32,711	25,695
Financial instruments at fair value through profit and loss	HFT	7,548	16,930	7,548	16,930
Financial liabilities measured at amortised cost	FLAC	(412,063)	(529,196)	(412,063)	(529,196)
		(133,136)	(170,587)	(133,136)	(170,587)

21 Additional disclosures on financial instruments (continued)

21.2 Fair values (continued)

		Carrying amount		Fair value	
		2015	2014	2015	2014
		£'000	£'000	£'000	£'000
The Company					
Financial Assets					
Available-for-sale investment	AFS	32,711	25,695	32,711	25,695
Trade and other receivables	LAR	149,379	206,545	149,379	206,545
Other financial assets	HFT	44,517	40,619	44,517	40,619
Loans due from subsidiaries	LAR	82,975	72,905	82,975	72,905
Non-current loan notes	LAR	64,960	64,960	64,960	64,960
Cash & short term deposits	LAR	19,502	44,794	19,502	44,794
Total		394,044	455,518	394,044	455,518
Financial Liabilities					
Trade and other payables	FLAC	129,574	184,587	129,574	184,587
Interest bearing loan	FLAC	108,720	107,045	108,720	107,045
Finance lease liability	FLAC	56,182	56,673	56,182	56,673
Other financial liabilities	HFT	36,969	23,689	36,969	23,689
Short-term borrowings	FLAC	170,000	234,300	170,000	234,300
Total		501,445	606,294	501,445	606,294
Loans and receivables	LAR	316,816	389,204	316,816	389,204
Available-for-sale investment	AFS	32,711	25,695	32,711	25,695
Financial instruments at fair value through profit and loss	HFT	7,548	16,930	7,548	16,930
Financial liabilities measured at amortised cost	FLAC	(464,476)	(582,605)	(464,476)	(582,605)
		(107,401)	(150,776)	(107,401)	(150,776)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade and other receivables, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Group and the Company based on parameters such as interest rates, and individual creditworthiness of the customer and the risk characteristics of the financed project. As at 31 December 2015 and 2014, the carrying amounts of such receivables/borrowings were not materially different from their calculated fair values.

The Group and the Company enters into derivative financial instruments with various counterparties. Derivatives valued using valuation techniques with market observable inputs are mainly commodity forward contracts, futures contracts and foreign currency forward contracts. The most frequently applied valuation techniques are based on quoted market prices. Options are valued using industry standard option valuation models. The models incorporate various inputs including the interest rate curves and forward rate curves of the underlying commodity.

The fair value of the Group's Available-for-sale investment is derived from valuation technique as detailed in Note 15.

21 Additional disclosures on financial instruments (continued)

21.2 Fair values (continued)

Finance lease liabilities are estimated by discounting minimum lease payments using the Company's incremental borrowing rate.

Fair value hierarchy

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at the balance sheet date, the following financial instruments are carried at fair value on the statement of financial position:

The Group		**Total £'000**	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**
Assets measured at fair value:					
Financial Assets					
Available-for-sale investment	2015	32,711	-	-	32,711
	2014	25,695	-	25,695	-
Trade and other receivables	2015	153,247	153,247	-	-
	2014	204,751	204,751	-	-
Other financial assets	2015	44,517	44,517	-	-
	2014	40,619	40,619	-	-
Non-current loan notes	2015	64,960	-	64,960	-
	2014	64,960	-	64,960	-
Cash & short term deposits	2015	20,461	20,461	-	-
	2014	46,273	46,273	-	-
Liabilities measured at fair value:					
Financial Liabilities					
Trade and other payables	2015	133,068	133,068	-	-
	2014	187,290	187,290	-	-
Long term creditor	2015	275	-	275	-
	2014	561	-	561	-
Interest bearing loan	2015	108,720	-	108,720	-
	2014	107,045	-	107,045	-
Other financial liabilities	2015	36,969	36,969	-	-
	2014	23,689	18,568	5,121	-
Short-term borrowings	2015	170,000	-	170,000	-
	2014	234,300	-	234,300	-

