Company Registration No. 07517072

Perenco Overseas Holdings Limited

Annual Report and Financial Statements

for the year ended 31 December 2016

Perenco Overseas Holdings Limited

Annual report and financial statements for the year ended 31 December 2016

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Perenco Overseas Holdings Limited

Annual report and financial statements for the year ended 2016

Officers and professional advisers

Directors

N Fallows
T Sandford

Company Secretary

T Sandford

Registered Office

8 Hanover Square
London
W1S 1HQ

Bankers

The Royal Bank of Scotland
5-10 Great Tower Street
London
EC3R 5DJ

Solicitors

Herbert Smith
Exchange House
Primrose Street
London
EC2A 2H

Auditor

Deloitte LLP
Statutory auditor
London
United Kingdom

Perenco Overseas Holdings Limited

Annual report and financial statements for the year ended 2016

Strategic report

Principal activity

Perenco Overseas Holdings Limited (the "Company") is an investment holding company with four subsidiary companies (together "the Group"). The Company is incorporated in England in the United Kingdom and is a private Company limited by shares. The Group's activities are the production, exploration and evaluation of petroleum and natural gas. The company acts as a holding company for the Perenco group's oil and gas assets in Vietnam and Brazil.

Business review

Revenue for the year was derived from production from the Rang Dong field, the Cuu Long fields including Su Tu Den, Su Tu Vang and Su Tu Nau fields and tariff fees on a pipeline.

The profit after tax for the year ended 31 December 2016 amounted to $2.9 million (2015: $165.4 million loss). The gross profit margin has decreased to -0.4% (2015: 15.0%) for the year.

The Group's overall equity at the end of the year has decreased from $676.2 million at 31 December 2015 to $629.3 million at 31 December 2016. A dividend of $45.5 million was paid in the year (2015: $20.0 million).

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

Principal risks and uncertainties

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

Credit risk

The Company's principal financial assets are cash and cash equivalents and intercompany receivables. The Company's counterparty risks in relation to its cash and cash equivalents are considered to be limited because counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies. The credit risk on intercompany receivables is monitored by the Company's parent and balances as at 31 December 2016 are considered to be recoverable. There are not considered to be any impairment indicators for intercompany receivables in 2016.

Foreign currency risk

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

Liquidity risk

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

Price risk

The Group is exposed to commodity price risk in respect to the recoverability of development and production ("D&P") assets, exploration and evaluation ("E&E") assets and investments in subsidiaries.

Strategic report (continued)

Other principal risks and uncertainties

The Group is exposed to a range of technical, geological, operational, political, environmental, health and safety risks in the conducting of its business. The Group seeks to manage and mitigate these risks by having insurances in place, by ensuring optimal levels of spare parts are available to avoid unnecessary delays in maintenance, by applying policies and procedures appropriate to an international oil and gas company, by complying with the terms of its licences and by recruiting and retaining skilled personnel throughout its business.

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

N Fallows
Director
Perenco Overseas Holdings Limited
Company Registration No. 07517072
22 September 2017

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Results and dividends

The results for the year end are set out on page 2. No dividend is proposed at the date of signing.

Subsequent events

There are no significant subsequent events that have occurred after 31 December 2016.

Future developments

The Company will continue with its activities in production, exploration and evaluation of petroleum and natural gas.

Going concern

The Group's business activities, key financial risks, performance and position are set out in the Strategic Report. The financial position of the Group is set out in the financial statements and related notes.

The Group is self-funding and therefore meets its day-to-day working capital requirements through net proceeds received from its oil and gas production.

On the basis of current financial projections and facilities available, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider that it is appropriate to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who held office during the year were:

N J Fallows
T Sanford

Charitable and political donations

The Company and Group made no charitable or political donations in the current or preceding year.

Information to the auditor

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

- so far as the director is aware, there is no relevant audit information of which the auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

Directors' report (continued)

Auditor

Deloitte LLP was appointed as auditor of the Company on 4 February 2011 and have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

N Fallows
Director
22 September 2017

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

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

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

Perenco Overseas Holdings Limited

Independent Auditor's Report To The Members Of Perenco Overseas Holdings Limited

We have audited the financial statements of Perenco Overseas Holdings Ltd for the year ended 31 December 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Cash Flow Statement and the related notes 1 to 28.

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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 group'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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 parent company's affairs as at 31 December 2016 and of the Group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditor's report to the members of Perenco Overseas Holdings Limited (continued)

Opinion on other matter prescribed by the Companies Act 2006

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

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

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

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.

William Brooks (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, UK

22 September 2017

Consolidated income statement
For the year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Revenue	4	321,185	478,840
Cost of sales			
Production and operating costs		(37,107)	(83,925)
Royalties		(24,070)	(38,230)
Depreciation, depletion and amortisation	11	(243,221)	(272,057)
Depletion of decommissioning assets	11	(18,008)	(12,629)
Gross (loss)/profit		(1,221)	71,999
Administrative expenses		(5,740)	(8,336)
Impairment of development and production assets	11	-	(147,345)
Operating loss		(6,961)	(83,682)
Investment income	7	859	442
Finance costs	8	(6,490)	(7,397)
Other financial gains and losses	9	3,777	(37,778)
Loss before taxation		(8,815)	(128,415)
Taxation	10	11,666	(36,961)
Profit/(loss) attributable to owner of the Company		2,851	(165,376)

All results are derived from continuing operations.

