SALAMANDER ENERGY plc

ANNUAL REPORT AND ACCOUNTS

31 DECEMBER 2016

COMPANY NUMBER: 05934263

Strategic Report

Introduction

This Strategic Report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed.

The Strategic Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The Directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Salamander Energy PLC and its subsidiary undertakings when viewed as a whole.

The Strategic Report discussed the following areas:

Fair review of the Group's business	Page 2
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Fair review of the business

Review of the business is discussed in the following sections:

- Operational review
- Financial review

Operational review

Highlights

During 2016 we have invested in additional facilities at the Bualuang field to improve the production capacity of the infrastructure; brought the Kerendan gas field onstream diversifying our production base; and continued to build the prospect inventory to provide drilling options for 2017/2018.
As we look ahead through 2017 we will continue to invest in both Bualuang and Kerendan to increase the cash generation of the asset base. This is expected to lead to a higher cash flow as compared to 2016.

Bualuang, Thailand (20.9 MMbo 2P, 17.8 MMbo net 2C)
Our strategy for managing the Bualuang field is to maximise cash flow through safe, reliable and cost-efficient production operations, combined with the appropriate capital deployment to further develop contingent resources. Bualuang is currently the most cash-generative asset in the Ophir production portfolio. In 2016, it generated $58 million of cash from average daily production of 8,700 bopd.

Our main focus at Bualuang during the year was to complete a water debottlenecking project that increased water handling capability by 50% to enable an increase in production and, consequently, cash generation.

The water debottlenecking project cost a total of $21 million and is expected to increase the NPV10 of the field by $83 million with investment payback approximately 12-18 months after completion.

As we look forward, the key challenge at Bualuang is how we create further value and increase the cash generation of the field. The ocean bottom node 3D seismic data, acquired in 2015 to image under the platform, was processed and interpreted in 2016 and is key to determining how we unlock additional value from the field.

In 2017, we will complete a small infill drilling programme consisting of two development wells. This will see old well stock recycled to target new locations with the goal to grow production by around 1,400 bopd. The investment in this programme will be c. $12 million and is expected to add $23 million to the NPV10 of the project and payback within 12 months.

We will also drill a further well targeting prospective resource in the Bualuang field.

We are also in the final technical and commercial analysis stage of the opportunity to expand the production capacity at Bualuang by the installation of a simple, low-cost platform. Additional well slots will enable the targeting of locations to convert prospective and contingent resources to reserves. We expect to be in a position to make an FID on the next phase of development in 2Q 2017.

Kerendan, Indonesia (15.9 MMboe 2P, 60.3 MMboe net 2C)
The primary challenge at Kerendan now that the field is producing, is to seek innovative ways to monetise the 457 Bcf of gross 2C contingent resource not covered by the initial gas sales agreement (GSA).The field produced at an average of768 boepd over the period in 2016 that it was producing, but is expected to ramp up to full contract volume of closer to 20 MMscfd in 2017, providing additional cash flows. The off taker contracted to take 16 MMscfd from 11 January 2016 and, under the take or pay provision in the GSA, a receivable of $17 million has been accrued. This was settled in full in February 2017.A significant step forward in monetising the additional 2C resource in the Kerendan area occurred in late 2016 with SKKMigas approving the West Kerendan-1expansion plan.

Operational review (continued)

This will allow an additional 40 Bcf to be monetised that will grow production by 7 MMscfd from 2019. Making further progress on the monetisation of the 457 Bcf of gross contingent resource, not covered by the first GSA, is an area of focus for 2017. Safe completion of the onshore 3D seismic acquisition programme, forecast to complete in Q4 2017, is a key step on this pathway. These data will allow for better definition of the Kerendan field to give greater certainty around resource volumes, which should ultimately lead to SKKMigas approving the sale of additional gas volumes.

Sinphuhorm (7 MMboe 2P, 21.3 MMboe net 2C)
Gas production from Sinphuhorm was 10% ahead of budget at 1,900 boepd. This was principally as a result of the poor performance from the competing hydropower sector.

Financial review

Key financial indicators

	Units	2016	2015 (restated)	2014	2013
Income statement:					
Realised prices:					
- Oil and liquids	$/bbl	37.85	56.32	92.81	100.83
Revenue	$'millions	107.2	231.6	415.2	456.2
Operating costs per boe	$/boe	13.41	8.40	14.64	16.63
Profit/(loss) before taxation	$'millions	17.13	(354.6)	84.5	39.6
Taxation	$'millions	59.2	(87.8)	133.5	159.4
Balance sheet:					
Capital expenditures:					
- Exploration and appraisal	$'millions	42.7	40.1	47.2	181.0
- Development and production	$'millions	16.7	47.2	222.0	201.1
- Net disposal proceeds	$'millions	-	-	-	27.0
Net debt[1]	$'millions	110.0	188.4	379.6	259.9
Gearing[2]	%	26	35	50	39
Cash flow statement:					
Cash generated from operations	$'millions	50.4	155.1	282.6	344.4
Taxation payment	$'millions	41.1	93.4	144.5	56.7
Net cash from operations per boe	$/boe	15.57	15.19	26.64	70.88

1 See note 20 to the consolidated Financial Statements for further details

2 Gearing is defined as net debt divided by net debt plus book net equity

Commodity prices strengthened during the second half of the year with the OPEC agreement in November, further underpinning positive sentiment around oil prices. Brent recovered from a low of $27 per barrel in January to a high of $57 per barrel in December, and averaged $45 per barrel for the year. Brent pricing has been more stable in early 2017 than for some time, but the outlook remains cautious, and we will therefore continue to scale our future programmes according to our capital constraints until we have secured a sustainable cash flow.

Net sources of funds

2016 working interest production was in line with guidance at 10,800 boepd. This comprised 8,700 bopd from Bualuang and our first contribution from Kerendan which averaged 200 boepd for the year. In addition,1,900 boepd was produced from Sinphuhorm(which is accounted for using the equity method).

Revenue from Bualuang totalled $107 million or $38 per barrel (2015: $232 million or $56 per barrel), with a breakeven for 2016 of $15 per barrel. The Kerendan field came onstream in August, with pre-production operating costs being charged to the income statement in 2016, Kerendan utilised net funds of $8 million. However, this amount was more than offset by recognising $17 million of deferred income to the balance sheet for the Kerendan PLN take-or-pay obligation for volumes not drawn-down since the commencement of the GSA on 11 January 2016. The take-or-pay amount was settled in full by PLN in February 2017.

Net uses of funds

The Group's primary investments during 2016 were:

- Acquisition of Côte d'Ivoire Block CI-513 ($20 million)
- Acquisition of Malaysia Block 2A ($8 million)
- Thailand, Bualuang – water debottlenecking project ($12 million

Financial review (continued)

Of the 2016 exploration expenditures, we charged and wrote-off $15 million (2015: $35 million) to the income statement. In addition, we wrote-off prior year expenditures of $36 million (2015: $61 million) following an assessment of the portfolio in Indonesia.

We incurred interest charges during 2016 of $16 million (2015: $22 million) against average gross debt of $219 million, giving rise to an average cost of debt of 7%.

We took steps in 2016 to lower our borrowings thus reducing the negative interest carrying cost.

Looking ahead to 2017, our plans include:

- Thailand, Bualuang – infill drilling programme ($24 million)
- Côte d'Ivoire – drilling of the Ayame-1X exploration well ($16 million)

Longer term, the Group's future financial commitments beyond 2017 are limited to $31 million (2015: $15 million) against agreed exploration work programmes.

Debt

During 2016 we reduced our total debt outstanding by repaying $59 million of our reserve based lending facility.

In late 2016, we commenced the process of refinancing our debt facilities. This process is expected to complete in 2Q 2017 with an increase to our borrowing capacity.

Based on the directors assessment of going concern (as fully detailed on page 13), the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due.

Operational summary and Business model

Operational summary

Our first priority is in safely maximising the value of the cash returns from our production base. We can then think about where else in the portfolio to deploy that capital in the pursuit of further value creation. We will recommence exploration drilling in 2Q 2017 with a well on the Ayame-1X prospect in Côte d'Ivoire. Taken as a whole, we are confident that we will unlock further value in our production base during 2017 and hope that we can also create value through opening up a new play in Côte d'Ivoire.

Business model

The Group aims to create sustainable shareholder value through building and exploiting its portfolio of upstream oil and gas assets.

The Group concentrates on a small number of asset positions, or hubs, that each offer production, development and exploration opportunities. Salamander typically holds operatorship and controls the scale, scope and pace of implementation of the work programme across its asset base.

Within each hub, Salamander benefits from technical, operational and financial synergies from its combined production, development and exploration activities. This helps the Group to control costs and build up a detailed understanding of the sub-surface in the areas in which the Group operates.

In order to be able to deliver on our work programmes we maintain a well-respected regional operating capability which includes recognising the need to complete our operations safely and responsibly.

Key performance indicators

KPIs provide an illustration of management ability to successfully deliver against the strategic objectives.

	Working interest production (boepd)	**Operating costs ($ per boe)**	**Lost time injury frequency (per million man hours)**	**Post-tax operating cash flow ($ per boe)**
2014	14,200	14.64	0.95	26.64
2015	13,000	8.40	0	13.03
2016	10,800	13.41	0	2.87
Definition	The average daily production associated with the Group's economic interest in its producing assets.	The average cost across the year of producing a barrel of oil equivalent of commercial hydrocarbons.	A work related injury that results in the individual being unable to report for work the following day/shift.	The free cash flow that is generated from a barrel of production.
Relevance	Production is the source of the Group's cash flow and as such the key driver of its finances.	The lower the operating cost base the greater the cash generation from production. A lower cost base will also prolong the field's productive life.	This metric is used to provide guidance as to the Group's HSE performance.	The greater the post-tax operating cash flow per boe the more cash is generated from production to fund planned capital expenditure.
Risk management	Diversifying the production base. Maintaining high standards of HSE.	Extensive planning pre-investment, cost engineering and estimating with experienced resources.	The Group targets zero Lost Time Injuries every year and has an active HSE plan to help try to achieve this.	Hedging policy to control cash flow volatility.

Principal risks and uncertainties

The Group works in often challenging, complex and uncertain environments that present a potential risk to our objectives; to counter this we maintain robust and effective risk management as an integral part of our decision-making. During 2016, we continued to strengthen how the Group manages risk that could impact our people, the environment, our business and our reputation. The Group continuously strives to embed risk management principles in its processes and procedures.

Risk management

Internally, the Group monitors and mitigates a more comprehensive list of risks through the Group's risk register, which continues to be a vital component of our risk management process. However, the risks listed in the table are those that are currently considered by the Group to be the most significant due to their impact and likelihood.

Risk	Description of Risk	Control	Responsibility
Legal compliance regulatory or litigation	• The Group conducts business in jurisdictions that have been allocated low scores on Transparency International's ''Corruption Perceptions Index'', and where changes in the regulatory and legislative environment are possible. • Ethical wrongdoing and non-compliance, or failure to accurately report our data can lead to litigation against the Group which could materially impact our strategy. Potential impacts could be: — Reputational damage leading to withdrawal of support by shareholders, governments, lenders and/or partners. — Litigation and regulatory action leading to penalties and business disruption from investigation leading to unplanned cost impact. — Loss of assets, PSCs and projects. — Prosecution.	• A Group Anti Bribery and Corruption Policy in place • Anti-bribery and corruption provisions in agreements • A 'Letter of Assurance' signed off annually by management. • Annual employee sign-off confirming observance of the Code of Conduct and relevant ethical policies and standards. • Primary controls to be monitored as a key leading indicator during 2017. • Compliance training conducted across the Group. • Top down leadership of the Group's values • A strong Code of Conduct that all employees and contractors are expected to follow. • Due diligence carried out on counterparties and in contract management • Compliance controls and actions reviewed by the • Board and its Committees • All material information released to the market on a timely basis and in accordance with all applicable regulations	General Counsel
Capital Constraints and adverse market sentiment towards the E&P sector	• The sector continued to be depressed through 2016 and there remains a limited appetite for oil and gas investments. • The impact can negatively affect project value and modelling.	• Deliver an appropriate capital structure to internally fund core exploration and appraisal activities from the addition of production assets and monetisation of resources to generate sustainable cash flow. • Ensure that commercial terms on new acreage reflect the changing landscape and involve minimal financial commitments with options to exit early.	Chief Financial Officer
Political	• The Group operates in jurisdictions that are subject to significant political, economic, legal, regulatory and social uncertainties. • Dependence on permits and consents granted by the authorities where we operate can lead to delays and increased costs in obtaining necessary permits. • Uncertainties in the interpretation and application of laws and regulations in the jurisdictions in which we operate.	• The Group regularly monitors and seeks to understand changes taking place in political and regulatory environments and the potential for unforeseen events. • The Group works to the highest industry standards with regulators, closely monitoring compliance with the Group's licence and PSC obligations. • Spread our portfolio/regional exposure. • Maintain positive relationships with governments and key stakeholders in host countries. • All material information is released to the market on a timely basis and in accordance with all applicable regulations.	Director Security and Surface Risk

Principal risks and uncertainties (continued)

