Company Registration No. SC061143 (Scotland)

PERENCO ENERGIES INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

PERENCO ENERGIES INTERNATIONAL LIMITED

COMPANY INFORMATION

Officers and professional advisers

Directors	A Eager J B Parr E M P Colombel
Secretary	A Eager
Company number	SC061143
Registered office	C/O Dwf Llp 2 Semple street Edinburgh EH3 8BL
Independent Auditor	Deloitte LLP Statutory Auditor London, UK
Bankers	Bank of America 2 King Edward Street London EC1A 1HQ
Solicitors	Herbert Smith Exchange House Primrose Street London EC2A 2H

PERENCO ENERGIES INTERNATIONAL LIMITED

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PERENCO ENERGIES INTERNATIONAL LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present the strategic report and audited financial statements for the year ended 31 December 2022. Perenco Energies International Limited (the "Company") is an investment holding company, a private company limited by shares, with four subsidiary companies (together "the Group"). Additionally, the Company provides technical, administrative and management advisory services to the Group and also group entities of the ultimate parent company. The primary objective of the Group is to increase shareholder wealth through the production and sale of petroleum, natural gas and renewable energy, as well as provide upstream services which include: decommissioning, marine and shipyard management.

Business review

The revenue recorded by the Group has increased significantly when compared to the prior year at £562,433k (2021: £375,596k). The increase in oil and gas sales by £165,245 is driven by a surge in oil and gas prices and an increase in the net oil production, mostly attributable to DRC assets acquired in the fourth quarter of 2021 as production for the full year was consolidated. The increase in net production was offset by production losses in Turkey as three expired licenses were handed back to the State. The Group's daily production remained largely within budget. The other revenue increased slightly by £21,592k, the increase is mostly relate revenue from provision of decommissioning and marine services, as the Group enhanced its fleet last year, as well as one more decommissioning vessel was purchased during the year.

The Group completed construction of a solar power plant in Tunisia and received authorisation from Tunisian Ministry of Energy to operate the plant. Production started at the end October 2022.

While the Group's production and operating costs, including depletion and depreciation and royalties, have increased, the gross profit margin ratio has remained stable at 24% (2021: 25%). The increase in revenue was offset by significantly higher royalties paid.

The Group recorded a profit after taxation of £40,741k, compared to a profit of £31,047k in 2021. The increase is mainly due the expansion of the Group and positive impact of significant recovery of oil and gas prices, offset by higher tax charges due to higher taxable income.

The balance sheet shows that the Group's overall financial position at the end of the year has increased slightly, with the net assets of £319.3 million at 31 December 2022 compared to £278.6 million at 31 December 2021.

Key performance indicators

The key performance indicators for the Group are revenue, gross profit margin and profit after tax. The directors use these measures to evaluate operating performance and make financial and strategic decisions to ensure return of value to shareholders. The KPIs achieved during 2022 are included in the business review section above.

Major hazards

The Group recognises that our operations involve major hazards and are committed to providing the necessary leadership so as to ensure that the resulting risks to people, the environment and property are as low as reasonably practicable. The directors ensure that appropriate leadership is in place at all levels of the organisation. The directors also monitor major hazard safety performance through the analysis of appropriate key performance indicators and ensure that all necessary action is taken to correct underperformance and to ensure continuous improvement.

Principal risks and uncertainties

The Group's operations expose it to a variety of financial risks that include oil and gas price risk, foreign currency risk and credit risk.

Oil and gas price risk

The most significant financial risks to which the Group is exposed are movements in oil and gas prices. The Group considers that volatility in oil and gas prices is a regular part of its business environment. The Group does not systematically hedge through financial instruments to mitigate these risks.

Foreign currency risk

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

Credit risk

The Group's principal financial assets are cash and cash equivalents and third and related party receivables. 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 related party receivables is monitored by the Group's parent and balances as at 31 December 2022 are considered to be recoverable. The expected credit losses on intercompany receivables are deemed close to nil in both 2022 and 2021.

Employment policies

The Group has a wide range of employment policies in place covering such issues as diversity, employee wellbeing and equal opportunities. Also, the Group is committed to an active programme of employee development. Training and development needs are identified in consultation with the individuals concerned, and relevant training opportunities made available.

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and Group news articles. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

The Group takes its responsibility to the disabled seriously and seeks not to discriminate against current or prospective employees because of any disability.

GHG emissions and energy usage

The Group applied a non-UK subsidiary exclusion and a small consumption exclusion exemption to report on carbon emission and energy usage required under "The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008" as amended.

Section 172 statement

The directors have a duty to promote success of the Group for the benefit of stakeholders as a whole and remain conscious of the impact their decisions have on employees, communities, suppliers, customers and the environment.

Section 172 requires directors to have regard to the following in the performing their duties, and as part of the process are required to consider, where relevant:

(a)the likely consequences of any decision in the long term,
(b)the interests of the company's employees,
(c)the need to foster the company's business relationships with suppliers, customers and others,
(d)the impact of the company's operations on the community and the environment,
(e)the desirability of the company maintaining a reputation for high standards of business conduct, and
(f)the need to act fairly as between members of the company.

To support directors in the discharge of their duties and whilst making a decision on behalf of the Group, the directors have access to regular performance reports, which include financial operational updates to identify matters which may have an impact on the proposed decision including, where relevant, section 172 factors as outlined above.

The directors with the management team review the progress against strategic priorities. This collaborative approach helps to promote the long-term success of the Group. The directors assess different areas of the business so that the Group is well prepared for the future challenges. Ultimately the directors decisions are taken based on what they consider to be in the best interest of the long-term financial success of the Group's stakeholders, including shareholders, employees, the community and environment, our suppliers and customers.

The directors aim to balance the needs of various stakeholders when setting and delivering the Group's strategy, having regard to long term value creation, including maximising long term shareholder value.

The directors focus on engagement with all stakeholders and consider stakeholders' views when making decisions.

The Group works to attract, develop and retain the world's best talent, equipped with the right skills for the future. Our people have a crucial role in delivering our strategy and creating value. We trust people we hire and let them express their talent in a wide range of domains.

The Group aims to help local communities to grow their domestic energy supplies and boost energy security. This in turn helps create jobs and generates revenues for governments. The Group aim to maintain dialogue with governments and engage in policy debates that are of concern to us and the communities in which we operate. The Group paid income tax and production tax (royalty) of £280.7 million in the year (2021: £114.1 million).

In response to catastrophic earthquakes that have devastated Southern Turkey and Northern Syria, the Group, liaised with all the relevant local authorities and NGO to determine the best way to help the local communities impacted by the disaster. Using local presence, network, and experience the Group supported efficiently the search and rescue operations and the relief efforts providing: immediate relief equipment and materials, organising civil work services to help the search and rescue operations, facilitating accommodation solution (using the Group's infrastructure in Turkey in PRC and NIA or, according to the requirements on site, providing camps solutions, etc.)

The Group depends on the capability and performance of our suppliers, contractors and other partners, such as small businesses, industry peers, to help deliver the products and services we need for our operations.