The accompanying notes form an integral part of this consolidated income statement.

Perenco Overseas Holdings Limited

Consolidated statement of comprehensive income
For the year ended 31 December 2016

	2016 $'000	2015 $'000
Profit/(loss) for the year	2,851	(165,376)
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	(4,252)	38,640
Total comprehensive loss for the year	(1,401)	(126,736)

All comprehensive income is attributable to the owner of the Company.

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

Perenco Overseas Holdings Limited

Consolidated balance sheet
As at 31 December 2016

	Notes	2016 $'000	2015 $'000
Non-current assets			
Property, plant and equipment	11	1,002,177	1,206,462
Long-term receivables	13	78,247	64,723
		1,080,424	1,271,185
Current assets			
Inventories	14	15,901	9,039
Trade and other receivables	15	230,037	214,362
Cash and cash equivalents		9,026	28,414
		254,964	251,815
Total assets		1,335,388	1,523,000
Current liabilities			
Short-term borrowings	17	(45,000)	(45,000)
Current tax liabilities		(247)	-
Trade and other payables	16	(67,961)	(75,190)
		(113,208)	(120,190)
Non-current liabilities			
Deferred tax liabilities	18	(359,391)	(446,456)
Decommissioning provision	19	(139,702)	(133,366)
Long-term borrowings	17	(93,770)	(146,770)
		(592,863)	(726,592)
Total liabilities		(706,071)	(846,782)
Net assets		629,317	676,218
Equity			
Called-up share capital	21	16	16
Share premium	22	1,189,100	1,189,100
Retained earnings		(621,680)	(579,031)
Other reserves	22	61,881	66,133
Total equity		629,317	676,218

The consolidated financial statements of Perenco Overseas Holdings Limited (company registered number 07517072) were approved by the Board of Directors and authorised for issue on 22 September 2017.
Signed on behalf of the Board

N Fallows
Director

Perenco Overseas Holdings Limited

Company balance sheet
As at 31 December 2016

	Notes	2016 $'000	2015 $'000
Non-current assets			
Investments	27	590,580	590,580
Current assets			
Trade and other receivables	15	21,837	-
Current tax debtor		-	1,145
Cash and cash equivalents		422	5,703
Total assets		612,839	597,428
Current liabilities			
Short-term borrowings	17	(45,000)	(45,000)
Trade and other payables	16	(1,910)	(2,270)
		(46,910)	(47,270)
Non-current liabilities			
Long-term borrowings	17	(75,000)	(120,000)
Total liabilities		(121,910)	(167,270)
Net assets		490,929	430,158
Equity			
Called-up share capital	21	16	16
Share premium	22	1,189,100	1,189,100
Retained earnings		(698,187)	(758,958)
Total equity		490,929	430,158

In accordance with section 408 of the Companies Act 2006, the Company does not present a separate income statement. The profit for the year within the financial statements of the Company was $106,271,316 (2015: loss of $784,539,286).

The financial statements of Perenco Overseas Holdings Limited (company registered number 07517072) were approved by the Board of Directors and authorised for issue on 22 September 2017.
Signed on behalf of the Board

N Fallows
Director

Perenco Overseas Holdings Limited

Consolidated statement of changes in equity
For the year ended 31 December 2016

	Notes	Share capital $'000	Share premium $'000	Other reserves $'000	Retained earnings $'000	Total equity $'000
At 1 January 2015		16	1,189,100	27,493	(393,655)	822,954
Loss for the year		-	-	-	(165,376)	(165,376)
Currency translation differences		-	-	38,640	-	38,640
Dividend paid	22			-	(20,000)	(20,000)
At 1 January 2016		16	1,189,100	66,133	(579,031)	676,218
Profit for the year		-	-	-	2,851	2,851
Currency translation differences		-	-	(4,252)	-	(4,252)
Dividend paid	22			-	(45,500)	(45,500)
At 31 December 2016		16	1,189,100	61,881	(621,680)	629,317

The accompanying notes form an integral part of this consolidated statement of changes in equity.

Company statement of changes in equity
For the year ended 31 December 2016

	Notes	Share capital $'000	Share premium $'000	Retained earnings $'000	Total equity $'000
At 1 January 2015		16	1,189,100	45,581	1,234,697
Loss for the year		-	-	(784,539)	(784,539)
Dividend paid	22	-	-	(20,000)	(20,000)
At 1 January 2016		16	1,189,100	(758,958)	430,158
Profit for the year		-	-	106,271	106,271
Dividend paid	22	-	-	(45,500)	(45,500)
At 31 December 2016		16	1,189,100	(698,187)	490,929