Stakeholder sentiment	• Actual or perceived failure to address social and environmental issues or corporate responsibility matters may adversely affect the Group.	• Pursue a shared value approach to support sustainable development goals and achieve a mutually-beneficial and constructive relationship with stakeholders. • Conduct all business in an ethical, responsible, apolitical and transparent manner. • Monitor public sentiment towards the Group and its operations.	Director Security and Surface Risk
Global economic volatility	• We are exposed to a variety of changes in the macro environment around global affairs and international economics that are leading to greater global economic uncertainty. • Slower global demand and weaker prices for major commodities are dampening growth prospects. • These changes can impact the operating and regulatory situation.	• Regularly review how external risks impact the Group's strategy and remain agile to change. • Re-engineer value chains where appropriate to improve margins.	Director Commercial and Planning
Low commodity price	• There were oversupply and demand concerns through 2016 and we anticipate a 'lower for longer' forecast. • This can lead to loss of value and have an adverse effect on revenue, margins, profitability and cash flow.	• Reflect the effects of 'lower for longer' in strategic planning. • Continue to review the Group's cost structure and make sure it reflects the lower oil price environment. • Re-work economics of development plans to reflect downside sensitivities of oil price scenarios. • Selectively exploit low service costs resulting from the drop in the oil price. • Pursue acquisition opportunities that seek to protect shareholder value and sustain exploration. • Manage balance sheet strength. • Only invest in high-quality assets below the shale threshold with transformational potential, minimal commitments, and fiscal terms that enable value creation.	Chief Financial Officer
Climate change	• The global ambition to limit mean temperature rise to below 2^{o}C above pre-industrial levels will potentially require significant and sustained reductions in fossil fuel emissions. • It is hard to predict what changes in laws, regulations and obligations relating to manmade climate change will be, but they may increase costs, reduce value and constrain future opportunities.	• Climate change will remain on the Board's strategic agenda going forward. • Understanding of the implications of a '2-degree world' for the business and what actions to take across a range of areas. • Systematically track trends to provide commercial foresight on how quickly the world is moving toward decarbonisation. • Continue to report our emissions and climate change strategies through CDP.	Director-Security and Surface Risk
Divestment	• The divestment environment through 2016 was difficult and in the short term is likely to remain so. • The main potential impact for the Group is our inability to successfully divest assets at an acceptable price and/or time.	• Continued focus on increasing NAV/share. • Monitor and tailor projects to fit the macro environment. • Maximise transparency with equity buyers. • Contingency planning and preparedness to change the course of action as situations change. • Capital selectively directed at those assets which offer the highest risk-weighted returns. • Appropriate balance between growth by exploration and acquisition.	Director Commercial and Planning
Investment decisions	• The Group may not be able to identify appropriate expansion opportunities or be able to manage such expansion effectively	• Investments are not dictated by production or reserves growth targets; instead each investment is assessed on an IRR and materiality basis. • Focus on growing a revenue-generating business to fund exploration activities and minimise the overall cost of capital. • Allocate capital to the highest return opportunities following rigorous risk/reward analysis.	Director Africa Global New Ventures /Director Asia

Principal risks and uncertainties (continued)

		• Risk assessment and due diligence process undertaken on all potential new country entries and acquisitions. • Endeavour to transact at the most appropriate time to create value for shareholders. • Facilitate buyer access/relationships with host governments. • Ongoing strategic objective to capture high-quality exploration acreage. • Pace our exploration and high-grade the plays. We will not rush to drill. • Continue to build a portfolio of low-cost opportunities with defined exit options for investors in order to decide whether or not to progress to the next phase of exploration. • Manage risk with partners in existing assets and new ventures. • Only continue to hold and progress assets if they can demonstrably create substantial value for shareholders.	
Health Safety and Environment (HSE) and Security Incident	• Oil and gas exploration, development and production can present challenging operational environments and exposure to a wide range of health, safety, security and environmental risks. • Our most significant risks are: —The potential loss of hydrocarbon containment caused by integrity failure, human error, natural disasters or other unforeseen events. —The risk of harm to our workforce during transportation. • Major Health, Safety, Security or Environmental events could lead to regulatory action and legal liability, including penalties, increased costs and potential loss of our licence to operate.	• Ongoing strategic objective to execute operations safely and with excellence. • Commitment to maintaining robust health, safety, security and environmental management, and procedures in place to respond to unexpected events that could have a direct impact on the Group and the communities in which we work. • Comprehensive HSE and operations management systems including emergency response and oil spill response capability in place. • Active security monitoring and management. • Learn from Group and third-party incidents. • Use of leading indicators. • Contracting and procurement process ensures suitably-qualified contractors are employed to meet Ophir's requirements and industry best practices.	Director - Security and Surface Risk
Exploration success	• Successful exploration and/or appraisal is fundamental to the purpose of our business and value creation for shareholders. • Persistent lack of success would lead to a loss of investor confidence and ultimately the failure of the business model.	• Generate leads and mature top-ranked prospects. • Board's Technical Advisory Committee reviews subsurface risk and there is a robust peer review process embedded within the Group. • Application of technical excellence and use of appropriate technologies in exploration methodologies. • Review of new opportunities without impacting focus on strategic core growth areas.	Director - Subsurface
Inability to fund exploration work programmes	• Failure to forecast and work within our financial structure could impact our liquidity and lead to an inability to deliver the business plan. • Gas discoveries may require the Group to invest in LNG development projects which require long lead times and material investment in receipt, processing and transportation infrastructure and the marketing of LNG. • The Group's business will require significant capital expenditure and the future expansion and development of its business could require future debt and equity financing. The future availability of such funding is not	• Ongoing strategic objective to optimise the use of our capital by capturing highest commercial returns on our assets and exploration opportunities. • Regular review of cash flow, working capital and funding options, and prudent approach to budgeting and planning, to ensure we have sufficient capital to meet commitments. • Effective portfolio management via farm-outs/asset sales as appropriate. • Budgets are focused on high and medium ranked assets/projects to deliver value creation and to ensure the Group can live within its means. • Formalised annual budget process and ongoing monthly reviews and analysis of actuals. • Board approval of Annual Work Programme.	Chief Financial Officer

Principal risks and uncertainties (continued)

	certain. • Revenues, profitability and cash flows concentrated in a small number of producing assets. • The Group may face the possibility of future decommissioning costs that it cannot accurately predict. • Inability to access internal or external funding	• Diversify the sources of funding and apply prudent levels of debt to development and production activities.	

Approval of Strategic Report

Approval of Strategic Report

This Strategic Report was approved by the board of directors and signed on its behalf by:

Tony Rouse
Director
28 April 2017

Directors' Report

The Directors submit their report together with the audited Consolidated and Parent Company Financial Statements of Salamander Energy plc for the year ended 31 December 2016. This report is required to be produced by law and its contents are prescribed in the Companies Act 2006 (the "Act"). The liabilities of the Directors in connection with the Directors' Report shall be subject to the limitations and restrictions provided in the Act.

The Company

Salamander Energy PLC is a company incorporated in England and Wales, with company number 05934263. As at 31 December 2016, it was the holding company of the Group and trades principally through its subsidiary undertakings in various jurisdictions. The subsidiary undertakings and jointly controlled undertakings are listed in note 14 to the accounts.

The Group's head office is in London with regional offices in Thailand, Indonesia and Malaysia.

The Directors

The Directors who served in office during the financial year and subsequently were as follows:

	Appointed
Nick Cooper	2 March 2015
Bill Higgs	2 March 2015
Tony Rouse	2 March 2015

Directors' interests

A list of Directors is shown above. None of the directors listed have interests in the ordinary share capital of the Company or options granted over the ordinary share capital of the Company. There were no changes to the Directors' interests between 31 December 2016 and the date of signing this Directors' Report. No Director had a material interest in any significant contract, other than a service contract or contract for services, with the Company or any of its operating companies at any time during the year.

Directors' indemnity arrangements

The Company had purchased and has maintained throughout the financial year and at the date of approval of this Annual Report and Accounts, Directors' and Officers' liability insurance in respect of itself and its Directors whether in their capacity as Directors of the Company or associated companies. The Directors also have the benefit of indemnity provisions in the Company's Articles of Association. These provisions are qualifying third party indemnity provisions as defined in section 234 of the Companies Act 2006.

Results and dividends

The consolidated Financial Statements for the year ended 31 December 2016 are as set out on pages 17-58. The Group's loss after taxation for the year was 42.1 million (2015: loss after taxation of $266.8 million).

The Company has declared no dividend for the year ended 31 December 2016 (2015: nil). The Directors do not currently intend that the Company will pay a dividend in the foreseeable future.

Future developments in the business of the Group

Details of the likely future developments in the business of the Group are set out in the Strategic Report on pages 1 to 11

Use of financial instruments
The Company issued a US$150 million senior unsecured bond issue in December 2013, as described in note 19 of the consolidated Financial Statements. The bonds have a tenure of six years and one month. The bonds are listed on the Nordic ABM.

Note 23 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

Political donations

During the year the Group made no political donations (2015: nil).

Auditors

Each person who is a Director at the date of approval of this Annual Report and Accounts confirms that as far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. In addition, each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are 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.

Post balance sheet events

Particulars of important events affecting the Group since the end of the financial year are set out in note 31 to the accounts.

Going concern

The Group has expenditure commitments on its exploration and development portfolio within the next twelve months. The Group intends to partially meet these investment requirements through a mixture of up to $350 million reserves based lending facility (see note 18), its Norwegian bond (see note 19) and free cash flow. It has also obtained a letter of support from its parent company, Ophir Energy plc, which confirms that it will provide financial support to assist the Salamander Group in meeting its liabilities as and when they fall due, to the extent that funds are not otherwise available to it, for at least 12 months from the date of approval of these financial statements.

Accordingly, after making enquiries as to both the Salamander Group's and the Ophir Group's financial position and future prospects, the Directors have a reasonable expectation that Ophir Energy plc and the Salamander Group have adequate financial resources to continue in operational existence for the foreseeable future, being 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

By order of the Board

Tony Rouse
Director
28 April 2017

Directors’ responsibilities statement

Statement of Directors’ responsibilities in relation to the financial statements and Annual Report

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare financial statements of the Group and the parent Company for each financial year. Under that law, the Directors are required to prepare financial statements under International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under Company Law the Directors must not approve the Group and parent Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the profit or loss of the Group and parent Company for that period. In preparing the financial statements the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group and parent Company;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and parent Company’s financial position and financial performance; and
- state whether the Group and parent Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent Company’s and enable them to ensure that the Group and parent Company financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for preparing the Strategic Report, Directors’ Report, in accordance with the Companies Act 2006 and applicable regulations,

Tony Rouse
Director
28 April 2017

Independent Auditor's Report to the members of Salamander Energy PLC

We have audited the financial statements of Salamander Energy plc for the year ended 31 December 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Cash Flow Statement and the related notes 1 to 31 of the Consolidated Accounts and 1 to 10 of the Parent Company Accounts. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor’s Report to the members of Salamander Energy PLC (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- based on the work undertaken in the course of the audit
    - the information given in the Strategic Report and the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
    - the Strategic Report and the Directors’ Report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors’ Report.

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

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

Paul Wallek *(Senior Statutory Auditor)*
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 April 2017

Consolidated statement of comprehensive income

	Notes	2016 $'000s	2015 Restated (Note 30) $'000s
Continuing operations			
Revenue	3	107,178	231,559
Cost of sales:			
Operating costs		(43,405)	(39,753)
Royalty payable		(9,135)	(19,507)
Amortisation of oil and gas properties	11	(52,771)	(111,517)
Movement in inventories of oil	15	9,583	(12,872)
Total cost of sales		(95,728)	(183,649)
Gross profit		11,450	47,910
Exploration expenses:			
Pre-licence exploration expenses		(769)	(10,226)
Exploration costs	10	(51,404)	(228,562)
Exploration inventory written off		(8,021)	-
Total exploration expenses		(60,194)	(238,788)
Share of profit of investments accounted for using the equity method	27	4,417	7,666
Impairment reversal/(expense) of oil and gas properties	11	85,727	(133,036)
Loss on disposal of assets	6	-	(549)
Administration expenses		(2,493)	(10,465)
Operating profit		38,907	(327,262)
Interest income	7	96	60
Finance costs	8	(21,873)	(27,349)
Profit before tax		17,130	(354,551)
Taxation:			
Current tax	9	(16,117)	(38,479)
Deferred tax	9	(43,069)	126,260
Total taxation		(59,186)	87,781
Loss after taxation		(42,056)	(266,770)
Other comprehensive income		-	-
Total comprehensive loss for the year		(42,056)	(266,770)

Consolidated balance sheet

31 December 2016

	Notes	2016 $'000s	2015 Restated (Note 30) $'000s	1 January 2015 Restated (Note 30) $'000s
Assets				
Non-current assets				
Intangible exploration and evaluation assets	10	90,936	99,618	289,590
Property, plant and equipment	11	573,232	544,020	736,662
Other receivables	12	19,147	25,818	58,258
Investments accounted for using the equity method	27	77,581	77,045	71,282
Total non-current assets		760,896	746,501	1,155,792
Current assets				
Inventories	15	28,841	25,247	29,347
Trade and other receivables	16	27,179	25,927	41,316
Current tax asset		9,120	9,120	-
Cash and cash equivalents	17	79,827	69,327	98,917
Restricted Cash	17	8,612	-	1,446
Total current assets		153,579	129,621	171,026
Total assets		914,475	876,122	1,326,818
Liabilities				
Non-current liabilities				
Other payables	22	10,942	-	-
Bank borrowings	18	79,844	109,838	170,551
Bonds payable	19	103,258	100,293	145,986
Provisions	21	56,125	74,002	69,905
Deferred tax liability	9	130,969	87,900	214,161
Total non-current liabilities		381,138	372,033	600,603
Current liabilities				
Trade and other payables	22	201,800	80,012	84,200
Bank borrowings due within one year	18	9,741	37,059	76,871
Current tax liability		12,040	37,056	82,859
Convertible bonds				93,543
Provisions		819	-	-
Total current liabilities		224,400	154,127	337,473
Total liabilities		605,538	526,160	938,076
Net assets		308,937	349,962	388,742
Equity				
Share capital	25	48,050	48,050	46,977
Share premium		810,298	810,298	563,703
Other reserves	29	280,937	279,906	299,584
Retained loss		(830,348)	(788,292)	(521,522)
Total equity, all attributable to owners of the Company		308,937	349,962	388,742

Approved by and authorised for issue, and signed on behalf of, the Board of Directors