21 Additional disclosures on financial instruments (continued)

21.2 Fair values (continued)

		Total £'000	Level 1 £'000	Level 2 £'000	Level 3 £'000
The Company					
Assets measured at fair value:					
Financial Assets					
Available-for-sale investment	2015	32,711	-	-	32,711
	2014	25,695	-	25,695	-
Trade and other receivables	2015	149,379	149,379	-	-
	2014	206,545	206,545	-	-
Other financial assets	2015	44,517	44,517	-	-
	2014	40,619	40,619	-	-
Loans due from subsidiaries	2015	82,975	-	82,975	-
	2014	72,905	-	72,905	-
Non-current loan notes	2015	64,960	-	64,960	
	2014	64,960	-	64,960	-
Cash & short term deposits	2015	19,502	19,502	-	-
	2014	44,794	44,794	-	-
Liabilities measured at fair value					
Financial Liabilities					
Trade and other payables	2015	129,574	129,574	-	-
	2014	184,587	184,587	-	-
Interest bearing loan	2015	108,720	-	108,720	-
	2014	107,045	-	107,045	-
Finance lease liability	2015	56,182	-	56,182	-
	2014	56,673	-	56,673	-
Other financial liabilities	2015	36,969	36,969	-	-
	2014	23,689	18,568	5,121	-
Short-term borrowings	2015	170,000	-	170,000	-
	2014	234,300	-	234,300	-

During the reporting period endings there were no transfers between Level 1 and Level 2. The Available-for-sale investment was transferred from Level 2 to Level 3. The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3:

	2015 £'000	2014 £'000
Opening balance	-	-
Transfer from Level 2	25,695	-
Gains recognised in other comprehensive income	7,016	-
Closing balance	32,711	-

The key unobservable inputs used in the valuation model is the Weighted Average Cost of Capital ("WACC") used in discounting the cash flow projection. A reduction 0.50% of the rate of WACC would increase the Other Comprehensive Income by £7.323 million. An increase in 0.50% of the rate of WACC would decrease the Other Comprehensive Income by £6.836 million.

21 Additional disclosures on financial instruments (continued)

21.3 Net gains on financial instruments

The net gains and losses from financial instruments are shown in the following table:

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
Financial liabilities at amortised costs	5,306	6,323	9,223	9,838
Loans and receivables	6,476	5,390	9,639	8,443
Held for trading	(2,248)	29,272	(2,248)	29,272
Available-for-sale recognised in equity	7,016	-	7,016	-
	16,550	40,985	23,630	47,553

The net gains or losses from the loans and receivables category comprise of finance income and expected losses of receivables.

The net gains and losses in the held for trading category encompass both the changes in fair value of the forward commodity contracts, forward foreign exchange contracts, futures contracts and options.

The net gains or losses from financial liabilities at amortised costs essentially comprise of finance costs.

Gain recognised on Available-for-sale investments represents movement in fair value of this investment.

22 Cash and short-term deposits

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
Cash at banks	20,380	44,496	19,421	43,017
Cash deposits	81	1,777	81	1,777
	20,461	46,273	19,502	44,794

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The cash deposit amounting to £0.08 million (2014: £1.78 million) represent deposits to other institutions for gas delivery at the year end.

		CONSOLIDATED		THE COMPANY	
		2015	2014	2015	2014
23	**Equity**	No of shares '000	No of shares '000	No of shares '000	No of shares '000
23.1	**Issued capital**				
	Ordinary shares of £1 each	225,644	225,644	225,644	225,644

		CONSOLIDATED		THE COMPANY	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
	Ordinary shares issued and fully paid				
	As at 1 January	225,644	225,644	225,644	225,644
	Increase during the period	-	-	-	-
	As at 31 December	225,644	225,644	225,644	225,644
23.2	**Capital contribution reserve**				
	As at beginning of the year	2,331	3,085	5,068	4,967
	Fair value adjustment on interest-free loans from related parties	-	(156)	-	-
	Deferred tax credit/(charge) recognised through Reserves	956	(598)	255	101
	As at end of the year	3,287	2,331	5,323	5,068

The capital contribution reserve arises on the revaluation of interest free loans from related parties. The fair value of these loans is calculated based on the present value of future cash payments discounted using the prevailing market rate of interest for similar instruments.

23.3 Merger reserve

Merger reserve represents the difference between the value of shares issued by the Company in exchange for the value of shares acquired in respect of the acquisition of subsidiaries.