Perenco Overseas Holdings Limited

Consolidated cash flow statement
For the year ended 31 December 2016

	Notes	2016 $'000	2015 $'000
Cash from operating activities	23	215,335	364,746
Income taxes paid		(75,399)	(114,889)
Net cash from operating activities		139,936	249,857
Investing activities			
Interest received		859	442
Purchases of exploration and evaluation assets		-	-
Purchases of property, plant and equipment		(53,454)	(76,297)
Contributions to decommissioning fund		-	-
Net increase in cash pool with group companies		(12,546)	(19,509)
Net cash (used in) / from investing activities		(65,141)	(95,364)
Financing activities			
Finance costs		(4,090)	(4,773)
Net decrease in loans with related parties		(45,000)	(130,000)
Dividends paid	22	(45,500)	(20,000)
Net cash used in financing activities		(94,590)	(154,773)
Net decrease in cash and cash equivalents		(19,795)	(280)
Cash and cash equivalents at 1 January		28,414	29,537
Effect of foreign exchange rate changes		407	(843)
Cash and cash equivalents at 31 December		9,026	28,414

The accompanying notes form an integral part of this consolidated cash flow statement.

Company cash flow statement
For the year ended 31 December 2016

	Note	2016 $'000	2015 $'000
Net cash (used in)/from operating activities	23	(22,620)	557
Investing activities			
Increase in investment in subsidiary		(8,000)	(87,000)
Dividend received		118,000	160,020
Interest received		39	-
Net cash from investing activities		110,039	73,020
Financing activities			
Loans repaid to related parties		(45,000)	(45,000)
Loan interest paid to related parties		(2,201)	(4,770)
Dividends paid		(45,500)	(20,000)
Net cash used in financing activities		(92,701)	(69,770)
Net (decrease)/increase in cash and cash equivalents		(5,282)	3,807
Cash and cash equivalents at 1 January		5,703	1,896
Cash and cash equivalents at 31 December		422	5,703

The accompanying notes form an integral part of this Company cash flow statement.

Notes to the financial statements
For the year ended 31 December 2016

1. General information

Perenco Overseas Holdings Limited (the "Company") is a company incorporated in the United Kingdom under the Companies Act. The address and registered office are given on page 1. The nature of the Group's operations and its principal activities are given on page 2.

2. Accounting policies

a) Basis of preparation

The financial statements have been prepared on a going concern basis and, except for the revaluation of certain financial instruments, under the historical cost convention in accordance with applicable International Financial Reporting Standards ("IFRSs") as adopted by the European Union applied consistently across the Group, and consistently with prior years.

The following new and revised Standards and Interpretations to published standards were adopted by the Group for the financial year beginning 1 January 2016:

IFRS 11 (amended)	Joint Arrangements
IAS 38 (amended)	Clarification of Acceptable Methods of Depreciation and Amortisation
2012-2014 Cycle	Annual Improvements to IFRS

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

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

IFRS 9	Financial Instruments (effective 1 January 2018)
IFRS 15	Revenue from Contracts with Customers (effective 1 January 2018)
IFRS 16	Leases (1 January 2019)
IAS 7 (amended)	Statement of Cash Flows
IAS 12 (amended)	Recognition of Deferred Tax Assets for Unrealised Losses
IAS 28 (amended)	Application of the Consolidation Exception

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

2. **Accounting policies (continued)**

a) Basis of preparation (continued)

Basis of consolidation

The Group financial statements consolidate the results of the Company and its subsidiaries (as listed in note 27) to 31 December each year.

The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. All intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated on consolidation.

The results of all the subsidiaries acquired or sold have been consolidated for the periods from or to the date on which control passed. Acquisitions that meet the definition of a business combination are accounted for under the acquisition method, with identifiable assets and liabilities being ascribed fair values, and the balance of the fair value of the consideration given being allocated as the fair value attributable to the oil and gas properties and related hydrocarbon reserves. In accordance with normal oil exploration and production industry practice, therefore, goodwill does not normally arise on acquisitions. Acquisition-related costs are recognised in profit and loss as incurred. As permitted by IFRS 3 *'Business Combinations'*, fair values are determined on a preliminary basis and are subsequently reviewed in accordance with the provisions of the same IFRS.

b) Revenue recognition

Revenues associated with the production of crude oil properties are recognised based on the actual volumes sold during any period. Volumes sold are recognised when title passes to the customer, which is when the risk of ownership passes to the purchaser and the physical delivery occurs, either immediately or within a fixed delivery schedule that is reasonable and customary in the industry.

Interest income is recognised as the interest accrues using the effective interest method (applying the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset).

c) Oil and gas assets

The Group uses the full cost method of accounting for exploration, evaluation, development and production expenditure in relation to oil and gas assets, having regard to the requirements of IFRS 6 *'Exploration for and Evaluation of Mineral Resources'*. These costs are capitalised in separate geographical costs pools ("full cost pools") having regard to the operational structure of the Group.

Oil and gas assets: exploration and evaluation

Exploration and evaluation ("E&E") costs are initially capitalised as 'intangible assets', in accordance with IFRS 6. Such E&E costs may include costs of licence acquisition, technical services and studies, seismic acquisitions and exploration drilling and testing.

Tangible assets used in E&E activities are classified as property, plant and equipment.