Tony Rouse
Director
28 April 2017
Company Number 05934263

Consolidated statement of changes in equity

For the year ended 31 December 2016

	Share capital $'000s	Share premium $'000s	Other[1] reserves $'000s	Retained loss $'000s	Total $'000s
At 1 January 2015	46,977	563,703	299,584	(521,236)	389,028
Restatement (Note 30)				(286)	(286)
At 1 January 2015 (restated)	46,977	563,703	299,584	(521,522)	388,742
Ordinary shares issued	1,073	-	-	-	1,073
Share-based payments	-	-	(4,245)	-	(4,245)
Capital contribution from parent	-	246,595	-	-	246,595
Recycle hedge reserve to Income statement	-	-	(15,433)	-	(15,433)
Comprehensive gain/(loss) for the year (restated)	-	-	-	(266,770)	(266,770)
At 31 December 2015 (restated)	48,050	810,298	279,906	(788,292)	349,962
Comprehensive gain/(loss) for the year	-	-	-	(42,056)	(42,056)
Share-based payment	-	-	1,031	-	1,031
At 31 December 2016	48,050	810,298	280,937	(830,348)	308,937

[1]Refer to note 29 of these consolidated financial statements

Consolidated cash flow statement

For the year ended 31 December 2016

	2016 $'000s	2015 Restated $'000s
Cash flow from operating activities		
(Loss)/profit before tax	17,130	(354,551)
Adjustments for:		
Amortisation and depreciation of property plant and equipment	53,220	112,545
Exploration write offs	51,404	228,562
Impairment of oil and gas properties	(85,727)	133,035
Loss on disposal of assets	-	549
Interest income	(96)	(60)
Finance costs	21,777	16,678
Share of profit of investments accounted for using the equity method	(4,417)	(7,666)
Share based payment expense	1,031	-
Operating cash flow prior to movement in working capital	54,322	129,092
Decrease/(increase) in inventories	(3,594)	4,100
Decrease in trade and other receivables	6,054	29,856
(Decrease)/increase in trade and other payables	(6,368)	(4,188)
Cash generated from operations	50,414	158,860
Payment of tax	(41,121)	(83,143)
Net cash from operating activities	9,293	75,717
Investing activities		
Expenditure on intangible assets	(41,587)	(58,161)
Expenditure on property, plant and equipment	(18,585)	(47,322)
Dividend received from investments	5,164	5,843
Increase in investments	(1,284)	(3,940)
Movement in restricted bank deposits	-	19,446
Interest received	96	60
Net cash used in investing activities	(56,196)	(84,074)
Financing activities		
Interest paid	(15,680)	(24,618)
Cash flows in respect of long term borrowings:		
Repayment of borrowings facilities	(59,352)	(100,910)
Cash flow in respect of shares issued:		
Gross proceeds	-	1,084
Cash flow in respect of bonds issued:		
(Repayment)/proceeds from issue of bonds payable	-	(139,200)
Investment/loans from parent company	139,794	246,595
Net cash (used in)/provided by financing activities	64,762	(17,049)
Net (decrease)/increase in cash and cash equivalents	17,859	(25,406)
Cash and cash equivalents at the beginning of the year	69,327	98,917
Effect of foreign exchange rate changes	1,253	(4,184)
Cash and cash equivalents at the end of the year	88,439	69,327

1. Statement of accounting policies and general information

General Information on the Company and the Group

Salamander Energy PLC (the "Company") is a privately held subsidiary of Ophir Energy Plc, registered in England and Wales on 13 September 2006 under the Companies Act, which serves as a holding company for the Group. The address of the registered office is 4th Floor, 123 Victoria Street, London SW1E 6DE. The nature of the Group's operations and its principal activities are as an oil and gas exploration, development and production company focused on building a portfolio of assets in Southeast Asia and more recently Cote d'Ivoire.

Financial Information

The financial information is presented in US Dollars because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with policies set out later in this section.

Accounting Policies and Presentation of Financial Information

Basis of Preparation

The Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union, IFRIC Interpretations and Companies Act 2006applicable to companies reporting under IFRS.

The Financial Statements have been prepared under the historical cost convention.

The Financial Statements have been prepared on a going concern basis as set out in the Directors' Report.

The separate Financial Statements of the Parent Company are presented as required by the Companies Act 2006 (the "Act"). As permitted by the Act, the separate Financial Statements have been prepared in accordance with IFRS as adopted by the European Union. The Financial Statements have been prepared on the historical cost basis. The principal accounting policies are the same as those set out in the Statement of Accounting Policies and General Information in this section. As a Consolidated Statement of Comprehensive Income is included, a separate Statement of Comprehensive Income for the Parent Company has not been included in accordance with section 408 of the Companies Act 2006. The loss for the year for the Parent Company is disclosed in the Statement of Changes in Equity to the Company Financial Statements.

New and amended accounting standards and interpretations

The Group has adopted the following relevant new and amended IFRS and IFRIC interpretations as of 1 January 2016:

- Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment Entities – Applying the Consolidation Exception'
- Amendments to IAS 1 'Disclosure Initiative'
- Annual Improvements to IFRS's 2012–2014 Cycle
- Amendments to IAS 27: 'Equity Method in Separate Financial Statements'
- Amendments to IAS 16 and IAS 38: 'Clarification of Acceptable Methods of Depreciation and Amortisation'
- IFRS 11 Amendment: Accounting for acquisitions of interests in Joint Ventures

These new and amended standards and interpretations have not materially affected amounts reported or disclosed in the Group's consolidated financial statements for the year ended 31 December 2016.

Statement of accounting policies and general information (continued)

Standards and interpretations issued but not yet effective

The following standards and interpretations, relevant to the Group, have been issued by the IASB, but are not effective for the financial year beginning 1 January 2016 and have not been early adopted by the Group:

	Effective date for periods beginning on or after
IFRS 16 'Leases'[1]	1 January 2019
IFRS 9 'Financial Instruments'	1 January 2018
IFRS 15 'Revenue from Contracts'	1 January 2018
IFRIC 22 'Foreign currency transactions and advanced consideration'[1]	1 January 2018
Clarifications to IFRS 15: 'Revenue from contracts with customers'[1]	1 January 2018
Amendment to IFRS 2: 'Classification and measurement of share based payment transactions'[1]	1 January 2018
Amendment to IAS 7: 'Disclosure Initiative'[1]	1 January 2017
Annual improvements to IFRS 2014-2016 cycle[1]	1 January 2017
Amendment to IAS 12: 'Recognition of Deferred Tax Assets for Unrealised Losses'[1]	1 January 2017

1 These standards, amendments and improvements have not yet been endorsed by the European Union.

For new standards with an effective date of 1 January 2018, the Group has performed a preliminary assessment of the impact of these standards as outlined below.

IFRS 9 'Financial Instruments'

The IASB issued the final version of IFRS 9 in July 2014, which reflects all phases of the financial instruments project. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial instruments and hedge accounting, and will be adopted by the Group when it becomes mandatory in the European Union. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no significant impact on its balance sheet and equity.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect a significant impact on its equity due to the short-term nature and high quality of the financial assets.

Statement of accounting policies and general information (continued)

(c) Hedge accounting

The Group does not apply hedge accounting and therefore there will be no impact as a result of applying IFRS 9.

IFRS 15 'Revenue from Contracts'

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

The Group generates revenue through the sale of oil and petroleum products. Contracts with customers in which the sale of oil and petroleum products is generally expected to be the only performance obligation are not expected to have any impact on the Group's profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the products.

In preparing to adopt IFRS 15, the Group is considering the following:

(a) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increase the volume of disclosures required in Group's financial statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2017 the Group plans to develop and start testing appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

Statement of accounting policies and general information (continued)

Basis of Consolidation

The consolidated Financial Statements consist of the Financial Statements of the Company and all its subsidiary undertakings and incorporates the results of its joint ventures and associates using the equity method of accounting, drawn up to 31 December each year. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Revenues and the results of subsidiary undertakings are consolidated in the Consolidated Statement of Comprehensive Income from the dates on which control over the operating and financial decisions is obtained.

Where necessary, adjustments are made to the results of Subsidiary and Joint Venture Entities to bring the Accounting Policies into line to those used by the Group.

Commercial Reserves

Commercial reserves are proved and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable. There should be a 50% statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50% statistical probability that it will be less.

Joint Arrangements

Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Interest in Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint 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.

Joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group’s share of losses in a joint venture equals or exceeds its interests in the joint venture, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Interest in Joint Operations

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 exist 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 operations using proportionate consolidation, that is, the Group’s share of the assets, liabilities, income and expenses of the entities are combined with the equivalent consolidated Financial Statements on a line-by-line basis. Where the Group transacts with its joint operation entities, unrealised profits and losses are eliminated to the extent of the Group’s interest in the joint operation.

Statement of accounting policies and general information (continued)

Acquisitions

On an acquisition that qualifies as a business combination in accordance with IFRS 3 – Business Combinations, the assets and liabilities of a subsidiary are measured at their fair value as at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill which is treated as an intangible asset. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to the Statement of Comprehensive Income in the period of acquisition.

If the Group acquires a group of assets or equity in a company that does not constitute a business combination in accordance with IFRS 3 – Business Combinations, the cost of the acquired group of assets or equity is allocated to the individual identifiable assets acquired based on their relative fair value.

Revenue

Revenue represents the sales value, net of value added tax ("VAT") and equivalent taxes of the Group's share of liftings in the period together with tariff income.

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Income received under take-or-pay sales contracts in respect of undelivered volumes is accounted for as deferred income. Revenue is recognised when goods are delivered and title has passed.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Derivative Financial Instruments and Hedge Accounting

The Group uses derivative financial instruments to manage its exposure to movements in oil and gas prices, interest rates and foreign exchange. The Group does not use derivatives for speculative purposes.

Derivative Financial Instruments are stated at Fair Value

The purpose for which a derivative is used is established at inception. To qualify for hedge accounting, the derivative must be highly effective in achieving its objective and this effectiveness must be documented at inception and throughout the period of the instrument (designation).

Gains or losses on derivatives that do not qualify for hedge accounting treatment (either from inception or during the life of the instrument) are taken directly to the Statement of Comprehensive Income in the period. These include economic hedges that might qualify as accounting hedges, but were not designated as such at inception.

The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The estimated fair value of these derivatives is included in other creditors or other debtors in the Balance Sheet and the related changes in the fair value are included in finance costs in the Statement of Comprehensive Income.

The Group designates certain hedging instruments, which include derivatives, as cash flow hedges of future forecast sales revenues.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item.

Note 25 sets out details of the fair values of the derivative instruments used for hedging purposes.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

Statement of accounting policies and general information (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income at that time is accumulated in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Cost of Sales

Underlift and Overlift

Lifting or offtake arrangements for oil and gas produced in certain of the Group's jointly owned operations are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative production is 'underlift' or 'overlift'. Underlift and overlift are valued at market value and included within debtors and creditors respectively. Movements during an accounting period are adjusted through Cost of Sales such that Gross Profit is recognised on an entitlements basis.

Share-Based Payment

The Company has applied the requirements of IFRS 2 – Share Based Payment.

The Group makes equity settled Share-Based Payment to certain employees. Equity settled share based schemes are measured at fair value of the equity instrument at the date of grant. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 26.

The fair value determined at the grant of the equity settled Share Based Payment is expensed on a straight line basis over the vesting period, based on an estimate of shares that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of the non-market based vesting conditions. The expenses so recognised are simultaneously added back as an adjustment through equity.

Operating Leases

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Operating Profit

Operating profit is stated before investment income and finance costs.

Foreign Currencies

The individual Financial Statements of each entity in the group are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated Financial Statements, the results and financial position of each entity in the group are expressed in US Dollars, which is the functional currency of the Company, and the presentation currency for the consolidated Financial Statements.

On consolidation, Financial Statements of foreign currency denominated entities in the group are translated into US Dollars whereby the results of the overseas operations are translated at the average rate of exchange for the period and their Balance Sheets at rates of exchange current at the balance sheet date, with a corresponding charge or credit to equity.

Transactions in foreign currencies in individual entities in the group are recorded at the rates of exchange current at the transaction dates. Monetary assets and liabilities are translated into US Dollars at the exchange rates current at the balance sheet date, with a corresponding charge or credit to the Statement of Comprehensive Income.

Statement of accounting policies and general information (continued)

Finance Costs and Borrowings

Finance costs of borrowings are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Debt is shown on the Balance Sheet net of arrangement fees and issue costs, and amortised through to the Statement of Comprehensive Income as finance costs over the term of the debt.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Taxation

Current and deferred tax, including UK corporation tax and overseas corporation tax, are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred corporation tax is recognised on all temporary differences that have originated but not reversed at the Balance Sheet date where transactions or events that result in an obligation to pay more, or right to pay less tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more

likely than not that there will be suitable taxable profits from which the underlying temporary differences can be deducted.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as business combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the Statement of Comprehensive Income as the underlying temporary difference is reversed.

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

Exploration and Evaluation Assets

The Group adopts the “successful efforts” method of accounting for exploration and evaluation costs. All licence acquisition, exploration and evaluation costs are initially capitalised as intangible fixed assets in cost centres by well, field or exploration area, as appropriate. Directly attributable administration costs and borrowing costs are capitalised insofar as they relate to specific exploration and development activities. Pre-licence costs are expensed in the period they are incurred.

If prospects are deemed to be impaired (“unsuccessful”) on completion of an evaluation, the associated capitalised costs are charged to the Statement of Comprehensive Income. If the well is determined to be commercially viable, the attributable costs are transferred to Property, Plant and Equipment in a single field cost centre.

Property, Plant and Equipment

Property, plant and equipment is stated in the Balance Sheet at cost less accumulated amortisation and depreciation.