The Group consults with local people to gain valuable perspectives on the ways in which our activities could impact the local community or environment. We typically engage well before any physical work begins on a project and continue the conversation throughout a project's lifespan.

The directors with management team regularly review and monitors safety, reliability and environmental performance, with the aim of continually making the Group safer for our entire workforce and minimising our environmental impact. It also focuses on maintaining financial discipline and delivering positive results, cash flow and returns to shareholders.

Safety will always be one of our core values. This is important to our workforce, local communities and the environment, while securing strong operational availability and reliability is crucial to our partners, suppliers and customers.

Our workforce help us maintain our strong reputation for high standards of business conduct which is fundamental in delivering our purposes.

The directors will continue to assess and monitor culture and will look to obtain useful insight through effective dialogue with our key stakeholders and taking feedback into account in the board's decision-making process.

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

A Eager

A Eager
Director
15 August 2023

PERENCO ENERGIES INTERNATIONAL LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

Results and dividends

The results for the year are set out on page.10. No dividend was paid in the year (2021: 27,185k). No further dividend was proposed.

Subsequent events

No subsequent events after 31 December 2022 have been noted.

Principal risks and uncertainties

Information regarding principal risks and uncertainties is included in the strategic report which forms part of the directors' report by way of cross-reference.

Future developments

The Group will continue to produce and sell petroleum and natural gas, renewable energy as well as provide other support services for the foreseeable future.

Directors

The directors, who served throughout the year and up to the date of signing, were were as follows:
A Eager
J B Parr
E M P Colombel

Political contributions

There have been no political donations made or political expenditure incurred during 2022 and 2021 financial year

Directors' indemnities

The Company has made qualifying third party indemnity provisions to the extent allowed under section 234 of the Companies Act 2006 for the benefit of its directors which were made during the year and remain in force at the reporting date.

Disabled persons

The Group's policy in respect of disability have been set out in the strategic report.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forth coming Annual General Meeting.

Going concern

The Group's business activities, key financial, foreign currency and credit 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 has received confirmation from their ultimate parent company, Perenco International Limited (Lyford Manor, Lyford Cay, Western Road Po Box N10 051 Nassau, Bahamas) that, if need be, Perenco International Limited will provide financial support, for a period of at least 12 months from the date of these financial statements.

In making their assessment of going concern, the directors have considered the letter of support from Perenco International Limited. The directors, having assessed the responses of the directors of Perenco International Limited to their enquiries, have no reason to believe that Perenco International Limited will not be able to continue as a going concern or honour its commitments in accordance with the letter of support. On the basis of their assessment of the Group's financial position and the support from Perenco International Limited, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the annual report and financial statements.

Details on how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard, including on the principal decisions taken by the company during the financial year has been included in the Strategic Report.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he / she ought to have taken as a director in order to make himself / herself 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 section 418 of the Companies Act 2006.

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

A Eager

A Eager
Director
15 August 2023

PERENCO ENERGIES INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

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 group financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirement of the Companies Act 2006. 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 Group and of the profit or loss of the Group 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 of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's and the Group's financial position and financial performance; and
- make an assessment of the Company's and the Group'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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PERENCO ENERGIES INTERNATIONAL LIMITED

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Perenco Energies International Limited (the 'Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and Company balance sheets;
- the consolidated and Company statements of changes in equity;
- the consolidated and Company cash flow statements; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

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

We have nothing to report in this regard.

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

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

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax and environmental legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included health and safety regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified a significant audit risk that revenue could be materially misstated, due to potential fraud, in the event that the transactions were recorded in the incorrect period or were not complete. In order to address the risk, we obtained an understanding of the revenue process, assessed the design and implementation of management's key internal controls over revenue, and performed substantive audit procedures to test 100% of oil revenue transactions recorded, sample of gas revenue transactions and a sample of other revenue transactions recorded. The substantive procedures performed included agreeing recorded sales transactions to supporting documents i.e. pricing contracts, proof of delivery, and bank statements and tracing proof of delivery to sales invoices and recorded journals.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Use of our report

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

Dean Cook MA FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London

15 August 2023

PERENCO ENERGIES INTERNATIONAL LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Revenue	**5**	562,433	375,596
Cost of sales			
Production and operating costs	**6**	(420,504)	(279,668)
Gross profit		**141,929**	**95,928**
Bad debt write off		(3,162)	-
Administrative expenses	**7**	(3,562)	(3,201)
Operating profit		**135,205**	**92,727**
Finance income	**9**	4,090	2,900
Finance costs	**10**	(3,079)	(519)
Other losses	**11**	(13,584)	(17,377)
Gain /(Loss) on disposal of assets		979	(342)
Profit before taxation		**123,611**	**77,389**
Income tax expense	**12**	(82,870)	(46,342)
Profit for the financial year		**40,741**	**31,047**

The income statement has been prepared on the basis that all operations are continuing operations.

PERENCO ENERGIES INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 £'000	2021 £'000
Profit for the financial year	**40,741**	**31,047**
Items that may be reclassified to profit or loss in subsequent periods		
Exchange differences on translation of foreign operations	2	1,851
Total comprehensive income for the year	**40,743**	**32,898**

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

PERENCO ENERGIES INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Property, plant and equipment	**13**	362,537	403,482
Right-of-use assets	**14**	20,813	-
Investment property	**15**	5,675	5,063
Other receivables	**19**	3,907	2,851
Deferred tax asset	**23**	281	23,815
		393,213	435,211
Current assets			
Inventories	**16**	41,456	31,726
Trade and other receivables	**18**	442,275	339,096
Cash and cash equivalents		38,388	42,106
		522,119	412,928
Total assets		**915,332**	**848,139**
Current liabilities			
Trade and other payables	**20**	(403,836)	(356,074)
Current tax liabilities		(21,742)	(37,555)
Lease liability	**22**	(3,934)	-
		(429,512)	(393,629)
Non-current liabilities			
Deferred tax liabilities	**23**	(46,894)	(74,723)
Lease liability	**22**	(19,480)	-
Decommissioning provision	**21**	(81,276)	(96,543)
Provisions	**21**	(18,869)	(4,686)
		(166,519)	(175,952)
Total liabilities		**(596,031)**	**(569,581)**
Net assets		**319,301**	**278,558**
Equity			
Called up share capital	**24**	-	-
Retained earnings		267,543	226,802
Other reserves		51,758	51,756
Total equity		**319,301**	**278,558**

PERENCO ENERGIES INTERNATIONAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

The financial statements were approved by the Board of directors and authorised for issue on 15 August 2023
Signed on its behalf by:

A Eager

A Eager
Director

Company Registration No. SC061143

PERENCO ENERGIES INTERNATIONAL LIMITED

COMPANY ONLY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Non-current assets			
Investments	17	198,440	176,036
Investment property	15	5,675	5,063
		204,115	**181,099**
Current assets			
Trade and other receivables	18	1,342	1,261
Cash and cash equivalents		74	298
		1,416	1,559
Total assets		**205,531**	**182,658**
Trade and other payables	20	(116,870)	(101,407)
Total liabilities		**(116,870)**	**(101,407)**
Net assets		**88,661**	**81,251**
Equity			
Share capital	24	-	-
Retained earnings		85,401	87,744
Other reserves		3,260	(6,493)
Total equity		**88,661**	**81,251**

The Company has chosen to apply section 408 of the Companies Act which provides an exemption from publication of the full Company only profit and loss account. The Company reported a loss for the financial year ended 31 December 2022 of £2,343k (2021: loss of £1,075k).