23.4 Revaluation reserve

Fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

		CONSOLIDATED AND THE COMPANY	
		2015 £'000	2014 £'000
24	**Borrowings**		
	Unsecured: Non-current borrowings		
	Shareholders loan notes	47,400	43,900
	Term Loan A	-	9,125
	Term Loan B	61,320	61,320
		108,720	114,345
	Less: Short term portion	-	(7,300)
		108,720	107,045

The shareholders' loan notes is an interest free fair valued loan payable to PETRONAS LNG Sdn Bhd and is repayable five years from each drawdown date. The remaining maturity for Term loan A as at 31 December are detailed in the table below:

On demand within one year	-	7,300
More than one year and less than two years	-	1,825
	-	9,125

Term Loan B is repayable seven years from utilisation date.

25 Provisions

Provision for decommissioning of oil and gas properties and other property, plant and equipment is recognised when there is an obligation to decommission and remove a facility or an item of property, plant and equipment and to restore the site on which it is located, and when a reasonable estimate of that liability can be made. The provision recognised is the present value of the estimated future costs determined in accordance with local conditions and requirements.

A corresponding asset of an amount equivalent to the provision is also created. This asset is depreciated in accordance with the policy set out in Note 2.3.6. The increase in the present value of the provision for the expected costs due to the passage of time is included within finance costs.

Most of these removal events are many years in the future and the precise requirements that will have to be met when the removal events actually occurs are uncertain. Because actual timing and net cash outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, the carrying amounts of provisions, together with the interest rate used in discounting the cash flows and inflation rate, are regularly reviewed and adjusted to take account of such changes. The interest rate and inflation rate used to determine the obligation as at 31 December 2015 was 2.46% (2014: 2.61%) per annum and 2.0% (2014: 1.0%) per annum respectively. Changes in the expected future costs are reflected in both the provision and the asset.

The movement in decommissioning provision during the year are as follows:

		Abandonment Provision		
The Group	**Other Assets**	**Oil Assets**	**Gas Assets**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
As 1 January 2014	-	2,314	4,564	6,878
Change in discount rate and inflation rate	-	751	290	1,041
Unwinding of discount	-	102	202	304
At 31 December 2014	-	3,167	5,056	8,223
Increase in provision	326	8,000	-	8,326
Provision utilised	-	(898)	-	(898)
Change in discount rate and inflation rate	-	1,815	-	1,815
Unwinding of discount	1	319	365	685
At 31 December 2015	327	12,403	5,421	18,151

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000
26 Trade and other payables		
26.1 Long-term creditor	275	561

Long term creditor represents a settlement amount payable on rating assessment.

	CONSOLIDATED 2015 £'000	CONSOLIDATED 2014 £'000	THE COMPANY 2015 £'000	THE COMPANY 2014 £'000
26.2 Trade and other payables (current)				
Payables	309	2,022	646	1,233
Other related parties	2,921	2,104	1,532	1,817
Trade accruals	128,053	181,234	125,720	179,607
Other accruals	1,785	1,930	1,676	1,930
	133,068	187,290	129,574	184,587

Trade payables and related party payables are non-interest bearing and are normally settled on 30 day terms or sooner. Other payables are non-interest bearing and have an average term of six months.

For explanations on the Company's credit risk management processes, refer to Note 30.

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
27 Short term borrowings				
Revolving credit and trade finance facilities	170,000	227,000	170,000	227,000
Short term portion of term loan A	-	7,300	-	7,300
	170,000	234,300	170,000	234,300

The revolving credit and trade finance facilities are payable to external banks. These are short term, unsecured loans.

28 Related party disclosure

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Sales of goods and services		Purchases of goods and services	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Group				
Parent and ultimate parent companies	3	28,318	773	596
Associated companies	182,863	8,161	229,464	58,994
Company				
Parent and ultimate parent companies	3	28,318	773	596
Associated companies	182,863	8,161	229,464	58,994
Subsidiaries	3,211	3,097	11,386	16,430

Outstanding at the year end	Amount owed by at year end		Amount owed to year end	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Group				
Parent and ultimate parent companies	3	-	47,471	43,966
Associated companies	404	1,705	409	2,883
Company				
Parent and ultimate parent companies	3	-	47,471	43,966
Associated companies	404	1,705	409	2,883
Subsidiaries	82,975	77,860	1,045	1,752

Sales and purchase of goods includes sales and purchases of LNG and Natural Gas prevailing arm's length rate. Sales and purchase of services includes administration and management related fee, recharge of expenses, and other allocation of cost and income.