Oil and Gas Properties

Oil and gas properties expenditures carried within each field are amortised from the commencement of production, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, on a field-by-field basis. Costs used in the unit of production calculation comprise the net book amount of capitalised costs plus the estimated future field development costs. The production and reserve estimates used in the calculation are on an entitlements basis. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Where there has been a change in economic conditions (including commodity assumptions and cost of capital) that indicate a possible impairment of a field previously determined to be commercially viable, the recoverability of the net book amount relating to that field is assessed by comparison with its recoverable amount, which is typically the estimated discounted future cash flows based on management’s expectations of future oil and gas prices and future costs. Any impairment identified is charged to the Statement of Comprehensive Income as additional depreciation, depletion and amortisation. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the Statement of Comprehensive Income, net of any depreciation that would have been charged since the impairment.

Statement of accounting policies and general information (continued)

Provision for decommissioning is recognised in full when the related facilities are installed, where the Group has a legal or constructive obligation to decommission. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as Finance Costs.

Other Fixed Assets

Property, plant and equipment other than oil and gas properties, is depreciated at rates calculated to write-off the cost less estimated residual value of each asset on a straight-line basis over its expected useful economic life of between three and five years.

Share Issue Expenses and Share Premium Account

Costs of share issues are written off against the premium arising on the issue of share capital.

Inventories

Inventories of oil are stated at their net realisable values. Inventories of materials are stated at the lower of cost or net realisable value.

Financial Instruments

Financial assets and financial liabilities are recognised in the group's Balance Sheet when the group becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit and loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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 asset.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Financial Assets at Fair Value through Profit and Loss ("FVTPL")

Financial assets are classified as financial assets at fair value through profit or loss where the Group acquires the financial asset principally for the purpose of selling in the near term, is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short term profit taking as well as all derivatives that

Statement of accounting policies and general information (continued)

are not designated and effective as hedging instruments. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other financial gains and losses' line item in the Consolidated Statement of Comprehensive Income. Fair value is determined in the manner described in note 23.

Impairment of Financial Assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. All impairment losses are taken to the Statement of Comprehensive Income.

Trade receivables are assessed for impairment based on the number of days outstanding on individual invoices. Any trade receivable that is deemed uncollectible is immediately written off to the Statement of Comprehensive Income, any subsequent recoveries are also taken directly to the Statement of Comprehensive Income upon receipt of cash collected.

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

Derecognition of Financial Assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial Liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial Liabilities at Fair Value through Profit and Loss ("FVTPL")
Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other financial gains and losses' line item in the Consolidated Statement of Comprehensive Income. Fair value is determined in the manner described in note 23.

Other Financial Liabilities
Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. 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 through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of Financial Liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Critical Judgements and Accounting Estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the consolidated financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Statement of accounting policies and general information (continued)

The Group has identified the following areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the consolidated financial statements.

Judgements

Exploration and evaluation expenditure - accounting judgements

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploration, development or asset sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Management is also required to assess impairment in respect of exploration and evaluation assets. Note [x] discloses the carrying value of such assets. All such carried costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop, or otherwise extract value from, the asset. Where this is no longer the case, the costs are immediately expensed. The triggering events for impairment are defined in IFRS 6. In making the assessment, management is required to make judgements on the status of each project and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established.

Income taxes – judgement of income taxes

The computation of the Group's income tax expense and liability involves the interpretation of applicable tax laws and regulations in many jurisdictions throughout the world. The resolution of tax positions taken by the Group, through negotiations with relevant tax authorities or through litigation, can take several years to complete and in some cases it is difficult to predict the ultimate outcome. Therefore, judgement is required to determine provisions for income taxes. In addition, the Group has carry forward tax losses and tax credits in certain taxing jurisdictions that are available to offset against future taxable profit. However, deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the unused tax losses or tax credits can be utilised. Management judgement is exercised in assessing whether this is the case. To the extent that actual outcomes differ from management's estimates, income tax charges or credits, and changes in current and deferred tax assets or liabilities, may arise in future periods. For more information see Note 9. Judgement is also required when determining whether a particular tax is an income tax or another type of tax (for example a production tax).

Estimates

Oil and gas properties – estimation of oil and gas reserves

The determination of the Group's estimated oil and natural gas reserves requires significant judgements and estimates to be applied and these are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity, drilling of new wells, and commodity prices all impact on the determination of the Group's estimates of its oil and natural gas reserves. The Group employs independent reserves specialists who periodically report on the Group's level of commercial reserves by evaluating the estimates of the Group's in-house reserves specialists and where necessary referencing geological, geophysical and engineering data together with reports, presentation and financial information pertaining to the contractual and fiscal terms applicable to the Group's assets. In addition, the Group undertakes its own assessment of commercial reserves, using standard evaluation techniques and related future capital expenditure by reference to the same datasets using its own internal expertise. The estimates adopted by the Group may differ from the independent reserves specialists' estimates where management considers that adjustments are appropriate in the circumstances. The last assessment by its independent reserves specialist was as at 1 January 2017.

Estimates of oil and natural gas reserves are used to calculate depreciation, depletion and amortisation charges for the group's oil and gas properties. The impact of changes in reserves is dealt with prospectively by amortising the remaining carrying value of the asset over the expected future production. Oil and natural gas reserves also have a direct impact on the assessment of the recoverability of asset carrying values reported in the financial statements. If reserves estimates are revised downwards, earnings could be affected by changes in depreciation expense or an

Statement of accounting policies and general information (continued)

immediate write-down of the property's carrying value. Information on the carrying amounts of the group's oil and natural gas properties, together with the amounts recognized in the income statement as depreciation, depletion and amortisation is contained in Note 11.

Impairment of oil and gas properties – estimation on the recoverability of asset carrying values

Determination as to whether, and by how much, an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation on operating expenses, discount rates, production profiles and the outlook for regional market supply-and-demand conditions for crude oil and natural gas. For oil and natural gas properties, the expected future cash flows are estimated using management's best estimate of future oil and natural gas prices and production and reserves volumes. The estimated future level of production in all impairment tests is based on assumptions about future commodity prices, production and development costs, field decline rates, current fiscal regimes and other factors.

For value-in-use calculations, future cash flows are adjusted for risks specific to the cash-generating unit and are discounted using a pre-tax discount rate. The pre-tax discount rate is derived from the cost of funding the Group calculated using an established model. In 2016 the discount rate used to determine recoverable amounts based on value in use was 15% (2015: 15%). The discount rates applied in assessments of impairment are reassessed each year.

The recoverability of exploration and evaluation assets is covered under exploration and evaluation expenditure - accounting judgements above.

Details of impairment charges and reversals recognised in the income statement and details on the carrying amounts of assets are shown in Note 11.

Decommissioning - estimation of provisions

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new technology or experience at other production sites. The expected timing, extent and amount of expenditure may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

The estimated decommissioning costs are reviewed annually by management and the results of this review are then used for the purposes of the Group's consolidated financial statements.

Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

The timing and amount of future expenditures are reviewed annually, together with the interest rate used in discounting the cash flows. The interest rates used to determine the balance sheet obligations at the end of 2016 were real rates in the range 3.1% - 5.2% (2015: 4%)
Provisions and contingent liabilities are discussed in Note 21.

Special remuneratory benefit tax – estimation of tax rate

The Group is subject to a special remuneratory benefit tax in Thailand, the rate for which depends on the annual revenue per cumulative metre drilled. Accordingly the tax rate to be applied in calculating the Group's deferred special remuneratory benefit tax depends on management's forecast of future revenues and drilling activities.

2. Segmental Analysis

The Group's reportable and geographical segments are Thailand, Indonesia and Other. Other includes Malaysia, Cote d' Ivoire and the corporate centre in the UK. Information regarding the Group's operating segments is reported below.

Segment Revenues and Results

The following is an analysis of the Group's revenue, results and assets by reportable segment (as reviewed by management):

	2016			
	Thailand $'000s	Indonesia $'000s	Other [1] $'000s	Total $'000s
Revenue (external)	105,731	1,447	-	107,178
Operating profit/(loss)	110,387	(68,556)	(2,924)	38,907
Interest revenue	-	3	93	96
Finance cost	(3,677)	(1,284)	(16,912)	(21,873)
Profit/(loss) before tax	106,710	(69,837)	(19,743)	17,130
Tax	(57,511)	(1,649)	(26)	(59,186)
Loss for the year	49,199	(71,486)	(19,769)	(42,056)
Non-current assets	487,776	186,741	86,379	760,896
Total assets	590,484	222,094	101,897	914,475
Additions to non-current assets[2]	(10,795)	21,505	28,612	39,322
Depreciation and amortisation	52,149	896	175	53,220
Exploration costs written off	-	(49,904)	(1,500)	(51,404)

1. Other relates substantially to activities in the UK and Cote d'Ivoire
2. Additions in Thailand are stated net of a $20.1 million decommissioning remeasurement

	2015 (restated)			
	Thailand $'000s	Indonesia $'000s	Other [1] $'000s	Total $'000s
Revenue (external)	211,109	-	20,450	231,559
Operating profit/(Loss)	(150,725)	(159,227)	(17,310)	(327,262)
Interest revenue	-	-	60	60
Finance cost	6,458	1,848	(35,655)	(27,349)
Profit/(loss) before tax	(144,267)	(157,379)	(52,905)	(354,551)
Tax	87,077	704	-	87,781
Loss for the year	(57,190)	(156,675)	(52,905)	(266,770)
Non-current assets	437,973	236,529	77,178	746,501
Total assets	526,615	258,359	91,148	876,122
Additions to non-current assets	54,843	34,101	2,508	91,452
Depreciation and amortisation	111,752	35	758	112,545
Exploration costs written off	56,089	165,502	6,971	228,562

1. Other relates substantially to activities in the UK.

The accounting policies used for the reportable segments are the same as the Group's accounting policies.

Substantially all of the tax charge in both 2016 and 2015 arises in Thailand.

Information about Major Customers
Included in revenue are the following which arise from sale to individual customers amounting to 10% or more of the Group total:

	2016 $'000s	2015 $'000s
Thailand:		
PTT Public Company Limited	105,731	211,109

3. Revenue

Revenue comprises:

	2016 $'000s	2015 $'000s
Sales of oil	105,731	211,109
Sales of gas	1,447	-
Oil and gas derivatives:		
Realised settlement gains/(losses)	-	20,450
Total revenue (excluding interest revenue)	107,178	231,559

4. Employee Numbers and Costs

The monthly average number of employees (including Executive Directors and consultants) employed and charged to operations was as follows:

	2016 Number	2015 Number
Professional	92	102
Administration	97	97
Total employee numbers	189	199

Their aggregate remuneration was as follows:

	2016 $'000s	2015 $'000s
Wages and salaries	9,397	18,008
Pension	457	1,203
Social security	1,770	3,061
Total employee costs	11,624	22,272

Directors Remuneration

The total remuneration for all serving Directors for their period of directorship to the Company is disclosed below.

	2016 $'000s	2015 $'000s
Remuneration	1,149	1,720
Pension Scheme contributions	46	176
Compensation for loss of office	-	648
	1,195	2,544

Included in the above is a total amount of $1,351,000 (2015:$1,016,666) which was an apportionment of remuneration paid to the Directors of Ophir Energy Plc, the parent.

During the year the number of Directors who were accruing benefits under defined contribution pension schemes was as follows: 3 (2015:3)

Highest paid Director

	2016 $'000s	2015 $'000s
Remuneration	530	268
Pension scheme contributions	27	70
Compensation for loss of office	-	247
	557	585

5. Operating Lease Arrangements

	2016 $'000s	2015 $'000s
FPSO lease (refund)	(4,882)	-
FSO lease	14,781	13,071
Office leases	729	2,650
Minimum lease payments under operating leases recognised in Statement of Comprehensive Income for the year	10,628	15,721

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016		2015	
	FSO $'000s	**Offices $'000s**	**FSO $'000s**	**Offices $'000s**
Within one year	14,719	1,481	14,639	2,017
Within two to five years	61,116	798	60,215	1,657
Greater than five years	38,782	-	54,402	-
Total outstanding operating lease commitments	114,617	2,279	129,256	3,674

Office leases are negotiated for an average term of two years with rentals fixed for an average of two years. The FSO lease is for a term of 10 years and commenced in August 2014.

6. Operating Profit

Operating profit is stated after charging:

	2016 $'000s	**2015 $'000s**
Amortisation of oil and gas properties	52,771	111,517
Pre-licence exploration expenses	769	10,226
Exploration costs written off	51,404	228,562
Loss on disposal of assets	-	549
Employee costs expensed (see note 4)	11,624	22,272
Auditor's remuneration (see below)		
Audit services	475	826
Non-audit services	-	47
Operating lease arrangements (see note 5)	10,628	15,721

Auditor's Remuneration

The following is an analysis of gross fees paid to the Company's Auditor, Ernst & Young LLP

	2016 $'000s	2015 $'000s
Audit services		
Fees payable to the Company's Auditor for the audit of the Company's annual accounts	319	609
The audit of the Company's subsidiaries pursuant to legislation	156	264
Total audit fees	475	873

There were no fees payable to Ernst & Young LLP for non-audit services in 2016 and 2015.

Fees payable to Ernst & Young LLP and their associates for non-audit services to the Company are not required to be disclosed because the consolidated Financial Statements are required to disclose such fees on a consolidated basis.

7. Interest Income

	2016 $'000s	2015 $'000s
Bank interest income	96	60
Total interest income	96	60

8. Finance Costs

	2016 $'000s	2015 Restated $'000s
Long term borrowings:		
Interest expense on long term borrowings[1]	16,556	20,553
Unwinding of discount:		
Convertible bonds	-	335
Provision for decommissioning	3,033	1,550
Loss relating to oil derivatives	-	2,491
Currency exchange loss/(gain)	2,284	2,420
Total finance costs	21,873	27,349

[1] Includes interest capitalised using a rate of 6.7% for 6 months (2015: 6.7% for 12 months)

No other gains and losses have been recognised in respect of loans and receivables, other than those recognised in note 7. No other gains or losses have been recognised on financial liabilities measured at amortised cost.