Intangible E&E assets are not depreciated and are carried forward until the existence (or otherwise) of proved reserves has been determined. If proved reserves have been discovered, the relevant E&E assets are then reclassified as development and production assets within property, plant and equipment and depreciated using the method described below. Intangible E&E assets that are determined not to have resulted in the discovery of proved reserves and cannot be associated with an established full cost pool are written-off at the date of determination, whereas those that are associated with an established pool are carried forward and amortised over the total reserves of the pool, subject to there being no impairment of the pool as a whole.

The Group considers each field to be a cost pool for purposes of determining whether impairment of E&E has occurred.

2. Accounting policies (continued)

c) Oil and gas assets (continued)

Oil and gas assets: development and production

Development and production assets are accumulated under the principle of full cost accounting on a field-by-field basis and represent the cost of developing proved reserves discovered and bringing them into production, together with the exploration and evaluation expenditures incurred in finding proved reserves.

The net book values of producing assets are depreciated on a field-by-field basis using the unit of production method by reference to the ratio of production in the period to the related proved reserves of the field.

Vessels included in development and production costs are depleted using the unit of production basis.

Impairment of oil and gas assets (ceiling test)

A ceiling test is carried out if there is a significant reason for the directors to believe that impairment could have occurred. This test is to assess whether the carrying amount of each field or full cost pool (as applicable) exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell, and its value in use as defined by IAS 36 *'Impairment of assets'*. The fair value less cost to sell is determined by discounting the anticipated post-tax net cash flows at a risk adjusted discount rate using proved and probable reserves. Where a fair value less cost to sell method is used, the carrying amount includes any deferred tax asset or liability associated with the capitalised costs in the cost pool. Any deficiency arising under this comparison is recognised in the income statement.

An impairment test for an exploration and evaluation asset is conducted on a full cost pool basis, by country. An impairment test of a development or production asset is undertaken for the particular cash generating unit which is generally the field.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased. The reversal is recorded in the income statement.

d) Joint arrangements accounting policy

The Group is engaged in oil and gas exploration, development and production through joint ventures. The Company accounts for its share of the result and net assets of these joint arrangements as jointly controlled operations.

e) Decommissioning provisions

A provision for the cost of decommissioning of an asset and for site restoration at the end of the asset's producing life is recognised as that asset is installed. The amount provided is the discounted amount of the estimated cost of the future decommissioning event. That amount is capitalised as part of the cost of the oil and gas assets and depleted in accordance with the oil and gas assets' accounting policy above. Periodically the discounted value of the provision is re-assessed. Any adjustment arising from the re-assessment of the estimated cost of decommissioning is capitalised whilst the adjustment arising from the unwinding of the discount is taken to the income statement.

f) Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any provision for impairment. Depreciation of non-oil and gas assets is charged so as to write off the cost, less estimated residual value, of assets on a straight-line method over their estimated useful lives as follows:

Computer, office and other equipment 3-10 years.

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

2. Accounting policies (continued)

g) Foreign currency

The financial statements have been presented in United States dollars ('US dollars'), which is the functional currency of the parent Company. Transactions denominated in foreign currency are translated into the functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate of exchange ruling on the balance sheet date, with exchange differences being reflected in the income statement.

The assets and liabilities of subsidiaries with functional currencies other than the US dollar are translated into US dollars at the rate of exchange ruling at the balance sheet date. The results of subsidiaries are translated into US dollars at the average rate of exchange for the year. Differences on exchange arising from the translation of the net investment in foreign subsidiaries at the balance sheet date are taken directly to reserves.

h) Taxation

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

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are non-taxable or deductible. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Other taxes, which include value added tax and sales tax, represent the amount receivable or payable to local authorities in the countries where the Group operates and are charged to the income statement.

i) Inventories

Crude oil inventory is carried at market value in accordance with specific exclusions applicable to mineral products under IAS 2 'Inventory'.

Materials and supplies are stated at the lower of weighted average cost and net realisable value. The Group reviews annually the stock of material for obsolescence and a provision on obsolete stock is made accordingly.

Notes to the financial statements (continued)
For the year ended 31 December 2016

2. Accounting policies (continued)

j) Oil and gas overlift and underlift

Underlifts of entitlement to crude oil production are recorded within other receivables and overlifts within other payables, both measured at market value, consistent with the crude oil inventory valuation policy.

k) Investments

The Company holds investments in common stock in privately held companies.

In the Company's financial statements investments in subsidiaries are stated at cost less, where appropriate, provision for impairment.

The Company periodically reviews whether there are indicators that investments are impaired. If indicators of impairment exist, the Company reviews its investments for which recoverable value is less than the carrying value to determine if the decline in value is other than temporary. If the decline in value is considered to be other than temporary, an impairment loss is recognised to reduce the carrying value of the investment to its recoverable value.

l) Trade receivables and payables

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

m) Cash and cash equivalents

Cash and cash equivalents (which are presented as a single class of assets on the face of the consolidated balance sheet) comprise cash at bank and other short-term liquid investments with a maturity of three months or less.

n) Provisions

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

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

a) Reserves

Development and production assets within property, plant and equipment are depreciated on a unit of production basis at a rate calculated by reference to proved developed producing reserves estimated using the standards required by the US Securities Exchange Commission ("SEC"). Proved reserves estimates are based on a number of underlying assumptions, including oil and gas prices, future costs, oil and gas in place and reservoir performance, which are inherently uncertain. Proved reserves estimates are supported by reserves reports for the Company which are reviewed by independent petroleum reservoir engineers.