The financial statements were approved by the Board of directors and authorised for issue on 15 August 2023
Signed on its behalf by:

A Eager
Director

Company Registration No. SC061143

PERENCO ENERGIES INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

Consolidated	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 January 2021	-	**222,940**	**49,905**	**272,845**
Profit for the year	-	31,047	-	31,047
Other comprehensive expense for the year	-	-	1,851	1,851
Total comprehensive income for the year	-	**31,047**	**1,851**	**32,898**
Dividends paid	-	(27,185)	-	(27,185)
At 31 December 2021	-	**226,802**	**51,756**	**278,558**
Profit for the year	-	40,741	-	40,741
Other comprehensive income for the year	-	-	2	2
Total comprehensive income for the year	-	40,741	2	40,743
At 31 December 2022	-	**267,543**	**51,758**	**319,301**

Company	Share capital £'000	Retained earnings £'000	Other reserves £'000	Total equity £'000
At 1 January 2021	-	**116,004**	**(12,087)**	**103,917**
Total loss for the year	-	(1,075)	-	(1,075)
Other comprehensive income for the year			5,594	
Total comprehensive income for the year	-	(1,075)	5,594	4,519
Dividend paid	-	(27,185)	-	(27,185)
At 31 December 2021	-	**87,744**	**(6,493)**	**81,251**
Total loss for the year	-	(2,343)	-	(2,343)
Other comprehensive income for the year		-	9,753	9,753
Total comprehensive income for the year	-	(2,343)	9,753	7,410
Dividend paid	-	-	-	-
At 31 December 2022	-	**85,401**	**3,260**	**88,661**

PERENCO ENERGIES INTERNATIONAL LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Net cash inflow from operating activities	**26**	**56,254**	**94,612**
Cash flows from investing activities			
Expenditure on development and production assets	13	(23,001)	(10,131)
Expenditure on other fixed assets	13	(55,727)	(55,317)
Cash outflow acquisition Teikoku		-	(37,946)
Fixed asset disposal proceeds		47,309	177
Interest received on cash pool with related parties	9	744	497
(Decrease) / Increase in cash pool with related parties		(31,880)	23,433
Net cash used in investing activities		**(62,555)**	**(79,287)**
Cash flows from financing activities			
Dividends paid		-	(27,185)
Interest received on cash deposits	9	3,346	2,403
Repayment of lease liabilities		(4,687)	-
Net cash used in financing activities		**(1,341)**	**(24,782)**
Net decrease in cash and cash equivalents		**(7,642)**	**(9,457)**
Cash and cash equivalents at beginning of year		**42,106**	**47,830**
Effect of foreign exchange rate changes		3,924	3,733
Cash and cash equivalents at end of year		**38,388**	**42,106**

PERENCO ENERGIES INTERNATIONAL LIMITED

COMPANY ONLY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £'000	2021 £'000
Net cash used in operating activities	**26**	**(16,609)**	**3,364**
Cash flows from investing activities			
Investment in Teikoku		-	(37,945)
Loan drawn from Group companies for cash pooling		16,340	60,635
Net cash generated from/(used in) investing activities		**16,340**	**22,690**
Cash flows from financing activities			
Dividends paid		-	(27,185)
Net cash generated from/(used in) financing activities		**-**	**(27,185)**
Net decrease in cash and cash equivalents		**(269)**	**(1,131)**
Cash and cash equivalents at beginning of year		**298**	**1,434**
Effect of foreign exchange rate changes		45	(5)
Cash and cash equivalents at end of year		**74**	**298**

1 General information

Perenco Energies International Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in Scotland. The address of the registered office is: C/O Dwf Llp 2 Semple street, Edinburgh, EH3 8BL. The nature of the Company's operations and its principal activities are set out in the Strategic Report.

2 Accounting policies

2.1 Accounting convention

The consolidated financial statements have been prepared in accordance in accordance with International Accounting Standards in conformity with the requirement of the Companies Act 2006 and United Kingdom adopted international accounting standards, and have also elected to prepare the Company financial statements in accordance with United Kingdom adopted international accounting standards in conformity with the requirement of the Companies Act 2006. The accounting policies have been applied consistently across the Group, and consistently with prior years.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments and oil stock that are measured at fair (or market) values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2.

The principal accounting policies adopted are set out below.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries, as listed in note 29) made up to 31 December each year. Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable return from its involvement with its investee and has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2 Accounting policies **(Continued)**

2.2 Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss, and each component of other comprehensive income, are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transitions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 'Financial Instruments: Recognition and Measurement'.

Acquisitions
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. When the net fair value of the identifiable assets acquired and liabilities assumed exceeds the aggregate of the consideration transferred, a gain on bargain purchase is taken in profit and loss statement. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

2 Accounting policies **(Continued)**

2.2 Basis of consolidation (continued)

The excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed is allocated to 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.

When the consideration transferred by the Group in a business combination includes an asset or liability resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against oil and gas asset fair value. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration classified as an asset or liability that do not qualify as measurement period adjustments is re-measured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in the profit and loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2.3 Interests in joint arrangements

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS Standards applicable to the particular assets, liabilities, revenue and expenses. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

2 Accounting policies (Continued)

2.4 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 license 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.

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 or across those fields that share common facilities using the unit of production method by reference to the ratio of production in the period to the related proved reserves of the field.

Rigs and vessels are held on a historical cost basis. Any production rigs or vessels included in the development and production costs are depleted using the unit of production method. Rigs and vessels held by the Group services companies are depreciated based on the lifetime of the asset.

Impairment of oil and gas assets

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. In assessing whether an impairment is required, the carrying value of the asset or CGU is compared with its 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 either the field, or the group of assets capable of generating independent cash inflows.

2 Accounting policies **(Continued)**

2.4 Oil and gas assets (continued)

Decommissioning
Estimated decommissioning costs are provided on a field-by-field basis and are discounted to present value with the unwinding of the discount being charged to the income statement within finance costs. The discounted present value is also capitalised as part of property, plant and equipment and depreciated on a unit of production basis. Changes in estimate are recognised prospectively with corresponding adjustments to the provision and associated asset.