Notes to the financial statements (continued)

9. Taxation

Taxation charge comprises:

	2016 $'000s	2015 $'000s
Current taxation		
Special remuneratory benefit	1,861	31,719
Income tax	8,734	6,760
Special remuneratory benefit-adjustments in respect of prior periods	1,180	-
Income tax – adjustments in respect of prior periods	4,342	-
Total current tax	16,117	38,479
Deferred taxation		
Special remuneratory benefit	2,338	(48,264)
Income tax	40,731	(77,996)
Total deferred tax	43,069	(126,260)
Total tax charge/(credit)	59,186	(87,781)

Special remuneratory benefit is a tax that arises on one of the Group's assets, Bualuang in Thailand at rates that vary from zero to 75% of annual petroleum profit depending on the level of annual revenue per cumulative metre drilled. The current rate for special remuneratory benefit for 2016 was 4% (2015: 28%). Petroleum profit for the purpose of special remuneratory benefit is calculated as revenue less a number of deductions including operating costs, royalty, capital expenditures, special reduction (an uplift of certain capital expenditures) and losses brought forward.

Reconciliation of special remuneratory benefit charge to profit before taxation

The taxation charge for special remuneratory benefit for the year can be reconciled to the profit before tax per the Statement of Comprehensive Income as follows:

	2016 $'000s	2015 Restated $'000s
Profit before taxation	17,130	(354,551)
Add back losses before taxation for activities outside of Thailand	89,580	210,284
Profit before taxation for activities in Thailand	106,710	(144,267)
Profit from investment in jointly controlled entities	(4,417)	(7,666)
Profit before taxation for activities in Thailand	102,293	(151,933)
Applicable rate of special remuneratory benefit	4%	28%
Tax at the applicable rate of special remuneratory benefit	4,092	(42,541)
Timing differences	(2,338)	37,240
Permanent differences	1,287	37,020
Total current special remuneratory benefit charge	3,041	31,719
Income tax impact (after deduction at the applicable rate of income tax)	1,521	15,860

The applicable rate for special remuneratory benefit is the rate applied for the year.

There were no unrelieved losses in respect of special remuneratory benefit for year ended 31 December 2016 (2015: nil).

Special remuneratory benefit is fully deductible for corporate tax purposes in Thailand and accordingly the figure of $1,521,000 (2015: $15,860,000) in the income tax effective rate reconciliation below represents the incremental impact of current special remuneratory benefit, on the overall tax charge, after taking account of the tax relief thereon.

Reconciliation of total tax charge to profit before taxation

The tax charge for the year can be reconciled to the profit before tax per the Statement of Comprehensive Income as follows:

	2016 $'000s	2015 Restated $'000s
Profit before taxation	17,130	(354,551)
Profit from investment in jointly controlled entities	(4,417)	(7,666)
Profit before taxation after deducting investment in jointly controlled entities	12,713	(362,217)
Applicable rate (Being the weighted average Corporate tax rate for the Group)[1]	50%	42.1%
Tax at the applicable rate of tax	6,357	(152,504)
Tax effect of:		
UK losses not recognised	3,949	-
Current special remuneratory benefit	1,521	15,860
Deferred special remuneratory benefit	1,169	(24,132)
Others	(172)	(2,245)
Items which are not deductible for tax:		
Exploration expenses written off	30,727	75,240
Effect of different tax rates in loss-making jurisdictions	10,113	-
Adjustments in respect of prior periods	5,522	-
Total tax charge	59,186	(87,781)

[1] Loss making jurisdictions have been disregarded in the calculation of the weighted average tax rate.

Deferred tax

Net deferred tax liabilities were:

	Accelerated Tax Amortisation	
	2016 $'000s	**2015 $'000s**
At 1 January	87,900	214,162
Debited/(credited) to Statement of Comprehensive Income:		
Income tax	40,731	(77,998)
Special remuneratory benefit	2,338	(48,264)
At 31 December	130,969	87,900

Deferred tax liabilities included in the Balance Sheet were as follows:

	2016 $'000s	**2015 $'000s**
Income tax	109,635	68,904
Special remuneratory benefit	21,334	18,996
Net deferred tax liabilities	130,969	87,900

There are no significant unrecognised temporary differences associated with undistributed profits of subsidiaries and joint ventures.

The net deferred tax liability of $134,646,000 (2015: $87,900,000) materially arose as a result of accelerated tax depreciation.

10. Intangible Exploration and Evaluation Assets

	2016 $'000s	**2015 restated $'000s**
Exploration and evaluation		
At 1 January	99,618	289,590
Additions	42,722	38,590
Costs written off	(51,404)	(228,562)
At 31 December	90,936	99,618

The amounts shown above for intangible exploration and evaluation assets represent the Group's current exploration projects. Included within the total amount are assets held in Indonesia of $52,800,000 (2015: $88,800,000), Thailand of $11,000,000 (2015: $11,200,000), Malaysia of 7,700,000 (2015: nil) and Cote d'Ivoire of $19,400,000 (2015:nil)

2016 costs written off

The 2016 write off totalled $51.4 million. The most significant write off was $50 million in Indonesia. The recoverable amount of the Block was $5.5 million. This was based on management's estimate of value in use. The trigger for expenditure write off was management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in the Block was budgeted or planned within the current licence terms.

2015 costs written off

Write offs in 2015 totalled $228.6 million. Significant write-offs included, in Indonesia a $114.2 million write-off against the Bontang asset, $20.0 million against the South East Sangatta asset and $19.1m against the Bangkanai asset. In Thailand $53.2m was written-off against G4/50. The trigger for impairment for the Bontang and Bangkanai were the fall in oil prices while for South East Sangatta, there is no future exploration plan. For G4/50, the trigger for impairment was the decision for no further exploration. The recoverable amount was calculated as $41.8 million for Bontang (based on management's estimate of the value in use), for South East Sangatta (recoverable amount of nil based on management's estimate of value in use), for Bangkanai (recoverable amount of $43.3 million based on management's estimate of value in use) and for G4/50 (recoverable amount of nil based on management's estimate of value in use).

The Group generally estimates value in use using a discounted cash flow model. Future cash flows are discounted to their present values using a pre-tax discount rate of 15% for 2016 and 2015.

11. Property, Plant and Equipment

	Oil and gas properties			Other fixed assets			Total net book value
	Cost $'000s	Amortisation $'000s	Total $'000s	Cost $'000s	Depreciation $'000s	Total $'000s	$'000s
1 January 2015	1,499,512	(764,774)	734,738	6,049	(4,125)	1,924	736,662
Additions for the period (restated)	52,862	-	52,862	77	-	77	52,939
Amortisation and depreciation	-	(111,517)	(111,517)	-	(1,028)	(1,028)	(112,545)
Charge for impairment	-	(133,036)	(133,036)	-	-	-	(133,036)
31 December 2015 (restated)	1,552,374	(1,009,327)	543,047	6,126	(5,153)	973	544,020
Additions for the period[1]	(3,400)	-	(3,400)	105	-	105	(3,295)
Amortisation and depreciation	-	(52,771)	(52,771)	-	(449)	(449)	(53,220)
Impairment reversal	-	85,727	85,727	-	-	-	85,727
31 December 2016	1,548,974	(976,371)	572,603	6,231	(5,602)	629	573,232

[1]Additions in 2016 are stated net of a $20.1 million decommissioning remeasurement

The 2016 Impairment reversal was due to the increase in the expected future prices and decrease in forecast capex which related to the Bualuang oil field in Thailand which has a recoverable amount of $410.7m based on management's estimate of value in use. The discount rate used was 15% (pre-tax).

The 2015 impairment charge of $133 million was related to the Bualuang field in Thailand which had a recoverable amount of $387.5 million which was determined through value in use using a pre-tax discount rate of 15%. The trigger for impairment was the decrease in oil prices.

Additions to oil and gas properties includes capitalised interest of $2,321,000 (2015: 5,616,000) charged at an average rate of 6.7% (2015 6.7%)

Included in the net book amount at 31 December 2016 in oil and gas properties are assets amounting to $410,726,000 (2015: $387,500,000) pledged against the Group's lending facilities.

12. Other Receivables

The other receivables balance of $19,147,000 (2015: $25,818,000) represents VAT arising in respect of the Group's Indonesian operations. VAT can be recovered once the related assets begin production.

13. Commitments and Guarantees

Bank Guarantees

At 31 December 2016, there were outstanding bank guarantees issued by banks on behalf of the Group, amounting to $8,612,000 (2015: $8,981,000).

Capital Commitments

The Group's outstanding financial capital commitments represent the minimum agreed amounts the Group will expend completing its obligated work programmes of carrying out geophysical and geological studies, and to drill exploration and appraisal wells. At 31 December 2016, the Group's anticipates it will discharge its minimum financial capital commitments as follows:

31 December 2016

	2017 $'000s	2018 $'000s	2019-2020 $'000s
Future capital commitments	32,273	30,645	140

31 December 2015

	2016 $'000s	2017 $'000s	2018-2019 $'000s
Future capital commitments	10,450	17,350	14,680

Under certain Indonesia licence agreements, SKKMigas has the right to determine that a 10% undivided interest in the total rights and obligations under the PSC be offered to a Government-designated Indonesian company, the shareholders of which shall be Indonesian Nationals or a Local Government company (the "Indonesian Participant").

14. Group Companies

A complete list of Salamander Energy plc Group companies at 3 December 2016, and Group's percentage of share capital (to the nearest whole number) are set out in Appendix A to these consolidated financial statements on pages [x to x]. All of these subsidiaries have been included in these consolidated financial statements on pages [x to x].

Salamander Energy Group Limited and Ophir Indonesia (Bontang II) Limited are the only direct subsidiaries of the Company.

Jointly Controlled Entities

Company	Country of Incorporation	Percentage Holding
APICO LLC	United States of America	27.18%
APICO (Khorat) Holdings LLC	United States of America	27.18%
APICO (Khorat) Limited	Thailand	27.18%

Interests in the APICO group of companies are classified as joint ventures and are accounted for using the equity method in compliance with IFRS 11.

15. Inventories

	2016 $'000s	2015 $'000s
Oil	11,110	1,527
Materials	17,731	23,720
Total Inventories	28,841	25,247

The inventory valuation is stated net of a provision of $8.0 million (2015: nil) to write inventories down to their net realisable value.

16. Trade and Other Receivables

	2016 $'000s	2015 $'000s
Prepayments	5,963	2,970
Trade debtors and other debtors	21,216	22,957
Total trade and other receivables	27,179	25,927

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

The Group does not have any receivables that have not been provided for that are past their due date. The Directors consider the carrying amount of trade and other receivables approximates to their fair value.

17. Cash and Cash Equivalents

	2016 $'000s	2015 $'000s
Amounts held directly by the Group[1]	88,439	69,327
Total cash and cash equivalents	88,439	69,327

[1] $8.6M relates to restricted bank guarantees, see note 13

Financial institutions, and their credit ratings, who held greater than 5% of the Group's cash and cash equivalents at the balance sheet date were as follows:

Bank	S&P Credit Ratings	2016 $'000s	2015 $'000s
HSBC	AA-	19,325	20,978
BNPP	A	65,504	45,382

18. Bank Borrowings

	2016 $'000s	2015 $'000s
Principal repayable on maturity	93,673	152,913
Less deferred fees	(4,088)	(6,016)
Total unamortised borrowings	89,585	146,897
Less amounts due within one year	(9,741)	(37,059)
Total long term borrowings	79,844	109,838

Interest-bearing bank borrowings comprise a $350 million senior reserves based lending facility. The facility has been arranged for a period of seven years commencing in December 2012.

The senior reserves based lending facility is secured against certain of the Group's Thailand and Indonesia development and producing assets. There has been no breach of terms on the borrowing facility. The key terms of the facility are:

- initial facility amount of up to $350 million. The current facility as at 31 December 2016 is $223m
- financial covenants relating to the ratio of the loan balance outstanding to the net present value of cash flows of the secured assets and relating to the ratio of the loan balance outstanding to the net present value of cash flows during the life of the loan of the secured assets.
- financial covenants relating to the maximum amount of borrowings of the Group.
- the Group may draw an amount up to the lower of the facility amount being $223 million as at 31 December 2016 or the borrowing base amount as determined by the forecast cash flows arising from the borrowing base assets of $104 million.
- as at 31 December 2016 the facility available is $104 million (2015: $153m) of which $94m has been drawn down.
- interest accrues at a rate of between 3.70% and 4.20% plus LIBOR depending on the maturity of the assets. The borrowing base amount is re-determined on a semi-annual basis; with the Group further having the option to undertake two mid-period redeterminations in each year should it elect to do so.
- no early repayment penalties.
- change of control provisions.

In March 2015, the Group was acquired by Ophir Energy plc, which constituted a change of control under the terms of the facility. Prior to this transaction completing, a waiver was obtained from the lending banks such that the terms of the borrowing facility were not impacted at the date of completion.

19. Bonds Payable

The unsecured callable bonds were issued in December 2013 at an issue price of $150 million. The bonds have a term of six years and one month and will be repaid in full at maturity. The bonds carry a coupon of 9.75% and were issued at par.

	2016 $'000s	**2015 $'000s**
Liability component at start of period	100,293	145,986
Coupon interest charged	10,257	9,510
Interest paid	(7,998)	(11,760)
Amortisation of fees	706	1,757
Redemption – 9.75% unsecured, callable bonds	-	(45,200)
Total liability component at end of period	103,258	100,293

20. Net Debt

	2016 $'000s	**2015 $'000s**
Amounts Due on Maturity:		
Bank borrowings (see note 18)	93,673	152,913
Bonds payable (see note 19)	104,800	104,800
Total gross debt	198,473	257,713
Less cash and cash equivalents (see note 18)	(88,439)	(69,327)
Total net debt	110,034	188,386

For purposes of net debt computation, the bonds payable figure relates to the face value of the outstanding bonds as at 31 December 2015 and 2014 and bank borrowings relates to the principal repayable on maturity for the periods presented.