The level of estimated commercial reserves is also a key determinant in assessing whether the carrying value of any of the Group's development and production assets has been impaired.

The carrying amount of development and production assets at 31 December 2016 is shown in note 11.

b) Decommissioning

The provision for decommissioning obligations depends on the cost and timing of decommissioning works, legal requirements and the discount rate to be applied to such costs. The directors have conducted an internal review of these factors, based on information currently available, in the calculation of this provision.

The carrying amount of the decommissioning provision at 31 December 2016 are shown in note 19.

c) Impairment of assets

Assets are carried at cost in the balance sheet provided they will result in an economic benefit. When external factors indicate the loss of economic benefit, a ceiling test is carried out to measure whether impairment is necessary. The ceiling test compares an estimation of the future cash inflows with the original investment. Impairments totalling $nil (2015: $147.3 million) have been recognised in the year. See note 11 for further detail, including details of assumptions used within the impairment tests.

Notes to the financial statements (continued)
For the year ended 31 December 2016

4. Revenue

	Group 2016 $'000	2015 $'000
Oil sales	274,906	430,510
Gas sales	6,594	6,854
Pipeline tariffs	39,685	41,476
Total operating revenue	321,185	478,840
Investment revenue (note 7)	859	422
Total operating and investment revenue	322,044	479,282

5. Operating loss

Operating loss is stated after charging:

	Group 2016 $'000	2015 $'000
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	27	48
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries	38	70
Total audit fees	65	118

6. Staff costs

	Group 2016 $'000	2015 $'000
Wages and salaries	8,716	9,046
Social security costs	280	170
	8,996	9,216

During the year, the average monthly number of staff (excluding directors) employed by the Group was:

	2016	2015
Average number of employees during the year	36	42
	36	42

None of the employees were employed by the parent Company.

Directors' remuneration is borne by another company within the Perenco group. It is not practicable to allocate their remuneration between their services for the Company during the period and their services for other Perenco group companies.

In 2016, aggregate remuneration for senior management personnel amounted to $0.5 million (2015: $0.8 million).

7. Investment income

	Group 2016 $'000	2015 $'000
Interest receivable on cash deposits	143	85
Intercompany interest receivable	706	357
Other interest receivable	10	-
	859	442

Investment income earned from loans and receivables (including cash and bank balances) in 2016 was $0.7 million (2015: $0.4 million).

Notes to the financial statements (continued)
For the year ended 31 December 2016

8. Finance costs

	Group 2016 $'000	2015 $'000
Intercompany interest payable	4,090	4,770
Unwinding of discount on decommissioning provision (note 19)	2,400	2,625
Other finance expense	-	2
	6,490	7,397

No gains or losses have been recognised on financial liabilities measured at amortised cost.

9. Other financial gains and losses

	Group 2016 $'000	2015 $'000
Foreign exchange gain/(loss)	3,777	(37,778)
	3,777	(37,778)

10. Taxation

	Group 2016 $'000	2015 $'000
Corporate income taxes:		
Current taxation	75,399	114,889
	75,399	114,889
Deferred taxation:		
Origination and reversals of temporary differences, principally related to fixed assets movement on liability (note 18)	(87,065)	(77,928)
Group taxation (credit)/charge for the year	(11,666)	36,961

Factors affecting the tax charge for the year are set out below:

Notes to the financial statements (continued)
For the year ended 31 December 2016

10. Taxation (continued)

	2016 $'000	2015 $'000
Loss on ordinary activities before tax	(8,815)	(128,415)
Loss on ordinary activities at UK statutory tax rate 20% (2015: 20.25%)	(1,763)	(26,004)
Effects of:		
Tax rates of operations in other jurisdictions	(8,811)	55,355
Temporary differences	(833)	7,710
Non-deductible expenses	818	966
Prior year adjustment	(1,077)	(1,066)
Total tax (credit)/charge for the year	(11,666)	36,961
Effective tax rate	132.3%	(28.8%)

Changes to the main rate of corporation tax were announced in Finance Act 2013. These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2014 from 23% to 21% and a further reduction for the financial year beginning 1 April 2015 from 21% to 20%.

Further changes to the main rate of corporation tax were announced in Finance Act 2015. These comprised a reduction in the main rate of corporation tax for the financial year beginning 1 April 2017 from 20% to 19% and a further reduction for the financial year beginning 1 April 2020 from 19% to 18%.

In the March 2016 Budget, the Government announced a reduction in the main rate of corporation tax for the financial year beginning 1 April 2020 to 17%.