2.5 Other tangible fixed assets

Other tangible fixed assets are carried at cost less accumulated depreciation, less estimated residual value and any provision for impairment. Depreciation is charged using the straight-line method over estimated useful lives as follows:

Freehold buildings	20 years
Leasehold land and buildings	10 years or the life of the lease if shorter
Leasehold improvements	10 years or the life of the lease if shorter
Rigs and vessels	5 - 15 years
Vehicles and equipment	3 - 5 years
Freehold land	Not depreciated

2.6 Oil and gas overlift and underlift

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

2.7 Revenue recognition

Revenue from contracts with customers is recognised when or as the Group satisfies a performance obligation by transferring control of a promised good or service to a customer. The transfer of control of oil, natural gas, natural gas liquids and other items usually coincides with title passing to the customer and the customer taking physical possession i.e. when the oil has been lifted and/or delivered through pipelines or the gas or other items has been delivered. Typically, at this point in time, the performance obligations of the Group are fully satisfied.

When, or as, a performance obligation is satisfied, the Group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the group expects to be entitled. The transaction price is allocated to the performance obligations in the contract based on standalone selling prices of the goods or services promised, exclusive of related sales' taxes.

Revenue from the sales of services and the rental of certain assets owned by the Group are recognised in the period during which the services are rendered and the performance obligations are fully satisfied.

Other revenue typically refers to other services, provided by the Group, associated with the decommissioning, marine, storage, shipyard management and technical support.

2 Accounting policies **(Continued)**

2.7 Revenue recognition (continued)

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).

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

2.8 Royalties

Royalties payable are charged to cost of sales.

2.9 Inventories

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

Materials, suppliers and all other non-mineral inventories 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.

2.10 *Foreign currencies*

Effective 1 January 2020, Perenco Energies International Limited changed its functional currency from Pounds Sterling (GBP) to United States dollars (USD). The change was made as significant portions of the Company's income, expenses and cash flows are denominated in USD due to the acquired interest in Mexico and an investment in subsidiary in Tunisia. According to IAS 21, the change in functional currency was applied prospectively from effective date, 1 January 2020.

The financial statements have been presented in Pounds Sterling. Transactions in currencies other than Pounds Sterling are recorded at the relevant rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in currencies other than Pounds Sterling at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

The assets and liabilities of subsidiaries with functional currencies other than the Pounds Sterling are translated into Pounds Sterling at the rates of exchange ruling at the balance sheet date. The results of subsidiaries are translated into Pounds Sterling at the average rates 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.

2.11 Taxation

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

2 Accounting policies (Continued)

2.11 Taxation (continued)

Current tax

The tax currently 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 taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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 of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

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 assets arising from deductible temporary differences with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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.

2.12 Financial assets

Financial assets are recognised initially at fair value, normally being the transaction price. In the case of financial assets not at fair value through profit or loss, directly attributable transaction costs are also included. The subsequent measurement of financial assets depends on their classification, as set out below.

The Group classifies its financial asset instruments as measured at amortised cost or fair value through profit or loss. The classification depends on the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

2 Accounting policies **(Continued)**

2.12 Financial assets (continued)

Financial assets measured at amortised cost
Financial assets are classified as measured at amortised cost when they are held in a business model the objective of which is to collect contractual cash flows and the contractual cash flows represent solely payments of principal and interest. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired and when interest is recognised using the effective interest method. This category of financial assets includes trade and other receivables. Material long term receivables are discounted to present value using projected cash inflows and an appropriate discount rate.

Liquid investments
Liquid investments represent highly liquid current asset investments that do not meet the IAS 7 'Statement of cash flows' definition of cash and cash equivalents, normally because even if readily accessible, the underlying investments have an average maturity of greater than 90 days. The carrying amount of liquid investments approximates to their fair values.income.

Impairment of financial assets measured at amortised cost
Trade receivables are stated at their nominal value as reduced by appropriate allowances for lifetime expected credit losses (ECL). The Group estimate lifetime ECL on trade receivables by reference to the past default experience of the debtor and an analysis of the debtors current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date.

Derecognition of financial assets
The Group derecognises financial assets when the contractual rights to the cash flows expire or the rights to receive cash flows have been transferred to a third party along with either substantially all of the risks and rewards or control of the asset. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand, cash at bank. The carrying amounts of cash in hand and cash at bank approximate to their fair values.

2.13 Financial liabilities

The measurement of financial liabilities depends on their classification.

Financial liabilities measured at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

This category of financial liabilities includes trade and other payables and borrowings.

2 Accounting policies **(Continued)**

2.14 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 the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third-party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning
Liabilities for decommissioning costs are recognised when the Group has an obligation to plug and abandon a well, dismantle and remove a facility or an item of plant and to restore the site on which it is located, and when a reliable estimate of that liability can be made. Where an obligation exists for a new facility or item of plant, such as oil and natural gas production or transportation facilities, this liability will be recognised on construction or installation. The Groups existing decommissioning provision revalued every three years, however the revaluation can be carried out sooner depending on local requirements, or if significant change occurs within ongoing project and/or when significant new data related to the underlying assumptions becomes available. An obligation for decommissioning may also arise during the period of operation of a well, facility or item of plant through a change in legislation or through a decision to terminate operations. At the end of 2021 a full review of the decommissioning provision was performed. The next full revaluation will be carried out in 2024.

The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The provision for the costs of decommissioning wells, production facilities and pipelines at the end of their economic lives is estimated using existing technology, at inflated future prices, depending on the expected timing of the activity, and discounted using the nominal discount rate. Inflation and nominal discount rates are re-assessed each year (note 21).

An amount equivalent to the decommissioning provision is recognised as part of the corresponding property, plant and equipment (decommissioning asset). The decommissioning portion of the property, plant and equipment is subsequently depreciated at the same rate as the rest of the asset. Other than the unwinding of discount on or utilisation of the provision, any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the corresponding asset where that asset is generating or is expected to generate future economic benefits.

2.15 Pension costs

For defined benefit schemes, the amounts charged to the income statement are the current service costs and gains and losses on settlements and curtailments, included as part of staff costs. Payments to defined contribution schemes are charged as an expense as they fall due.

2.16 Going concern

The directors consider that the financial resources available to Group are adequate to meet its operational needs for the foreseeable future. The Group has received a support letter from its ultimate parent company, Perenco International Limited (Lyford Manor, Lyford Cay, West Bay Street Po Box N10 051 Nassau, Bahamas), and in case needed, Perenco International Limited will provide financial support to the Group for a period of at least 12 months as of the reporting date. Consequently, the going concern basis has been adopted in preparing the financial statements. The details of the going concern assessment performed are discussed in the Directors' report on page 4.

2 Accounting policies **(Continued)**

2.17 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate. The discount rate used in 2022 is 3.75%.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

2 Accounting policies **(Continued)**

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

2.18 Investments in subsidiaries

Investments in subsidiaries, are initially recorded at acquisition cost. Write–downs are recorded if, in the opinion of the management, there is any impairment in value.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

All purchases and sales of investments are recognised on the settlement date, which is the date when the investment is delivered to or by the Company.

3 Adoption of new and revised standards and changes in accounting policies

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts-Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

Standards which are in issue but not yet effective

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 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, 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 risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements
There are no critical judgements made by the directors in applying the Group's accounting policies.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that can have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Decommissioning
The provision for decommissioning obligations depends on estimate of the cost and timing of decommissioning works, legal requirements and the inflation and discount rates to be applied to such costs. Management has conducted an internal review of these factors, based on information currently available, in the calculation of the provision. The carrying amounts of decommissioning assets and provisions at 31 December 2022, including the assumptions used are shown in notes 13 and 21 respectively.