During the year, the Group and the Company sold its inventories valued at £15.6 million to LNG Investments Europe Limited, an associated company. In 2014 the Company purchased gas from its subsidiary, Humbly Grove Energy Limited valued at £4.8 million. These transactions are included within the sales and purchases to and from the related parties.

	CONSOLIDATED		THE COMPANY	
	2015	2014	2015	2014
Key management	£'000	£'000	£'000	£'000
Directors remuneration and benefits	666	844	468	643

9 Immediate and ultimate parent undertaking

The immediate parent undertaking of the Company is PETRONAS LNG Sdn Bhd, a Company registered in Kuala Lumpur, Malaysia. The ultimate parent undertaking of the Group and of which the Company is a member is Petroliam Nasional Berhad ("PETRONAS"), a company registered in Malaysia. Copies of PETRONAS's financial statements can be obtained from Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.

30 Financial risk management objectives and policies

The Group and the Company are exposed to various risks that are particular to its core business. These risks, which arise in the normal course of the Group's and the Company's business, comprise credit risk, liquidity risk and market risk relating to interest rates, foreign currency exchange rates, and commodity prices.

The Group has policies and guidelines in place that sets the foundation for a consistent approach towards establishing an effective financial risk management across the PETRONAS Group.

Risk taking activities are undertaken within acceptable level of risk or risk appetite, whereby the risk appetite level reflects business considerations and capacity to assume such risks. The risk appetite is established at Board level, where relevant, based on defined methodology and translated into operational thresholds.

The Group and the Company's goal in risk management are to ensure that the management understands, measures and monitors the various risks that arise in connection with their operations. Policies and guidelines have been developed to identify, analyse, appraise and monitor the dynamic risks facing the Group and the Company. Based on this assessment, each business unit adopts appropriate measures to mitigate these risks in accordance with the business unit's view of the balance between risk and reward.

The Group's and the Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Group and the Company principal financial assets include loan and other receivables, trade and other receivables, and cash and short-term deposits that arrive directly from its operations.

Credit risk
Credit risk is the potential exposure of the Group and of the Company to losses in the event of non-performance by counterparties. The Company trades only with recognised, creditworthy third parties. The creditworthiness of counterparties is assessed based on an analysis of all available quantitative and qualitative data regarding business risks and financial standing, together with the review of any relevant third party and market information.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

Credit risk from balances with banks and financial institutions is managed by the Company's finance and risk department in accordance with the Company's policy. Counterparty credit limits are reviewed by the Management on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The Company's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated in Note 21.

Market risk
Market risk is the risk or uncertainty arising from changes in market prices and their impact on the performance of the business. The market price changes that the Group and the Company is exposed to includes interest rates, foreign currency exchange rates, commodity prices, and other indices that could adversely affect the value of the Group's and the Company's financial assets, liabilities or expected future cash flows.

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term obligations with floating interest rates. The Company manages its interest risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity
With all other variables held constant, the Company's loss before tax is affected through the impact on floating rate borrowings. An increase of 30 basis points (2014 – 20 basis points) in interest rates at the reporting date would have increased the loss before taxation by £836,160 (2014: £567,548). A reduction of 30 basis points (2014 – 20 basis points) in interest rates at the reporting date would have an equal and opposite effect assuming that all other variables remain constant.

30 Financial risk management objectives and policies (continued)
Market risk (continued)

Foreign currency exchange risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the operating activities (when revenue or expenses is denominated in a different currency from the presentation currency).

The Group and the Company manages its foreign currency risk by hedging transactions. The Group and the Company hedges its exposure to fluctuations on the translation of its foreign operations by using foreign currency forward contracts.

Foreign currency exchange risk sensitivity
The following table demonstrates the sensitivity to a reasonably possible change in Euro and GBP exchange rates, with all other variables held constant. The impact on the Company's loss before taxation is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in Euro rate	Effect on loss before taxation 2015 £'000	Effect on loss before taxation 2014 £'000
Foreign exchange rates	+10%	(782)	(1,213)
	-10%	782	1,213

Commodity price risk
Commodity price risk is the risk or uncertainty arising from possible movements in prices for liquid natural gas, natural gas and related products, and their impact on the Group's and the Company's future performance and results of the Group's and the Company's operations. A decline in the prices could result in a decrease in net income and cash flows. The Group and the Company assess on regular basis the potential scenarios of future fluctuation in commodity prices and their impacts on operation and investment decisions.