At the balance sheet date, the bank borrowings are calculated to be repayable as follows:

	2016 $'000s	**2015 $'000s**
On demand or due within one year	9,741	37,059
In the second year	43,831	43,701
In the third to fifth year inclusive	40,101	72,153
Total principal payable on maturity	93,673	152,913

Total gross debt at the balance sheet date includes a seven year reserves based lending facility completed in December 2012 (see note 18), and a six years callable bond completed in December 2013 (see note 19).

21. Provisions

Provisions for decommissioning and restoration of oil and gas assets are:

	2016 $'000s	2015 Restated $'000s
At 1 January	74,002	69,905
(Remeasurement)/Additions	(20,910)	2,547
Unwinding of discount	3,033	1,550
At 31 December	56,125	74,002

$819,000 is classed as current. The remaining provision outstanding at 31 December 2016 is expected to fall due from 2035 onwards.

22. Trade and Other Payables

	2016 $'000s	2015 $'000s
Other creditors	12,475	21,664
Amounts payable to parent company	166,363	26,569
Accruals and deferred income	22,962	31,779
Total trade and other payables payable within one year	201,800	80,012
Other long term payables	10,942	-
Total trade and other payables payable after one year	10,942	-

Trade payables are unsecured and are usually paid within 30 days of recognition. The Directors consider the carrying value of trade and other payables (on which no interest is incurred) approximates to their fair value. Amounts payable to the parent company are due on demand.

23. Financial Instruments

Capital Risk Management

The Group manages its capital to ensure that entities in the Group are able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings and bonds payable disclosed in notes 18 and 19, cash and cash equivalents as disclosed in note 17, and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in note 25 and the Consolidated Statement of Changes in Equity. This is further discussed in the Directors' Report.

Gearing Ratio

Management reviews the capital structure on a continuing basis. The gearing ratio is defined as net debt divided by net book equity plus net debt and at the year-end was as follows:

	2016 $'000s	2015 restated $'000s
Net debt (see note 20)	110,034	188,386
Equity plus net debt	418,971	538,348
Gearing ratio	26%	35%

Notes to the financial statements (continued)

Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which the income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the statement of accounting policies.

Categories of Financial Instruments

	2016 $'000s	2015 $'000s
Financial assets:		
Cash and bank balances	88,439	69,327
Loans and receivables	20,464	8,590
Mark to market value of oil derivatives	-	2,243
Financial liabilities:		
Amortised cost	388,784	327,202

Financial assets exclude prepayments and tax receivables. Financial liabilities exclude tax and social security and deferred income.

There were no reclassifications of financial assets during the year (2015: nil).

Financial Risk Management

The Group's Board of Directors monitors and manages the financial risks relating to the operations of the Group through an internal risk register. These include commodity, foreign exchange, credit, liquidity and interest rate risks.

Commodity Price Risk

The Group's policy is to consider oil and gas price hedging when and where it is economically attractive to lock-in prices at levels that protect the cash flow of the Salamander Group, its business plan and debt related coverage ratios. All hedging transactions to date have been related directly to expected cash flows and no speculative transactions have been undertaken. There were no hedging transactions in 2016.

For 2016, the Group's oil production was predominantly sold at prices relative to the spot market. No production in 2016 was hedged. There were no open positions at the end of 2016. Therefore, the Group had no exposure to commodity price risk at 31 December 2016.

Foreign Exchange Risk

The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through maintaining the majority of the Group's cash and cash equivalent balances in US Dollars, the Group's presentational currency and the functional currency of all its subsidiaries. The Group also holds, from time to time, cash balances in UK Pounds Sterling and other currencies to meet short-term commitments in those currencies.

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

	Assets		Liabilities	
	2016 $'000s	**2015 $'000s**	**2016 $'000s**	**2015 $'000s**
US Dollar equivalent of:				
UK Pounds Sterling	76	7,241	399	1,002
Indonesian Rupiah	2,262	79	3,445	3,183
Singapore Dollar	-	424	14	70
Thailand Baht	7,550	23,552	1,721	15,881
Malaysian Ringgit	-	52	118	176

The following table details the Group's sensitivity to a 20% increase or decrease in the US Dollar against the relevant foreign currency. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 20% change in the foreign currency rate. A positive number below indicates an increase in profit after tax where the US Dollar strengthens by 20% against the relevant currency. For a 20% weakening of the US Dollar against the relevant currency, there would be an equal and opposite impact on the profit after tax and the balances below would be negative.

	2016 $'000s	**2015 $'000s**
Change in profit or loss:		
UK Pounds Sterling	(64)	1,248
Indonesian Rupiah	(237)	(621)
Singapore Dollar	(3)	71
Thailand Baht	1,166	1,534
Malaysian Ringgit	(26)	(25)

Credit Risk

Credit risk refers to the risk that a counter-party will default on its obligations resulting in a financial loss to the Group. The Group is exposed to the following credit and counter party risks.

In respect of cash and cash equivalents, the Group's principal financial asset, the credit risk is deemed limited because the majority of the cash and cash equivalents are deposited with banks with AA- or A+ credit ratings assigned by international credit-rating agencies, as set out in note 17.

In respect of the Group's trade sales, the Group manages credit risk through dealing with, whenever possible, either international energy companies or state owned companies based in Thailand and Indonesia and obtaining sufficient collateral where appropriate. The Group consistently monitors counterparty credit risk. The carrying value of financial assets recorded in the Financial Statements represents the Group's maximum exposure to credit risk at the year-end without taking account of any collateral obtained. In addition, the Group's operations are typically structured via contractual joint venture arrangements. As such the Group is reliant on joint venture partners to fund their capital or other funding obligations in relation to assets and operations which are not yet cash generative. The Group closely monitors the risks and maintains a close dialogue with those counterparties considered to be highest risk in this regard.

Liquidity Risk

The Group manages its liquidity risk by maintaining adequate cash and cash equivalents, and borrowing facilities to meet its forecast short, medium and long-term commitments. The Group continually monitors its actual and forecast cash flows to ensure that there are adequate reserves and banking facilities to meet the maturing profiles of its financial assets and liabilities.

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Group was required to pay at the balance sheet date. The table includes both interest and principal cash flows.

2016	**Weighted average effective interest rate %**	**Within 1 year $'000s**	**1-5 years $'000s**	**5+ years $'000s**	**Total $'000s**
Non-interest bearing	n/a	195,941	-	-	195,941
Variable interest rate instruments	4.38	16,438	90,206	-	106,644
Fixed interest rate instruments:					
– Bond payable	9.75	10,218	125,236	-	135,454
Total		222,597	215,442	-	438,039

2015	**Weighted average effective interest rate %**	**Within 1 year $'000s**	**1-5 years $'000s**	**5+ years $'000s**	**Total $'000s**
Non-interest bearing	n/a	80,012	-	-	80,012
Variable interest rate instruments	6.12	45,448	127,533	-	172,981
Fixed interest rate instruments:					
– Bond payable	9.75	10,218	135,454	-	145,672
Total		135,678	262,987	-	398,665

Additionally, note 13 to the Financial Statements set-outs the Group's outstanding financial commitments at the balance sheet date.

Interest Rate Risk

The Group is exposed to interest rate movements through its lendings, bank borrowings and cash and cash equivalent deposits, which are at rates fixed to LIBOR.

The sensitivity analysis below have been determined based on the Group's exposure to an interest rate movement and is prepared assuming the amount of the net debt and interest rate swaps outstanding at the balance sheet date were outstanding for the whole year.

For net debt, if interest rates had been 1% higher or lower and all other variables were held constant, the Group's loss after tax for the year ended 31 December 2016 would have increased or decreased by $1.1 million (2015: $1.5 million) respectively. This is principally attributable to the Group reducing gross debt as illustrated in note 19.

Fair Value of Financial Instruments
Fair value of financial instruments carried at amortised cost.

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the Financial Statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value.

The fair values of financial assets and liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Financial Assets and Liabilities

<u>Current assets and liabilities</u>

Management consider that due to the short term nature of current assets and liabilities, the carrying values equates to their fair value.

<u>Non-current assets and liabilities</u>

The carrying value and fair values of non-current financial instruments are shown in the following tables:

	As at 31 Dec 2016 $'000	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	As at 31 Dec 2015 $'000
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Financial Liabilities:				
Interest bearing bank loans	(93,673)	(92,760)	(152,913)	(134,738)
Bonds payable	(103,258)	(108,337)	(104,800)	(108,400)
Total	(196,931)	(201,097)	(257,713)	(243,138)

24. Related Party Transactions

Transactions with Key Management Personnel

Compensation of key management personnel, which the Company defines as its Directors, is disclosed in Note 4 of the Group financial statements. In addition the Group and Company incurred social security costs of $156,000 (2015: $529,000) in respect of the directors.

Related Party Transactions with Ophir Energy plc Group

During the year, Ophir Energy plc made loans to the Salamander Group of $139.8 million (2015:273.2 million). None (2015: $246.6 million) of these loans were capitalised as equity within Salamander Energy plc

The Group held balances with related parties at the balance sheet date as follows:

	2016 $'000s	2015 $'000s
Parent company:		
Loans (from) Ophir Energy plc	(166,363)	(26,569)
Entities under common control of the parent company:		
Loans to Ophir Asia Services Ltd	263	84
Loans to Ophir Myanmar (Block AD-3) Ltd	6	1
Subsidiaries:		
Loans to Ophir Energy Indonesia (West Papua IV) 1 Ltd	467	520
Loans to Ophir Energy Indonesia (Kofiau) 1 Ltd	27	205
Loans to Ophir Energy Indonesia (Aru) Ltd	451	896
Loans to Ophir Indonesia (North Ganal) ltd	600	524
Loans to Ophir Energy Indonesia (Halmahera-Kofiau) 1 Ltd	9	-

25. Share Capital

Share capital as at 31 December 2016 amounted to $48,050,000 (2015: $48,050,000).

Allotted and Fully Paid Equity Share Capital

	2016 Ordinary Shares 10p Number	2015 Ordinary Shares 10p Number
At 1 January	266,146,183	259,129,055
1 January 2015 to 31 December 2015 : Allotment of shares to employees	-	7,017,127
1 January 2015 to 31 December 2015 : Allotment of share to Ophir	-	1
At 31 December	266,146,183	266,146,183

The Company has one class of ordinary shares which carry no right to fixed income.

26. Share Option Schemes and Share Based Payment

Following completion of the Ophir acquisition on 3 March 2015, all options granted under Deferred Equity Plan and

Performance Share Plan were deemed vested on 3 March 2015. Options held by employees in Salamander Energy were subject to a scheme arrangement whereby option holders received 0.5719 of one new share in Ophir Energy plc in return for each option owned in Salamander Energy plc. There are currently no active share schemes in the Group. For comparative purposes, details of the plans that were active for part of 2015 are detailed below.

Performance Share Plan

The Company has an equity-settled share option scheme for employees called the Salamander Energy Performance Share Plan (PSP). Awards under the PSP may be satisfied by the issue of new shares, or the transfer of shares from the Company's treasury or shares purchased in the market. In any ten year period, the Company may not issue (or have the possibility to issue) more than 10% of the issued capital of the Company pursuant to awards granted under the PSP and any other rights granted under any other employee share plan adopted by the Company. Shares held in treasury will count as new issue shares for the purposes of the above limits unless institutional bodies decide that they need not count. Shares purchased in the market will not, however, count towards the limit described above.

Movement in PSP Shares during the year was as follows:

	2016		2015	
	Shares under option Number	**Weighted average price £'s**	**Share under option Number**	**Weighted average price £'s**
Outstanding at 1 January	-	n/a	9,428,327	0.10
Granted during the year	-	n/a	-	n/a
Exercised during the year	-	n/a	(6,402,919)	0.10
Lapsed during the year	-	n/a	(3,025,408)	0.10
Outstanding at 31 December	-	n/a	-	n/a
Exercisable at 31 December	-	n/a	-	n/a

There were no shares granted in 2016 or 2015.

Deferred Equity Plan

The Company also has another equity-settled share option scheme for employees called the Salamander Energy Deferred Equity Plan (DEP). The DEP follows a similar principle to the PSP scheme, but removes the requirement of a comparator group with shares settled after a period of two years by the issue of new shares, or the transfer of shares from the Company's treasury or shares purchased in the market.

Movement in DEP Shares during the year was as follows:

	2016		2015	
	Shares under option Number	**Weighted average price £'s**	**Share under option Number**	**Weighted average price £'s**
Outstanding at 1 January	-	n/a	2,332,926	0.10
Granted during the year	-	n/a	-	0.10
Exercised during the year	-	n/a	(614,208)	0.10
Lapsed during the year	-	n/a	(1,718,718)	0.10
Outstanding at 31 December	-	n/a	-	n/a
Exercisable at 31 December	-	n/a	-	-

There were no shares granted in 2016 or 2015.

Ophir Energy share option plans

In 2016, all Salamander Group employees were eligible to participate in the Ophir Energy Plc share option plans. Details of the plans are given below

Ophir Energy Long Term Incentive Share Option Plan

This plan is designed to give awards to senior management subject to outperforming a comparator group of similarly focused oil and gas exploration companies in terms of shareholder return over a three year period. The plan awards a number of shares to senior management based on a multiple of salary. However, these shares only vest after a three year period and the full award is made only if Ophir has performed in the top quartile when compared against a selected peer group of upstream oil and gas companies.