Management considers discount rates to be the key source of estimation uncertainty in determining the carrying amounts of the decommissioning assets and provisions, as a reasonably possible changes in these assumptions, arising from a change in a risk free rate, could result in a material change in the carrying amount of the decommissioning assets and provisions, within the next financial year. A 1.0 percentage point increase in the nominal discount rate applied could decrease the Group's decommissioning provision balances by approximately £13 million. The pre-tax impact on the Group's income statement would be a credit of approximately £1.7 million. A 1.0 percentage point decrease in the nominal discount rate applied could increase the Group's decommissioning provision balances by approximately £15.7 million. The pre-tax impact on the Group's income statement would be a debit of approximately £0.7 million.

Reasonably possible changes in other assumptions, such as inflation, timing and amount of costs of decommissioning are not expected to result in a material change in the carrying amounts. The level of reasonably possible changes reflects the Group's past experience that could arise within the next financial year.

Other sources of estimation uncertainty
The other assumptions made concerning the future, and other sources of estimation uncertainty at the balance sheet date, that were made in relation to the assets with significant carrying amounts but do not have a risk of causing a material adjustment to the carrying amounts of assets within the next financial year, are discussed below.

4 Critical accounting judgements and key sources of estimation uncertainty (Continued)

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 Group which are reviewed by independent petroleum reservoir engineers.

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

The carrying amounts of development and production assets as at 31 December 2022 is shown in note 13. The decommissioning liability as at 31 December 2022 is shown in note 21.

5 Revenue (Group)

An analysis of the Group's revenue is as follows:

	2022 £'000	2021 £'000
Oil and gas sales	446,659	281,414
	446,659	281,414
Other revenues		
Decommissioning services	63,876	52,822
Shipyard management	26,751	23,069
Marine services	13,733	5,850
E&P Service contract	6,017	10,718
Technical support	2,230	1,389
Rental	3,167	334
	115,774	94,182
Total operating revenue	**562,433**	**375,596**
Split by geographical area		
Mexico	182,906	132,311
Turkey	146,580	116,235
Netherlands	92,135	83,060
DRC	126,093	43,656
UK	14,703	334
Tunisia	16	-
	562,433	**375,596**

6 Cost of sales (Group)

	2022 £'000	2021 £'000
Operating costs	163,024	87,153
Royalties	159,536	96,530
Depletion, depreciation and amortisation (note 13,14)	97,944	95,985
	420,504	**279,668**

7 Administrative expenses (Group)

	2022 £'000	2021 £'000
General administration costs	3,536	3,180
Fees payable to the Company's auditor and their associates for the audit of the Group's annual accounts	26	21
	3,562	**3,201**

Fees payable to Deloitte LLP and their associates for the audit of the Group's annual accounts were £26k in 2022 (2021: £21k). No non-audit services have been provided in either 2022 and 2021.

8 Staff costs (Group)

	2022 £'000	2021 £'000
Wages and salaries	28,521	23,191
Social security costs	5,840	4,733
Other costs	5,308	7,228
	39,669	**35,152**

	2022 Number	2021 Number
Operations	336	295
Administration	58	63

Three of the employees were employed by the Company (2021: 3).

9 Finance income (Group)

	2022 £'000	2021 £'000
Interest receivable on cash deposits	3,346	2,403
Interest receivable on loans to other Group undertakings (note 27)	744	497
Total finance income	**4,090**	**2,900**

The interest receivable on loans to other group undertakings comprise the interest calculated on advances to Perenco S.A., the Company's immediate parent undertaking. The advances are denominated in US dollars with an interest rate of USD 3- month SOFR plus 1% and are repayable on demand.

10 Finance costs (Group)

	2022 £'000	2021 £'000
Unwinding of discount on decommissioning provisions (note 21)	2,085	343
Unwinding of discount on Lease liability	994	176
	3,079	**519**

11 Other gains and losses (Group)

	2022 £'000	2021 £'000
Foreign exchange losses	13,584	17,377
	13,584	**17,377**

12 Income tax expense (Group)

	2022 £'000	2021 £'000
Corporation tax		
Current year	93,730	54,476
Adjustments in respect of prior periods	(778)	(463)
	92,952	54,013
Deferred tax		
Origination and reversal of temporary differences (note 23)	(10,082)	(7,671)
Total tax charge	**82,870**	**46,342**

(Continued)

12 Income tax expense (Group)

The charge for the year can be reconciled to the profit per the income statement as follows:

	2022 £'000	2021 £'000
Profit before taxation on continued operations	123,611	77,389
Profit before taxation multiplied by the weighted average statutory rate of 29.50% (2021 - 30.00%)	36,465	23,217
Taxation impact of factors affecting tax charge:		
(Income not taxable)/expenses not deductible in determining taxable profit	(154)	4,634
Income not taxable	(481)	(658)
Adjustment in respect of prior years	(778)	(463)
Taxation paid at rates other than the statutory rates	49,174	19,545
Surplus cash transfer tax	(2,481)	(91)
Other differences	1,125	158
Total adjustments	46,405	23,125
Tax charge for the year	**82,870**	**46,342**
Effective tax rate	67%	60%

PERENCO ENERGIES INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

13 Property, plant and equipment (Group)

	Decommissioning assets	Exploration and development cost	Other assets	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2021	25,576	574,205	74,287	674,068
Additions	-	10,131	55,317	65,448
Asset acquisitions	53,216	11,419	284	64,919
Change in estimate	15,648	-	-	15,648
Disposals	-	-	(3,896)	(3,896)
Exchange movements	1,753	7,795	496	10,044
At 31 December 2021	**96,193**	**603,550**	**126,488**	**826,231**
Additions	-	23,001	55,727	78,728
Disposals	-	-	(42,869)	(42,869)
Exchange movements	10,864	74,149	14,041	99,054
Change in estimate	(28,314)	-	-	(28,314)
At 31 December 2022	**78,743**	**700,700**	**153,387**	**932,830**
Depletion, depreciation and amortisation				
At 1 January 2021	-	315,985	8,339	324,324
Charge for the year	5,914	81,737	7,368	95,019
Disposals	-	-	(2,524)	(2,524)
Exchange movements	(17)	5,814	133	5,930
At 31 December 2021	**5,897**	**403,536**	**13,316**	**422,749**
Charge for the year	15,809	67,847	8,060	91,716
Disposals	-	-	-	-
Exchange movements	1,136	50,493	4,199	55,828
At 31 December 2022	**22,842**	**521,876**	**25,575**	**570,293**
Carrying amount				
At 31 December 2022	**55,901**	**178,824**	**127,812**	**362,537**
At 31 December 2021	**90,296**	**200,014**	**113,172**	**403,482**

As at 31 December 2022, the Group's exploration and development assets totalling £34.5 million (2021: £30.8 million) were not depleted, pending commencement of production.