Unrecognised deferred tax assets arise from the following gross timing differences:

	2016 $'000	2015 $'000
Local losses carried forward	61,552	61,552
	61,552	61,552

The losses available for tax purposes are not recognised in the financial statements due to the uncertainty of future taxable profits against which these could be utilised. In Brazil, these tax losses can only be utilised against a maximum of 30% of income in individual future periods.

Notes to the financial statements (continued)
For the year ended 31 December 2016

11. Property, plant and equipment

	Decommissioning assets $'000	Development and production assets $'000	Other $'000	Total $'000
Cost				
At 1 January 2015	95,087	2,226,184	8,700	2,329,971
Additions	-	74,277	2,015	76,292
Change in estimate (note 19)	29,783	-	-	29,783
At 1 January 2016	124,870	2,300,461	10,715	2,436,046
Additions	-	53,455	-	53,455
Disposals	-	-	(447)	(447)
Change in estimate (note 19)	3,936	-	-	3,936
At 31 December 2016	128,806	2,353,916	10,268	2,492,990
Depreciation				
At 1 January 2015	28,292	766,182	3,079	797,553
Charge for the year	12,629	271,878	179	284,686
Impairment	-	147,345	-	147,345
At 1 January 2016	40,921	1,185,405	3,258	1,229,584
Charge for the year	18,008	242,194	1,027	261,229
At 31 December 2016	58,929	1,427,599	4,285	1,490,813
Net book value				
At 31 December 2016	69,877	926,317	5,983	1,002,177
At 31 December 2015	83,949	1,115,056	7,457	1,206,462

12. Financial instruments

The Group has entered into a variety of financial instruments to operate the business. A financial instrument is defined in IAS 32 'Financial instruments – presentation' as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of cash and cash equivalents, loans from intermediate parent company and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings.

Foreign exchange

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group considers that movements in foreign exchange are a regular part of its business environment and therefore accepts this foreign exchange risk and does not use foreign currency derivative instruments.

The Group holds a loan from an intermediate parent denominated in USD, which is a currency other than the functional currency of the entity that holds the loan (being the Brazilian Real ("Reais").

Sensitivity analyses have been performed to indicate how the profit or loss would have been affected by changes in the exchange rate between the USD and Reais. A reasonable change of the USD by 10 per cent against the Reais would result in a gain/loss of foreign exchange of the Group of $5.2 million (2015: $3.9 million).

Interest rate risk

The Group has cash and cash equivalent balances, on which it earns deposit interest income. Other than placing sums on deposit at fixed rates for varying maturity periods, no financial instruments are used to manage the risk of interest rate volatility. Interest rate risk is not considered to be significant risk in the context of the Group given the immaterial amounts involved.

Credit risk

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

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk without taking account of any collateral obtained.

The Group's counterparty risks in relation to its cash and cash equivalents are considered to be limited because counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

The credit risk on other receivables is dependent on the Group's partners in business. In Vietnam, the partners are major groups considered able to repay if required. However, in Brazil, OGX went into administration in September 2013 owing $32.1 million to the Group in relation to cash outflows occurring in 2013, this has been provided for. The Group reviews the other receivable amounts for impairment to ensure that balances are not overstated. There is no impairment of other receivables in 2016.

12. Financial instruments (continued)

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining loan facilities from its intermediate parent company and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial debts and liabilities.

Maturity analysis for financial liabilities is shown in the next page.

Fair values of financial assets and liabilities

At 31 December 2016 and 2015 the carrying amounts of cash, cash equivalent and short-term deposits, other receivables (note 15) and trade and other payables (note 16) approximated their fair values due to the short-term maturities of these assets and liabilities.

Categories of financial instruments

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

Group	**2016 $'000**	**2015 $'000**
Financial assets		
Loans and receivables (including cash and cash equivalents)	239,062	236,677
Financial liabilities		
Financial liabilities measured at amortised cost	(203,756)	(265,086)
	35,306	(28,409)

Company	**2016 $'000**	**2015 $'000**
Financial assets		
Loans and receivables (including cash and cash equivalents)	22,259	5,703
Financial liabilities		
Financial liabilities measured at amortised cost	(121,910)	(167,270)
	(99,651)	(161,567)

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

Notes to the financial statements (continued)
For the year ended 31 December 2016

12. Financial instruments (continued)

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

Group	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	2016 $'000	2015 $'000
31 December 2016						
Interest bearing	-	-	45,000	75,000	120,000	165,000
Non-interest bearing	64,986	18,770	-	-	83,756	100,086

Company	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1 to 5 years $'000	2016 $'000	2015 $'000
31 December 2016						
Interest bearing	-	-	45,000	75,000	120,000	165,000
Non-interest bearing	1,910	-	-	-	1,910	2,270

13. Long-term receivables

	Group 2016 $'000	Group 2015 $'000
Decommissioning fund	78,247	64,723
	78,247	64,723

The Company is required to maintain decommissioning funds in order to cover decommissioning expenditure.

14. Inventories

	Group 2016 $'000	Group 2015 $'000
Crude oil	6,934	-
Materials and supplies	8,967	9,039
	15,901	9,039

The Group maintains a provision for obsolete materials and supplies of $11.7 million (2015: $13.6 million) based on specific potential obsolescence identified or of the age of the items, to account for items that may not be used in the future. The movement in the year has been recognised directly through the income statement.