Ophir Energy Deferred Share plan

The Deferred Share Plan (DSP) was introduced to provide executive management with a means of retaining and incentivising employees. The structure of the DSP will enable a portion of participants' annual bonuses to be deferred into options to acquire ordinary shares in the capital of the Company. All options issued to date vest after a three year period. Options have an exercise period of 10 years from the date of grant. The DSP operates in conjunction with the Ophir Energy plc Employee Benefit Trust (the trust). The Trust will hold ordinary shares in the Company for the benefit of the Group's employees and former employees, which may then be used on a discretionary basis to settle the DSP Awards as and when they are exercised. No shares have been acquired by the Trust.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period for the above schemes. These are denominated in GBP and have been translated to US Dollars using the closing exchange rate for presentation purposes.

	2016 Number	2016 WAEP
Outstanding options at the beginning of the year	-	-
Granted during the year	1,795,500	0.33c/0.25p
Exercised during the year	-	-
Expired during the year	-	-
Outstanding options at the end of the year	1,795,500	0.33c/0.25p
Exercisable at the end of the year	-	-

The weighted average exercise price of options granted during the year was \$0.0033. The exercise price for options outstanding at the end of the year was \$0.0033 with a remaining exercise period of three years.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Monte-Carlo simulation for the Long Term Incentive Plan and a binomial model for the DSP, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 31 December 2016.

	Long Term Incentive Plan	Deferred Share Plan
	2016	2016
Dividend yield (%)	-	-
Exercise Price	0.33c/0.25p	0.33c/0.25p
Share Volatility (%)	49%	49%
Risk-free interest rate (%)	0.64%	0.64%
Expected life of option (years)	0-3	0-3
Weighted average exercise price	\$0.91/£0.63	\$1.24/0.86

27. Investments Accounted for Using the Equity Method

The investments represent the Group's interest in the following jointly controlled entities, accounted for using the equity method in compliance with IFRS 11.

Company	Percentage Holding
APICO LLC	27.18%
APICO (Khorat) Holdings LLC	27.18%
APICO (Khorat) Limited	27.18%

The investments in the jointly controlled entities have been classified as joint ventures under IFRS 11 and therefore the equity method of accounting has been used in the consolidated financial statements.

The Group's share of the results of its joint venture and the Group share of its assets and liabilities as at 31 December 2016 are shown in the tables below:

Results for the year ended 31 December 2016

	2016 $'000s	2015 $'000s
Revenue	14,617	18,685
Operating expenses	(6,994)	(5,308)
Net finance costs	(219)	(191)
Taxation	(2,987)	(5,520)
Profit for the year	4,417	7,666

Summarised financial information of APICO LLC

Results for the year ended 31 December 2016

	2016 $'000s	2015 $'000s
Sales and other operating revenues	53,778	68,747
Profit before interest and taxation	28,046	49,219
Net finance costs	(206)	(705)
Profit before taxation	27,840	48,514
Taxation	(10,990)	(20,309)
Total	16,850	28,205

Group share of assets and liabilities

	2016 $'000s	2015 $'000s
Non-current assets	46,878	48,267
Current assets	6,207	5,888
Total assets	53,085	54,155
Current liabilities	(5,240)	(6,562)
Non-current liabilities	(2,414)	(2,529)
Total liabilities	(7,654)	(9,091)
Net assets	45,431	45,064

Movements in the Group's investment during the year were as follows:

At 1 January 2015	71,282
- Share of profit of investments accounted for using the equity method	7,666
- Dividends received	(5,843)
- Additions	3,940
At 1 January 2016	77,045
- Share of profit of investments accounted for using the equity method	4,417
- Dividends received	(5,164)
- Additions	1,283
At 31 December 2016	77,581

28. Dividends

The Company has declared no dividend for the year (2015: nil).

29. Other reserves

Other reserves comprise:

	2016 $'000s	2015 $'000s
Share-based payment reserve	27,979	26,948
Convertible bond	11,227	11,227
Merger reserve	241,731	241,731
Total other reserves	280,937	279,906

There were no movements in other reserves during the year.

30. Restatement of prior year financial statements

Subsequent to the original issuance of the Group's 2015 annual consolidated financial statements, the Group determined that a significant amount of borrowing costs directly attributable to the development of a qualifying asset were not capitalised. These costs related to the Group's Bangkanai asset and therefore should have been capitalised within oil and gas properties, on the balance sheet. It was also discovered that a portion of borrowing costs had been incorrectly capitalised within Exploration and Evaluation assets.

The Group also decided to change the presentation of finance costs to match the ultimate parent company's presentation by including other financial gains/(losses) within finance costs.

A decommissioning provision should also have been recognised during the exploration phase on the Bontang asset in Indonesia where the Group was responsible for the removal of all equipment installations and performing all necessary restoration activities.

It was also discovered that one of the ledgers that formed part of the consolidated accounts had been incorrectly populated creating a material foreign exchange error in 2015.

The following tables reflect the corrections on the affected line items in the 2015 financial statements.

	2015 (As previously reported) $'000s	Restatement adjustment	2015 Restated $'000s
Continuing operations			
Revenue	231,559	-	231,559
Cost of sales:			
Operating costs	(39,753)	-	(39,753)
Royalty payable	(19,507)	-	(19,507)
Amortisation of oil and gas properties	(111,517)	-	(111,517)
Movement in inventories of oil	(12,872)	-	(12,872)
Total cost of sales	(183,649)	-	(183,649)
Gross profit	47,910	-	47,910
Exploration expenses:			
Pre-licence exploration expenses	(10,226)	-	(10,226)
Exploration costs written off	(228,562)	-	(228,562)
Total exploration expenses	(238,788)	-	(238,788)
Share of profit of investments accounted for using the equity method	7,666	-	7,666
Impairment of oil and gas properties	(133,036)	-	(133,036)
Loss on disposal of assets	(549)	-	(549)
Administration expenses	(10,465)	-	(10,465)
Operating profit	(327,262)	-	(327,262)
Interest revenue	60	-	60
Finance costs	(26,203)	(1,146)	(27,349)
Other financial gains/(losses)	5,760	(5,760)	-
Profit before tax	(347,645)	(6,906)	(354,551)
Taxation:			
Current tax	(38,479)	-	(38,479)
Deferred tax	126,260	-	126,260
Total taxation	87,781	-	87,781
Loss after taxation	(259,864)	(6,906)	(266,770)
Total comprehensive loss for the year	(259,864)	(6,906)	(266,770)

	2015 (As previously reported) $'000s	Restatement adjustment $'000s	2015 Restated $'000s	2014 (As previously reported) $'000s	Restatement adjustment $'000s	2014 Restated $'000s
Assets						
Non-current assets						
Intangible exploration and evaluation assets	95,678	3,940	99,618	284,098	5,492	289,590
Property, plant and equipment	538,403	5,617	544,020	736,662	-	736,662
Other receivables	36,489	(10,671)	25,818	58,258	-	58,258
Investments accounted for using the equity method	77,045	-	77,045	71,282	-	71,282
Total non-current assets	747,615	(1,114)	746,501	1,150,300	5,492	1,155,792
Current assets						
Inventories	25,247	-	25,247	29,347	-	29,347
Trade and other receivables	25,927	-	25,927	41,316	-	41,316
Current tax asset	9,120	-	9,120	-	-	-
Restricted bank deposits	-	-	-	1,446	-	1,446
Cash and cash equivalents	69,327	-	69,327	98,917	-	98,917
Total current assets	129,621	-	129,621	171,026	-	171,026
Total assets	877,236	(1,114)	876,122	1,321,326	5,492	1,326,818
Liabilities						
Non-current liabilities						
Bank borrowings	109,838	-	109,838	170,551	-	170,551
Bonds payable	100,293	-	100,293	145,986	-	145,986
Provisions	67,924	6,078	74,002	64,127	5,778	69,905
Deferred tax liability	87,900	-	87,900	214,161	-	214,161
Total non-current liabilities	365,955	6,078	372,033	594,825	5,778	600,603
Current liabilities						
Trade and other payables	80,012	-	80,012	84,200	-	84,200
Bank borrowings due within one year	37,059	-	37,059	76,871	-	76,871
Convertible bonds	-	-	-	93,543	-	93,543
Current tax liability	37,056	-	37,056	82,859	-	82,859
Total current liabilities	154,127	-	154,127	337,473	-	337,473
Total liabilities	520,082	6,078	526,160	932,298	5,778	938,076
Net assets	357,154	(7,192)	349,962	389,028	(286)	388,742
Equity						
Share capital	48,050	-	48,050	46,977	-	46,977
Share premium	810,298	-	810,298	563,703	-	563,703
Other reserves	279,906	-	279,906	299,584	-	299,584
Retained loss	(781,100)	(7,192)	(788,292)	(521,236)	(286)	(521,522)
Total equity, all attributable to owners of the Company	357,154	(7,192)	349,962	389,028	(286)	388,742

Notes to the financial statements (continued)

31. Post Balance Sheet Events

On 13 March 2017 Ophir Energy plc (the ultimate parent company) gave notice to its joint operating partners relating to offshore Malaysia deepwater Block 2A of its decision to withdraw from the entirety of the contract area and the joint operating agreement. The effective date of the withdrawal shall be 13 May 2017. This will result in an exploration write off of approximately $7.7 million.

Parent Company balance sheet

31 December 2016

	Notes	2016 $'000s	2015 $'000s
Assets			
Non-current assets			
Investments	3	423,389	435,464
Other debtors		314	2,612
Loans to group companies		135,493	24,389
Total non-current assets		559,196	462,465
Current assets			
Cash and cash equivalents		10,461	5,151
Total current assets		10,461	5,151
Total assets		569,657	467,616
Liabilities			
Non-current liabilities			
Loans from group companies		3,263	2,045
Bonds payable	4	103,258	100,293
Total non-current liabilities		106,521	102,338
Current liabilities			
Other payables	5	141,480	20,461
Total current liabilities		141,480	20,461
Total liabilities		248,001	122,799
Net assets		321,656	344,817
Equity			
Share capital	9	48,050	48,050
Share premium		810,298	810,298
Other reserves		412,235	412,235
Retained loss		(948,927)	(925,765)
Total equity		321,656	344,817

The Company's loss for the year was $23,162,000 (2015: $29,730,000)

Approved by and authorised for issue, and signed on behalf of, the Board of Directors

Tony Rouse
Director
28 April 2017
Company Number 5934263

Parent Company statement of changes in equity

For the year ended 31 December 2015

	Share capital $'000s	Share premium $'000s	Other reserves $'000s	Profit and loss $'000s	Total $'000s
At 1 January 2015	46,977	563,703	416,481	(628,035)	399,126
Ordinary shares issued	1,073	-	-	-	1,073
Share-based payment	-	-	(4,246)	-	(4,246)
Capital contribution from parent	-	246,595	-	-	246,595
Loss for the year	-	-	-	(297,731)	(297,731)
At 1 December 2016	48,050	810,298	412,235	(925,766)	344,817
Loss for the year	-	-	-	(23,161)	(23,161)
At 31 December 2016	48,050	810,298	412,235	(948,927)	321,656

Other reserves

Other reserves comprise:

	2016 $'000s	2015 $'000s
Share based payment reserve	26,947	26,947
Convertible bond	11,227	11,227
Merger reserve	374,061	374,061
Total other reserves	412,235	412,235

Parent Company cash flow statement

For the year ended 31 December 2014

	2016 $'000s	2015 $'000s
Cash flow from operating activities		
Loss before tax	(23,162)	(297,730)
Adjustments for:		
Interest revenue	(62)	(49)
Finance costs	10,218	16,518
Other financial losses	242	337
Impairment of investments	12,075	271,788
Share based payment	-	(4,240)
Operating cash flow prior to movement in working capital	(689)	(13,376)
Decrease/(Increase) in other receivables	2,298	(2,506)
Increase in other payables	3,245	19,172
Net cash used in operating activities	4,854	3,290
Investing activities		
loans to Group companies	(111,104)	(131,937)
Interest received	62	49
Net cash used in investing activities	(111,042)	(131,888)
Financing activities		
Interest paid	(10,218)	(16,517)
Cash flow in respect of shares issued:		
Gross proceeds	-	1,084
Cash flow in respect of bonds issued:		
(Repayment)/Proceeds from issuance of bonds payable	-	(139,200)
Investment/loans from parent company	121,195	246,595
Net cash (used in)/from financing activities	110,977	91,962
Net (decrease)/increase in cash and cash equivalents	4,789	(36,636)
Cash and cash equivalents at the beginning of the year	5,151	42,180
Effect of foreign exchange rate change	520	(393)
Cash and cash equivalents at the end of the year	10,460	5,151

1. Accounting Policies

The accounting policies of the Company are disclosed in note 1 of the consolidated Financial Statements.

2. Employee Numbers and Costs

The monthly average number of Executive Directors was as follows:

	2016 Number	2015 Number
Professional	3	3
Total employee numbers	3	3

The aggregate remuneration was as follows:

	2016 $'000s	2015 $'000s
Wages and salaries	1,149	1,286
Pensions	46	126
Social security	156	529
Total employee costs	1,351	1,941

Share Based Payments

Share Based Payments are disclosed in note 26 to the consolidated Financial Statements.

3. Investments

The Group's principal Subsidiaries and Jointly Controlled Entities are as set out in note 14 to the consolidated Financial Statements.

Fair value information regarding investments in subsidiaries and jointly controlled entities has not been disclosed as their fair value cannot be measured reliably, as they are investments in unquoted group companies.

2016 Impairments

During the year there was an impairment charge of $12.1 million. The impairment charge was recorded to reduce the carrying value of investments to their estimated recoverable amount of $423.4 million. The trigger for impairment was management's assessment that no further expenditure on exploration and evaluation of hydrocarbons in a Block in Indonesia was budgeted or planned within the current licence terms. The recoverable amount was determined using the value in use of the underlying assets. The value in use was determined using the discounted cash flow using a pre-tax discount rate of 15%.