14 Right-Of-Use assets (Group)

	Buildings £'000	Equipment £'000	Total £'000
Cost			
At 1 January 2021	-	2,669	2,669
Foreign currency adjustments	-	5	5
Disposal	-	(1,400)	(1,400)
At 31 December 2021	**-**	**1,274**	**1,274**
Additions	3,081	23,416	26,497
Foreign currency adjustments	82	781	863
At 31 December 2022	**3,163**	**25,471**	**28,634**
Accumulated depreciation			
At 1 January 2021	-	537	537
Charge for the year	-	966	966
Disposal	-	(252)	(252)
Foreign currency adjustments	-	23	23
At 31 December 2021	**-**	**1,274**	**1,274**
Charge for the year	343	5,885	6,228
Foreign currency adjustments	8	311	319
At 31 December 2022	**351**	**7,470**	**7,821**
Net book value			
At 31 December 2022	**2,812**	**18,001**	**20,813**
At 31 December 2021	-	-	-

Amounts recognised in profit and loss

	2022 £'000	2021 £'000
Depreciation expense on right-of-use assets	6,228	966
Interest expense on lease liabilities	994	176

15 Investment property (Group)

	2022 £'000	2021 £'000
Cost		
At 1 January 2022	5,063	5,000
Foreign currency adjustments	612	63
At 31 December 2022	**5,675**	**5,063**

The Company owns Furzey Island. The Island is accounted for as an investment property and not depreciated according to the Group's accounting policy.

16 Inventories (Group)

	2022 £'000	2021 £'000
Crude oil	21,955	16,721
Materials and supplies	25,366	19,349
Materials and supplies - provision for obsolete stock	(5,865)	(4,344)
	41,456	**31,726**

The movement in crude oil inventory is included within production and operation costs. In 2022, the Group recognised a net gain of £6.7 million (2021: £9.1 million loss) on oil stock movements including adjustments for under/overlift.

The Group maintains a provision for obsolete materials and supplies, as stated above, based on specific potential obsolescence identified or of the age of the items, to account for items that may not be used in future. The movement in the year has been recognised directly through the income statement.

17 Investments (Company)

		Cost and net book value	
		2022	2021
	Notes	£'000	£'000
Balance at 1 January		176,036	119,598
Investment in Perenco Overseas Japan Ltd		-	50,743
Exchange differences		22,404	5,695
Balance at 31 December		**198,440**	**176,036**

The Company owns 100% of the ordinary share capital of N.V. Turkse Perenco ("NVTP"), incorporated in The Netherlands (Registered address: LunA ArenA, Herikerbergweg 238, 1101 CM Amsterdam, The Netherlands). The principal activity of that company is exploration for and production of oil and gas in Turkey. The cost of the investment in NVTP as at the end of the year £19,428k (2021: £17,334k).

The Company owns 100% interest of the ordinary share capital of Perenco Mexico Holdings B.V. incorporated in The Netherlands (Registered address: Spicalaan 15 2132 JG, Hoofddorp, Netherlands). Perenco Mexico Holdings B.V. holds 100% interest in three companies in Mexico, with principal activity exploration for and production of oil and gas in Mexico. The cost of the investment as at the end of the year £120,508k (2021: £106,493k)

17 Investments (Company) (Continued)

The Company owns 99.9% in Perenco Energies Tunisia Sàrl. The principal activity of that company is production and sale of renewable electricity from a solar farm. The cost of the investment as at the end of the year £463k (2021: £413k).

The company owns 100% interest of the ordinary share capital of Perenco Overseas Japan Ltd incorporated in Japan (Registred address: Yamauchi Building 3F, 3-24-8 Nishi-Shimbashi, Minato-ku, Tokyo 105-0003, Japan). Perenco Overseas Japan Ltd holds 32.28% interest in the Offshore field in DRC. The principal activity of that company is exploration for and production of oil and gas in DRC. The cost of the investment as at the end of the year £58,041k (2021: £51,797k).

18 Trade and other receivables

Current receivables		**Group**		**Company**
	2022	**2021**	**2022**	**2021**
	£'000	**£'000**	**£'000**	**£'000**
Trade receivables	179,330	191,293	-	-
Expected credit losses	(7,264)	(6,481)	-	-
	172,066	**184,812**	-	-
Other receivables	19,101	14,915	33	163
Amounts due from related parties	240,142	132,563	1,309	1,098
Prepayments and accrued income	10,966	6,806	-	-
	442,275	**339,096**	**1,342**	**1,261**

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

39% of the Group's trade receivables are not past due (2021: 37%). All of the Group's Oil trade receivables apart from receivable due from PEMEX (2022: £113,782k, 2021: £133,718k), are covered by a letter of credit or a guarantee in both 2021 and 2022.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtors current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as forecast direction of conditions at the reporting date. The expected credit losses relates to PEMEX debtor balances of the Group's companies based in Mexico.

Amounts due from related parties include short term interest bearing loans due from Perenco S.A. and Wagenborg Offshore Holding, a partner receivable balance with operator Muanda International Oil Company, and receivables due from provision of decommissioning, shipyard management and marine services to the companies of the wider Perenco group.

19 Other receivables (Group)

	2022 £'000	2021 £'000
Decommissioning fund	3,580	2,695
Guarantee deposits	327	156
	3,907	**2,851**

The Group is required to maintain decommissioning funds in order to cover decommissioning expenditure, these are separately disclosed within long-term receivables. The fund is kept in USD and accrues interest. The Group is unable to access the fund which is managed by a Trust. The decommissioning fund of £3,580k is solely attributable to the Mexico subsidiary (2021: £2,695 Mexico).

20 Trade and other payables

	Group		Company	
Current liabilities	**2022 £'000**	**2021 £'000**	**2022 £'000**	**2021 £'000**
Trade payables	24,298	30,100	-	-
Taxation (other than corporate)	7,283	6,948	-	-
Other payables	1,713	6,487	-	-
Accruals	29,163	14,114	-	-
Amounts due to related parties	341,379	298,425	116,870	101,407
	403,836	**356,074**	**116,870**	**101,407**

Amounts owed to related parties are non-interest bearing and payable on demand. The current year Group amounts include non-interest bearing loans from Petro Oil & Gas Limited of £123,544k (2021 : £144,473k), Perenco Petroleum Ltd of $70,743k (2021 : £26,153k).

21 Provisions for liabilities and charges (Group)

The movements on the provisions for the Group during the year were as follows:

	Retirement obligations	Claims and disputes	Decommissioning provision	Total
	£'000	£'000	£'000	£'000
At 1 January 2021	2,494	401	25,576	28,471
Provision (utilisation)/charge	(821)	2,016	-	1,195
Unwinding of discount	-	-	343	343
Acquisitions	-	518	53,216	53,734
Change in estimate (note 13)	-	-	15,648	15,648
Foreign exchange difference	14	64	1,760	1,838
At 31 December 2021	**1,687**	**2,999**	**96,543**	**101,229**
Provision (utilisation)/charge	(7)	13,316	-	13,309
Unwinding of discount	-	-	2,085	2,085
Change in estimate (note 13)	-	-	(28,314)	(28,314)
Foreign exchange difference	204	670	10,962	11,836
At 31 December 2022	**1,884**	**16,985**	**81,276**	**100,145**

Retirement obligations

Under Turkish Labour Law, the Group is required to pay employment termination benefits to each employee who has been employed by the Company for 12 months. The amount payable consists of one month's salary limited to a maximum of £752 (31 December 2021: £682) for each period of service at 31 December 2022. In accordance with IAS 19 the provision represents the present value of the future probable obligation of the Group.