Commodity price sensitivity
The following table shows the effect of price changes from LNG and natural gas on the Group and the Company:

	Change in year-end price	Effect on loss before taxation 2015 £'000	Effect on loss before taxation 2014 £'000
Gas Prices	+30% / +10%	(4,388)	(20,069)
	-30% / -10%	4,388	20,069

Liquidity risk
Liquidity risk is the risk that suitable sources of funding for the Group's and Company's business activities may not be available. In managing its liquidity risk, the Group and the Company maintain sufficient cash and liquidity.

30 **Financial risk management objectives and policies (continued)**

Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities bases on contractual undiscounted payments:

The Group:

	On demand	Less than 3 months	3 to 12 months	Greater than 1 year	Total
	£'000	£'000	£'000	£'000	£'000
As at 31 December 2015					
Interest bearing loan	-	-	-	108,720	108,720
Trade and other payables	133,068	-	-	-	133,068
Financial derivatives	-	16,605	12,954	7,410	36,969
Long term creditor	-	-	-	275	275
Short term borrowings	-	170,000	-	-	170,000
	133,068	186,605	12,954	116,405	449,032
As at 31 December 2014					
Interest bearing loan	-	-	7,300	107,045	114,345
Trade and other payables	187,290	-	-	-	187,290
Financial derivatives	8,693	5,931	6,819	2,246	23,689
Long term creditor	-	-	344	560	904
Short term borrowings	-	227,000	-	-	227,000
	195,983	232,931	14,463	109,851	553,228

The Company:

	On demand	Less than 3 months	3 to 12 months	Greater than 1 year	Total
As at 31 December 2015					
Interest bearing loan	-	-	-	108,720	108,720
Finance lease liability	-	-	591	55,591	56,182
Trade and other payables	129,574	-	-	-	129,574
Financial derivatives	-	16,605	12,954	7,410	36,969
Long term creditor	-	-	-	-	-
Short term borrowings	-	170,000	-	-	170,000
	129,574	186,605	13,545	171,721	501,445
As at 31 December 2014					
Interest bearing loan	-	-	7,300	107,045	114,345
Finance lease liability	-	1,114	3,344	109,086	113,544
Trade and other payables	184,587	-	-	-	184,587
Financial derivatives	8,693	5,931	6,819	2,246	23,689
Long term creditor	-	-	-	-	-
Short term borrowings	-	227,000	-	-	227,000
	193,280	234,045	17,463	218,377	663,165

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliations of those amounts to their carrying amounts.

30 Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The Group and the Company	On demand £'000	Less than 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	Total £'000
As at 31 December 2015					
Inflows	-	30,314	7,390	6,813	44,517
Outflows	-	(16,605)	(12,954)	(7,410)	(36,969)
Net	-	13,709	(5,564)	(597)	7,548
As at 31 December 2014					
Inflows	12,655	17,560	6,710	3,693	40,618
Outflows	(8,693)	(5,930)	(6,819)	(2,246)	(23,688)
Net	3,962	11,630	(109)	1,447	16,930

Capital management

The Company defines capital as total equity and debt of the Company. The objective of the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to support its business and maximises shareholder value. As a subsidiary of Petroliam Nasional Berhad ("PETRONAS"), the Company's approach in managing capital is set out in the PETRONAS Group Corporate Financial Policy.

Consistent with others in the industry, the Company monitors capital on the basis of the debt to capital ratio. This ratio is calculated as net debt dividend by capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Capital comprises all components of equity.

	CONSOLIDATED		THE COMPANY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Interest-bearing loans and borrowings (Notes 24, 27)	278,720	341,345	278,720	341,345
Trade and other payables (Note 26)	133,068	187,290	129,574	184,587
Long term creditor (Note 26)	275	561	-	-
Less: cash and short-term deposits (Note 22)	(20,461)	(46,273)	(19,502)	(44,794)
Net debt	391,602	482,923	388,792	481,138
Equity				
Total Capital	68,150	78,586	126,284	115,828
Capital and net debt	459,752	561,509	515,076	596,966
Gearing ratio	85%	86%	75%	81%