2015 Impairments

During the year, there were additions of $100.9 million and an impairment charge of $271.8 million. The impairment charge was recorded to reduce the carrying value of investments to their estimated recoverable amount of $435.5 million. The trigger for impairment is the decrease in oil prices. The recoverable amount was determined using the value in use of the underlying assets. The value in use was determined using the discounted cash flow using a pre-tax discount rate of 15%.

4. Bonds Payable

See note 19 in the consolidated Financial Statements.

5. Other Payables

	2016 $'000s	2015 $'000s
Amounts payable to the parent company	141,480	20,285
Accrues and other payables	-	176
Total other payables	141,480	20,461

The Directors consider the carrying value of other payables approximates their fair value.

6. Commitments and Guarantees

Bank Guarantees

At 31 December 2016, there were no outstanding bank guarantees issued by banks on behalf of the Company (2015: nil).

Salamander Energy PLC has entered into certain parent guarantee and other undertakings in relation to the Group's reserves based lending facility.

7. Financial Instruments

Full details of the Company's risk management and financial instrument policies are shown in note 23 to the consolidated Financial Statements.

Categories of Financial Instruments

	2014 $'000s	2015 $'000s
Financial assets:		
Cash and bank balances	10,461	5,151
Loans and receivables	314	2,613
Loans to group companies	135,493	24,389
Financial liabilities:		
Amortised cost	248,001	122,799

Financial Risk Management

Foreign Exchange Risk

The carrying amounts of the Company's UK Pounds Sterling monetary assets and liabilities at the balance sheet date were as follows:

	Assets		Liabilities	
	2016 $'000s	2015 $'000s	2016 $'000s	2015 $'000s
UK Pounds Sterling	76	813	-	-

The following table details the Company's profit/(loss) after tax sensitivity to a 20% change in US Dollars against UK Pounds Sterling.

	UK Pound Sterling currency impact	
	2016 $'000s	**2015 $'000s**
Change in profit or loss	15	163

This is due to the Company holding UK Sterling Pounds cash and cash equivalents.

Interest Rate Risk

If interest rates had been 1% higher or lower and all other variables were held constant, the Company's loss for the year ended 31 December 2015 would have decreased by $0.1 million by (2015: decreased of $0.1 million).

Liquidity Risk

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

2016	**Weighted average effective interest rate %**	**Within 1 year $'000s**	**1–5 years $'000s**	**5+ years $'000s**	**Total $'000s**
Non-interest bearing	n/a	141,480	3,263	-	144,743
Fixed interest rate instruments:					
– Bond payable	9.75%	10,218	125,236	-	135,454
Total		151,698	128,499	-	280,197

2015	**Weighted average effective interest rate %**	**Within 1 year $'000s**	**1–5 years $'000s**	**5+ years $'000s**	**Total $'000s**
Non-interest bearing	n/a	20,461	2,045	-	22,506
Fixed interest rate instruments:					
– Bond payable	9.75%	10,218	135,454	-	145,672
Total		30,679	137,499		168,178

Fair value of financial instruments carried at amortised cost.

The Directors consider that the carrying amounts of financial assets and liabilities recorded at amortised cost in the Financial Statements approximate their fair values.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and liabilities are determined as follows.

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed redeemable notes, bills of exchange, debentures and perpetual notes).
- The fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Financial Assets and Liabilities

<u>Current assets and liabilities</u>

Management consider that due to the short term nature of current assets and liabilities, the carrying values equates to their fair value.

<u>Non-current assets and liabilities</u>

The carrying value and fair values of non-current financial instruments are shown in the following tables:

	As at 31 Dec 2016 $'000	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	As at 31 Dec 2015 $'000
	Carrying value	**Estimated fair value**	**Carrying value**	**Estimated fair value**
Financial Liabilities:				
Bonds payable	(104,800)	(108,337)	(104,800)	(108,400)
Loans from Group companies	(3,263)	(3,263)	(2,045)	(2,045)
Total	(108,063)	(111,600)	(106,845)	(110,445)

8. Related Party Transactions

Transaction with Directors

Transactions with Directors are included in the Groups Remuneration Report and Note 4 in the Group financial statements.

Related Party Transactions with Subsidiary Companies

During the year, Ophir Energy plc made loans to the Company of $121,195 million (2015: $266.9 million). None (2015:$246.6 million) of these loans were capitalised as equity within the Company

Notes to the Parent Company financial statements (continued)

The Company held balances with related parties at the balance sheet date as follows:

	2016 $'000s	2015 $'000s
Investment in Salamander Energy Group Limited	423,389	423,389
Investment in Bontang Energy Limited	-	12,075
Loans to/(from) Salamander Energy Group Limited	135,494	23,330
Loans (from) Ophir Energy plc	(141,480)	(20,285)
Loans (from) Ophir Energy Indonesia Limited	(3,263)	(2,045)
Loans to Ophir Energy Indonesia (West Papua IV) 1 Ltd	126	459
Loans to Ophir Energy Indonesia (Kofiau) 1 Ltd	63	230
Loans to Ophir Energy Indonesia (Aru) Ltd	126	834
Loans to Ophir Thailand (Bualuang) Limited	-	1,059

Compensation of key management personnel, which the Company defines as its Directors, is disclosed in Note 4 of the Group financial statements.

9. Share Capital

Share capital as at 31 December 2016 amounted to 48,050,000 (2015: $48,050,000).

Allotted and fully paid Equity Share Capital

	2016 Ordinary Shares 10p Number	2015 Ordinary Shares 10p Number
At 1 January	266,146,183	259,129,055
1 January 2015 to 31 December 2015 : Allotment of shares to employees	-	7,017,127
1 January 2015 to 31 December 2015 : Allotment of share to Ophir	-	1
At 31 December	266,146,183	266,146,183

The Company has one class of ordinary shares which carry no right to fixed income. On 3 March 2015, as a result of acquisition of the Company by Ophir Energy plc, the shares of the Company were delisted from the London Stock Exchange. Shareholders were issued 152,208,612 new shares by Ophir Energy plc in consideration of the share capital of the Company.

10. Dividends

The Company has declared no dividend for the year.

Appendix A

Subsidiary companies

This is a complete list of Salamander Energy plc Group companies at 31 December 2016, and Group's percentage of share capital to the nearest whole number. All of these subsidiaries have been included in the consolidated financial statements on pages 17 to 58.

	Country of incorporation	Location of operation	Registered Office	Principal Activity	**Holding 31 Dec**
Ophir Indonesia (Bontang II) Limited	England & Wales	Indonesia	Level 4, 123 Victoria Street London, SW1E 6DE United Kingdom	Exploration	**100%**
PHT Partners LP	United States of America	Thailand	Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 United States of America	Holding	**100%**
Ophir Indonesia (Bangkanai) Limited	British Virgin Islands	Indonesia	Jayla Place, Wickhams Cay 1 Road Town, Tortola VG1110 British Virgin Islands	Exploration and Production	**100%**
Salamander Energy (Bengara) limited	England & Wales	England & Wales	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Exploration	**100%**
Salamander Energy (Bontang) Pte Ltd	Singapore	Indonesia	80 Robinson Road, #02-00 Singapore 068898 Singapore	Exploration	**100%**
Salamander Energy (Bualuang Holdings) Limited	England & Wales	Thailand	Level 4, 123 Victoria Street London, SW1E 6DE United Kingdom	Exploration	**100%**
Salamander Energy (Canada) Limited	Canada	Canada	4500 Bankers Hall East 855 - 2nd Street SW Calgary AB T2P 4K7 Canada	Holding	**100%**
Ophir Indonesia (Central Kalimantan) Limited	Belize	Indonesia	Suite 102, Ground Floor Blake Building Corner Eyre & Hutson Streets Belize City Belize	Exploration and Production	**100%**
Salamander Energy (E&P) Limited	England & Wales	England & Wales	Level 4, 123 Victoria Street London, SW1E 6DE United Kingdom	Holding	**100%**
Salamander Energy (Glagah Kambuna Holdings) Limited	England & Wales	England & Wales	Level 4, 123 Victoria Street London, SW1E 6DE United Kingdom	Holding	**100%**
Salamander Energy (Glagah Kambuna) Limited	British Virgin Islands	Thailand	Jayla Place, Wickhams Cay 1 Road Town, Tortola VG1110 British Virgin Islands	Exploration	**100%**
Ophir Indonesia (Kerendan) Limited	Mauritius	Indonesia	Ebene Esplanade, 24 Cybercity Ebene Mauritius	Exploration and Production	**100%**
Ophir Indonesia (Kutai) Limited	England & Wales	Indonesia	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Exploration	**100%**
Salamander Energy (Lao) Company Limited	Lao PDR	Lao	LS Horizon (Lao) Limited Unit 4/1.1, 4th Floor Simuong Commercial Center Fa Ngum Road, Phia Vat Village Sisatanak District Vientiane Lao People's Democratic Republic	Exploration	**100%**

Appendix A (continued)

Salamander Energy (Malaysia) Limited	British Virgin Islands	Malaysia	Jayla Place, Wickhams Cay 1 Road Town, Tortola VG1110 British Virgin Islands	Exploration	**100%**
Ophir Indonesia (North East Bangkanai) Limited	British Virgin Islands	Indonesia	Jayla Place, Wickhams Cay 1 Road Town, Tortola VG1110 British Virgin Islands	Exploration	**100%**
Salamander Energy (North Sumatra) Limited	British Virgin Islands	Indonesia	Jayla Place, Wickhams Cay 1 Road Town, Tortola VG1110 British Virgin Islands	Exploration	**100%**
Salamander Energy (Nurul) Pte Ltd	Singapore	Singapore	80 Raffles Place, #34-02 UOB Plaza Singapore 048624 Singapore		**100%**
Salamander Energy (Philippines) Limited	England & Wales	Philippines	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Exploration	**100%**
Salamander Energy (S.E. Asia) Limited	England & Wales		Level 4, 123 Victoria Street London SW1E 6DE United Kingdom		**100%**
Ophir Indonesia (S.E. Sangatta) Limited	England & Wales	Indonesia	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Exploration	**100%**
Salamander Energy (Simenggaris) Limited	England & Wales	Indonesia	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Exploration	**100%**
Ophir Indonesia (South Sokang) Limited	England & Wales	Indonesia	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Exploration	**100%**
Salamander Energy (Thailand) Co. Ltd	Thailand	Thailand	28th Floor, Unit 2802 Q House Lumpini Building 1 South Sathorn Road Tungmahamek Sathorn District Bangkok 10120 Thailand	Exploration	**100%**
Salamander Energy (Vietnam) Limited	England & Wales	Vietnam	Level 4, 123 Victoria Street Londo, SW1E 6DE United Kingdom	Exploration	**100%**
Ophir Indonesia (West Bangkanai) Limited	British Virgin Islands	Indonesia	Jayla Place, Wickhams Cay 1 Road Town, Tortola VG1110 British Virgin Islands	Exploration	**100%**
Salamander Energy Group Limited	England & Wales	England & Wales	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Holding	**100%**
Ophir Malaysia (Block 2A) Limited	British Virgin Islands	Malaysia	Jayla Place, Wickhams Cay 1 PO Box 3190 Road Town, Tortola VG 1110 British Virgin Islands	Exploration	**100%**
Ophir Cote d'Ivoire (CI-513) Limited	British Virgin Islands	Cote d'Ivoire	Jayla Place, Wickhams Cay 1 Road Town, Tortola VG1110 British Virgin Islands	Exploration	**100%**
Ophir Thailand (Bualuang) Limited	British Virgin Islands	Thailand	Jayla Place, Wickhams Cay 1 Road Town, Tortola VG1110 British Virgin Islands	Exploration and Production	**100%**
Salamander Energy Singapore Pte Ltd	Singapore	Singapore	80 Raffles Place, #34-02 UOB Plaza Singapore 048624 Singapore	Holding	**100%**

Appendix A (continued)

Salamander Energy (Holdco) Limited	England & Wales	England & Wales	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Holding	**100%**
Ophir Energy Indonesia Limited	England & Wales	Indonesia	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Holding	**100%**
Ophir Indonesia (JS) Limited	England & Wales	Indonesia	Level 4, 123 Victoria Street London SW1E 6DE United Kingdom	Exploration	**100%**

* Shares held directly by Salamander Energy plc.

All shares are ordinary shares.

Glossary

$ or US Dollar	United States Dollar
£	UK Pounds Sterling
€	Euro
Bbl	Barrel
Bcf	Billion of standard cubic feet
boepd	Barrels of oil equivalent per day
boe	Barrels of oil equivalent
bopd	Barrels of oil per day
E&P	Exploration and production
FPSO	Floating Production Storage Offtake
FSO	Floating Storage Offtake
GDP	Gross domestic product
GHG	Greenhouse Gases
GSA	Gas sales agreement
HSE	Health, Safety and Environmental
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
km2	sq km
LNG	Liquid natural gas
LTI	Lost Time Injury: a fatality or lost work day case. The number of LTIs is the sum of fatalities and lost work day cases
LTIFR	Lost Time Injury Frequency Rate (per million man hours worked)
Mbo	Thousand barrels of oil
Mbopd	Thousand barrels of oil per day
Mboepd	Thousand barrels of oil equivalent per day
MMbo	Million barrels of oil
MMboe	Millions barrels of oil equivalent
Mscf	Thousand standard cubic feet of gas
MMscfd	Million standard cubic feet per day of gas
OGP	Oil and Gas Producers
PSC	Production Sharing Contract
PSP	Performance Share Plan
TRIR	Total Recordable Injury Rate: the number of recordable injuries (fatalities + lost workday cases + restricted workday cases + medical treatment cases) per 1,000,000 hours worked

Corporate directory

Directors:

Nick Cooper	(appointed 30 March 2015)
Bill Higgs	(appointed 30 March 2015)
Tony Rouse	(appointed 30 March 2015)

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