Claims and disputes

The provision at 31 December 2022 relates to various ongoing cases at the end of the year which are expected to be resolved within 5 years.

Decommissioning provision

The provision is the discounted value of management's estimates using existing technology, at current prices. Decommissioning cost estimates have been inflated to the date of decommissioning, at inflation rate 2% (2021: 2%) and discounted back to the year end at discount rates, from 3.62% to 3.87% (2021: 1.978%), chosen to match the currency and expected timing of the decommissioning activity.

The total decrease in decommissioning estimate of £28.3 million, is mainly an impact of the increase in discount rates, from 1.978% to 3.87% used in 2021. This decrease in estimate relates to all oil and gas subsidiaries of the Group, with £16.7 million attributable to DRC and £11.6 million to Mexico. The change in estimate of the decommissioning provision of £28.3 million is reflected in the decommissioning asset within Property, plant and equipment (note 13).

22 Lease liabilities

	2022	2021
Analysed as:	£'000	£'000
Current	3,934	-
Non-current	19,480	-
	23,414	-

Maturity analysis*

	2022	2021
	£'000	£'000
Year 1	4,812	-
Year 2	4,745	-
Year 3	14,160	-
Year 4	421	-
Year 5	421	-
Onwards	1,263	-
	25,822	-

*The amounts represent future undiscounted cash outflows

The Group leases several assets including offices and equipment. The lease term for offices is 8 years, and for equipment is 3 years.

23 Deferred tax (Group)

Deferred tax liability

	2022 £'000	2021 £'000
Balance at the beginning of the year	**74,723**	**81,389**
Credit to the income statement (note 12)	(35,821)	(7,671)
Exchange differences	7,992	1,005
Balance at the end of the year	**46,894**	**74,723**

Deferred tax asset

	2022 £'000	2021 £'000
Balance at the beginning of the year	**23,815**	**23,526**
Acquisitions	-	-
Charge to the income statement (note 12)	(25,739)	-
Exchange differences	2,205	289
Balance at the end of the year	**281**	**23,815**

Deferred tax analysis

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

	2022 £'000	2021 £'000
Property, plant and equipment	53,475	70,713
Provisions	(8,410)	(5,834)
Crude oil stock	4,563	3,660
Unused tax Losses	(3,015)	(17,631)
Net deferred tax liability provided	**46,613**	**50,908**

Deferred tax assets are recognised for unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the carried forward unused tax credits and tax losses can be utilised.

24 Equity

Called up share capital

	Group		Company	
	2022	**2021**	**2022**	**2021**
	£	**£**	**£**	**£**
Authorised				
1,000 (2021: 1,000) ordinary shares of £1 each	1,000	1,000	1,000	1,000
Allotted, called up and fully paid				
100 (2021: 100) ordinary shares of £1 each	100	100	100	100

Other reserves

Other reserves mainly comprise the foreign currency translation reserve.

25 Financial Instruments

Financial risk management

The Group monitors and manages the financial risks relating its operations on a continuous basis. These include oil and gas price risk, credit and liquidity risks. The Group's significant financial instruments are trade and other receivables and trade payables.

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern whilst maximising return to shareholders. The capital structure of the Group consists of intercompany amounts borrowed from the parent company as disclosed in note 27, cash and equivalents, and equity attributable to equity holders of the Group, comprising issued capital, reserves and retained earnings. The Group had no external borrowings at 31 December 2022 (2021: £nil).

Oil price risk

The Group generally considers the volatility in oil and gas prices to be part of its business environment and only mitigates a part of its oil and gas price risk by entering into commodity contracts and derivative options on the forward markets, when the Group identifies opportunities to hedge at attractive prices. No such derivatives were held at 31 December 2022 or 2021.

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.

25 Financial Instruments **(Continued)**

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 credit risk on related party receivables is monitored by the Group's parent. The risk of non-payment of the receivables owed by other group companies or long-standing joint venture partners with a solid history of creditworthiness, is deemed to be low. The related party receivable balances as at 31 December 2022 are considered to be recoverable, and expected credit losses are deemed close to nil in both 2022 and 2021.

The Group controls credit risk by requiring systematically a letter of credit as part of the sale agreement, except for customers with a good credit history (major international oil groups and national oil companies). The Group main third party customers are: Tüpras in Turkey, with whom the Group has traded with since 2003. PEMEX in Mexico, a state owned company, and Gemoil Singapore in DRC. Tüpras reported cash and cash equivalents of $2,549 million as at 31 December 2022 (2021: $1,531 million) and is expected to remain profitable going forward. Gemoil is a reputable trading company based in Singapore, all trade receivales are covered by letters of credit. Expected credit losses of £7.3 million (2021: £6.5 million) were recognised towards a receivable balance due from PEMEX. Total receivable due from PEMEX as at the end of 2022 is £113.8 million (2021: £133.7 million).

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.

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 below.

Categories of financial instruments
The accounting classification of each category of the Group's financial instruments and their carrying amounts are set out below. The amounts are presented based on the classification, measurement and impairment requirements of IFRS 9.

Group	**2022**	**2021**
	£'000	**£'000**
Financial assets (measured at amortised cost)		
Loans and receivables (including cash and cash equivalents)	469,697	374,396
Financial liabilities (measured at amortised cost)		
Financial liabilities	(419,967)	(349,126)
	49,730	**25,270**

25 Financial Instruments (Continued)

Company	2022 £'000	2021 £'000
Financial assets (measured at amortised cost)		
Loans and receivables (including cash and cash equivalents)	1,416	1,559
Financial liabilities (measured at amortised cost)		
Financial liabilities measured at amortised cost	(116,870)	(101,407)
	(115,454)	**(99,848)**

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. 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	2022 £'000	2021 £'000
31 December 2022						
Non-interest bearing	(55,175)	-	(345,312)	(19,480)	(419,967)	(349,126)
Company						
31 December 2022						
Non-interest bearing	-	-	(116,870)	-	(116,870)	(101,407)

26 Notes to the cash flow statement

Reconciliation of operating profit to cash generated by operations

Consolidated	**Note**	**2022**	**2021**
		£'000	**£'000**
Cash flows from operating activities			
Operating (loss)/profit		135,205	92,727
Adjustments for:			
Depreciation, depletion and amortisation	**13, 6**	97,944	95,986
Operating cash flow prior to working capital changes		**233,149**	**188,713**
(Increase) / decrease in inventories		(5,743)	8,302
(Increase) / decrease in receivables		(103,727)	2,195
Increase / (decrease) in creditors		42,088	(87,695)
Increase in provisions		11,679	668
Income tax paid		(121,192)	(17,571)
Net cash inflow from operating activities		**56,254**	**94,612**

Company	**2022**	**2021**
	£'000	**£'000**
Cash flows from operating activities		
Operating (loss) / profit	(2,669)	1,022
Adjustments for:		
Depreciation, depletion and amortisation	-	-
Gain on disposal of Mexico associate	-	-
Operating cash flow prior to working capital changes	**(2,669)**	**1,022**
Decrease in receivables	51	1,101
(Decrease) / increase in creditors	(13,991)	1,241
Net cash used in operating activities	**(16,609)**	**3,364**

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.