Notes to the financial statements (continued)
For the year ended 31 December 2016

15. Trade and other receivables

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade receivables	39,721	47,404	-	-
Receivables from JV partner	36,851	21,934	-	-
Receivables from related parties	171,750	158,959	21,837	-
Tax recoverable	135	391	-	-
Other receivables	684	5	-	-
Corporation tax recoverable	-	1,076	-	-
Provision for doubtful debt from JV partner	(19,104)	(15,407)	-	-
	230,037	214,362	21,837	-

In Brazil, OGX, a joint venture partner of the Group, went into administration in September 2013 owing $32.1 million to the Group in relation to cash outflows occurring in 2013. Of this balance, $19.1 million remains outstanding and has been provided against fully as a bad debt. The movement of the provision during the year is shown below.

	$'000
At 1 January 2016	15,407
Provision against increase in debtor during the year	325
Foreign exchange difference on translation of provision brought forward	3,372
	19,104

Receivables from related parties are made up of cash paid under a cash pooling treasury agreement.

Amounts in the cash pooling treasury agreement are paid in US dollars and interest is calculated on a weekly basis using the 1 week US Dollar London Interbank Offered Rate (1W LIBOR).

There are no past due receivables other than the OGX debtor at 31 December 2016 (2015: $nil).

16. Trade and other payables

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Trade payables	17,592	19,595	-	-
Accruals	47,182	45,705	1,910	2,270
Payables to JV partners	20	-	-	-
Taxation (other than corporate)	2,976	1,873	-	-
Other payables	191	8,017	-	-
	67,961	75,190	1,910	2,270

There is no interest accruing on these balances.

Notes to the financial statements (continued)
For the year ended 31 December 2016

17. Borrowings

	Group 2016 $'000	Group 2015 $'000	Company 2016 $'000	Company 2015 $'000
Loans from intermediate parent and related party				
Short-term	45,000	45,000	45,000	45,000
Long-term	93,770	146,770	75,000	120,000
	138,770	191,770	120,000	165,000

Loans from the intermediate parent (Perenco S.A.) are non-interest bearing, totalling $18,770,000 (2015: $26,770,150). The amount is payable in one instalment in February 2017.

A loan from Global Financial Investments SA, a related party, of $300,000,000 was drawn on 1 July 2012, the first instalment of $45,000,000 was repaid in 2013. The loan accumulates interest at a rate of LIBOR plus 1.8974% and a single repayment of $45,000,000 is made each year on the 30 June, with a final payment of $30,000,000 taking place on 30 June 2019. The balance outstanding at 31 December 2016 was $120,000,000 (2015: $165,000,000).

18. Deferred tax liabilities

	2016 $'000	2015 $'000
Balance at the beginning of the year	446,456	524,384
Credit to the income statement (note 10)	(87,065)	(77,928)
	359,391	446,456

Deferred tax analysis

The deferred taxation balances are analysed as follows according to the nature of the temporary differences.

	2016 $'000	2015 $'000
Property, plant and equipment and decommissioning asset	370,635	460,220
Provisions	(14,711)	(13,764)
Oil stock	3,467	-
Net deferred tax liability provided	359,391	446,456

Notes to the financial statements (continued)
For the year ended 31 December 2016

19. Decommissioning provision

The decommissioning costs related to the decommissioning provision provided for are expected to be incurred in 2023.

The provision is the discounted value of the directors' estimates using existing technology, at current prices. Decommissioning cost estimates have been inflated to the date of decommissioning at 2% (2015: 2%) and discounted back to the year end at 1.3% (2015: 1.8%). Any change in estimate in the decommissioning provision is reflected in the decommissioning asset within PP&E (see note 11).

	2016 $'000	2015 $'000
Balance at 1 January	133,366	100,958
Change in provision	3,936	29,783
Unwinding of discount (note 8)	2,400	2,625
Balance at 31 December	139,702	133,366

20. Contingent liabilities

Under the terms of the concession agreements signed with the Agencia Nacional de Petroleo ("ANP"), the Group is required to use an agreed percentage of local Brazilian's goods and services during the exploration phase. The Group has not met these percentages to the date of this report; however, no provision has been made in these financial statements as the Directors do not consider that there is a probable penalty or loss to the Group.

21. Called up share capital

	Group and Company 2016 $'000	2015 $'000
Allotted, called-up and fully paid		
10,002 ordinary shares of £1 each	16	16

22. Share premium and other reserves

Share premium

	Group and Company 2016 $'000	2015 $'000
Balance at 1 January	1,189,100	1,189,100
Balance at 31 December	1,189,100	1,189,100

A dividend of $45.5 million was paid in the year (2015: $20.0 million).

Other reserves
Other reserves comprise the foreign currency translation reserve.

Notes to the financial statements (continued)
For the year ended 31 December 2016

23. Notes to the cash flow statements

Reconciliation of operating loss to net cash inflow from operating activities is set out below:

Group

	2016 $'000	2015 $'000
Operating loss	(6,961)	(83,682)
Depreciation charge	261,229	284,686
Foreign exchange loss	(882)	-
Exploration costs written off	-	102
Impairment of property, plant and equipment	-	147,345
Loss on disposal of assets	447	-
Operating cash flow prior to working capital changes	253,833	348,451
(Increase) / decrease in inventories	(6,862)	16,072
(Increase) / decrease in receivables	(16,652)	15,073
Decrease in payables	(14,984)	(14,850)
Net cash from operating activities	215,335	364,746

Company

	2016 $'000	2015 $'000
Operating loss	(8,144)	(940,815)
Foreign exchange gains net	(417)	(121)
Impairment of investment	8,000	940,055
Operating cash flow prior to working capital changes	(561)	(881)
(Increase) / decrease in receivables	(21,837)	1,787
Decrease in payables	(222)	(349)
Net cash from operating activities	(22,620)	557

24. Operating leases

The Group has certain operating lease payment obligations in relation to the hire of a Freight, Storage and Onboarding vessel in Vietnam.

During the year lease payments of $5,805k (2015: $5,780k) in relation to operating leases were recognised as an expense.

At 31 December 2016 and 2015 the following payments were committed to be made in respect of non-cancellable operating leases.

Operating lease commitments due	2016 $'000	2015 $'000
Within one year	4,855	5,805
Between two and five years	-	4,855
After five years	-	-
	4,855	10,660

Notes to the financial statements (continued)
For the year ended 31 December 2016

25. Commitments

At 31 December 2016 the Company and its subsidiaries, specifically in Brazil, have no further commitments (2015: $Nil) on exploration projects.

In Vietnam the Company is committed to its share of future exploration, development and operating costs beyond 2016 under the terms of its joint venture agreements.

26. Related parties

During the year, the Company and its subsidiary undertaking were recharged salaries, other related employment costs, and third party costs borne on its behalf as below by affiliated companies and its parent company.

Group	**Charged to/(from) for 2016 $'000**	**Charged to/(from) for 2015 $'000**	**Receivable / (Payable) 2016 $'000**	**Receivable / (Payable) 2015 $'000**
Affiliated companies				
Perenco S.A.	(1,964)	(3,713)	33,992	7,901
Perenco Petroleum Limited	485	21	118,635	124,087
Perenco Peru Limited	-	(16)	-	-
Perenco UK Limited	1,061	(6)	-	-
Global Financial Investments S.A.	(4,090)	(4,770)	(120,000)	(165,000)
Perenco Holdings	373	(1,191)	827	(65)
Perenco	(4,454)	(4,597)	(699)	(484)
Total	(8,588)	(14,272)	32,755	(33,561)

Details of transactions with key management personnel are disclosed in note 6.

Company	**Charged to/(from) for 2016 $'000**	**Charged to/(from) for 2015 $'000**	**Receivable / (Payable) 2016 $'000**	**Receivable / (Payable) 2015 $'000**
Affiliated companies				
Global Financial Investments S.A.	(4,090)	(4,770)	(120,000)	(165,000)
Perenco Holdings	767	(717)	837	(14)
Perenco S.A.	-	-	21,000	-
Perenco UK Limited	1,037	-	-	-
Total	(2,286)	(5,487)	(98,163)	(165,014)

27. Subsidiary companies

The Company has investments in the following principal entities, all of which have been consolidated:

Principal subsidiary undertakings	Proportion held and class of share	Country of incorporation	Registered address	Business	Country of operation
Perenco Cuu Long Limited	100% ordinary shares	UK	8 Hanover Square, London, England, W1S 1HQ	Exploration for and production of oil and gas	Vietnam
Perenco Rang Dong Limited	100% ordinary shares	UK	8 Hanover Square, London, England, W1S 1HQ	Exploration for and production of oil and gas	Vietnam
Perenco Vietnam AS	100% ordinary shares	Norway	Munkedamsveien 45, 0201 Oslo, Norway	Exploration for and production of oil and gas	Vietnam
Perenco Petroleo e Gas do Brasil Ltda	100% ordinary shares	Brazil	Praia de Botafogo, 501 Bloco A, 1 Andar, Botafogo 22250-040, Rio de Janeiro, Brazil	Exploration for and production of oil and gas	Brazil

Company

Investments	$'000
At 1 January 2016	590,580
Increase in investment in the year	8,000
Impairment	(8,000)
At 31 December 2016	590,580

During the year the Company increased its investment in the Brazilian subsidiary by $8.0 million. At the end of the year this was fully impaired due to the Brazilian subsidiary having no active exploration and evaluation activity in the country.

28. Immediate and ultimate parent company and controlling party

The immediate parent, and the parent undertaking of the smallest group which includes the Company and for which group accounts are prepared, is Perenco S.A., a company registered in the Bahamas. Perenco International Limited, a company incorporated in the Bahamas, is the parent undertaking of the largest group which includes the Company and for which group financial statements are prepared. The financial statements of Perenco S.A. and Perenco International Limited are not available to the public. The ultimately controlling party is the Perrodo family and trusts for their benefit.