The Group's cash balances are held substantially by the Turkish branch in Turkish Lira and US Dollars. Under Turkish Law, the transfer of cash to other countries is subject to permission by the Treasury of the Republic of Turkey.

27 Related party transactions

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. The Group also charged interest to its direct parent company on advances bearing interest.

	Income/ (charge) for year 2022	Income/ (charge) for year 2021	Debtor/ (creditor) 2022	Debtor/ (creditor) 2021
Charged by affiliated companies	£'000	£'000	£'000	£'000
Perenco Holdings	(2,275)	841	(513)	(146)
Perenco Colombia Limited	(50)	-	(4)	-
Perenco Tunisia Oil & Gas Limited	-	-	(11)	(9)
Perenco France	(8,396)	(7,662)	(3,367)	(1,489)
Dermor Inc	(2,533)	2,534	19,432	3,201
Kernigell Limited	(2)	38	-	3
Petrofor	1,981	1,408	4,109	1,300
Perenco Tunisia Company Limited	-	(9)	(751)	(448)
Kaouenn Limited	7	159	-	50
Karaveg Limited	(1,219)	-	-	450
Sparfell Limited	(1,888)	285	-	936
Perenco Guatemala Limited	(109)	-	(17)	(439)
Perenco Peru Petroleum Limited	-	-	-	-
Perenco UK	54,420	48,155	12,917	14,807
Perenco Congo SA	-	(638)	290	881
Perenco Oil & Gas Gabon	177	4	200	7
Dixstone Limited	19,696	9,101	28,286	5,825
Bran Limited	266	685	459	136
Llyr Marine Limited	3,070	1,774	9,500	2,175
Muanda International Oil Company	3,030	1	(1,079)	8,040
Congorep	9,462	3,995	-	3,816
Shipping Logistics	-	141	-	-
Morrighan Limited	-	51	-	-
Les Chantiers De Gabon	(271)	(68)	(49)	(150)
Dixstone Cyprus Limited	594	-	846	26
Perenco Cuu Long Ltd	-	-	-	(2)
Bran Inc.	919	-	1,534	-
Perenco Cyprus International Ltd	(40)	-	(13)	-
Perenco Oil Trading Company	(180)	-	(51)	-
Total	76,659	60,795	71,718	38,970
Loan receivable from/(payable to) affiliated company				
Petro Oil & Gas Limited	-	-	(123,544)	(144,473)
Perenco S.A. (notes 9 and 18)	286	157	9,204	(46,088)
Perenco Petroleum Ltd	-	-	(70,743)	(26,153)
Wagenborg Offshore Holding B.V	458	340	12,130	11,881
	744	497	(172,953)	(204,833)

27 Related party transactions (Continued)

	Income 2022 £'000	Income 2021 £'000	Debtor 2022 £'000	Debtor 2021 £'000
Transactions with joint venture partners	8,078	54,730	33,846	32,302

28 Commitments and guarantees (Group)

Commitments

At 31 December 2022 the Company and its subsidiaries had no capital commitments (2021: none).

Guarantees

As at 31 December 2022 the Company and its subsidiaries has granted guarantees amounting to £0.5 million (2021: £0.3 million).

29 Subsidiaries

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

Details of the Company's subsidiaries at 31 December 2022 are as follows:

Principal subsidiary undertakings	Proportion held and class of share	Country of incorporation	Business	Country of operation
*N.V. Turkse Perenco	100% ordinary shares	Netherlands	Exploration for and production of oil and gas	Turkey
*Perenco Energies Tunisia Sarl	99.99% ordinary shares	Tunisia	Production of solar energy	Tunisia
*Perenco Mexico Holdings B.V.	100% ordinary shares	Netherlands	Holding	Netherlands
Perenco Mexico S.A de C.V.	100% ordinary shares	Mexico	Exploration for and production of oil and gas	Mexico
Perenco Petroleum Mexico S.A. de C.V.	100% ordinary shares	Mexico	Exploration for and production of oil and gas	Mexico
Petrofor Mexico S.A.P.I. de C.V.	100% ordinary shares	Mexico	Exploration for and production of oil and gas	Mexico
*Perenco Overseas Japan Limited	100% ordinary shares	Japan	Exploration for and production of oil and gas	DRC
Dixstone Shipyard (Holland) B.V.	100% ordinary shares	Netherlands	Construction	Netherlands
Dixborg B.V	50% ordinary shares	Netherlands	Marine services	Netherlands
Petrodec B.V.	100% ordinary shares	Netherlands	Decommissioning services	Netherlands
Petrodec UK Limited	100% ordinary shares	UK	Decommissioning services	UK
Petrodec Operations B.V	100% ordinary shares	Netherlands	Decommissioning services	Netherlands
Colga B.V.	100% ordinary shares	Netherlands	Decommissioning services	Netherlands
Obana Contractors B.V	100% ordinary shares	Netherlands	Decommissioning services	Netherlands
Erda B.V.	100% ordinary shares	Netherlands	Decommissioning services	Netherlands
Erda Contractors B.V.	100% ordinary shares	Netherlands	Decommissioning services	Netherlands
Haeva B.V.	100% ordinary shares	Netherlands	Decommissioning services	Netherlands
Haeva Contractors B.V	100% ordinary shares	Netherlands	Decommissioning services	Netherlands
Petrodec Inc.	100% ordinary shares	Mauritius	Decommissioning services	Netherlands
Llyr Marine Holdings B.V.	100% ordinary shares	Netherlands	Holding	Netherlands

29 Subsidiaries (Continued)

Multicat MPR 1 B.V.	100% ordinary shares	Netherlands	Marine and Shipping services	Netherlands
Petroequis B.V	100% ordinary shares	Netherlands	Marine and Shipping services	Netherlands
Llyr Marine NL B.V.	100% ordinary shares	Netherlands	Marine and Shipping services	Netherlands
Marine Project Rotterdam B.V.	100% ordinary shares	Netherlands	Marine and Shipping services	Netherlands

* Directly held subsidiary - all others are held indirectly.

30 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 (Lyfor Manor, Lyfor Cay, West Bay Street, PO Box N10 051 Nassau). Perenco International Limited, a company incorporated in the Bahamas, is the ultimate controlling party and the largest group which includes the Company and for which group financial statements are prepared. Perenco International Limited is owned and controlled by trusts for the benefit of the Perrodo family. The financial statements of Perenco S.A. and Perenco International Limited are not available to the public.