13 August 2015

OPHIR ENERGY PLC

Half Year Results for the six months ended 30 June 2015

OPERATIONAL

- Completed Salamander Energy acquisition and successfully integrated Asian assets, operations and team

- Average daily production 14,600 boepd (pro forma); full year guidance increased to 11,000-12,500 boepd

- Significant progress on Fortuna FLNG with Golar LNG signed on as Midstream partner to provide a 2.2 MTPA vessel and Upstream FEED phase underway. FID expected mid-2016

- Increased exploration portfolio with low commitments: completed acquisition of four deepwater PSCs in Indonesia

- Completed four seismic acquisition programmes: Bualuang oil field, Myanmar Block AD-03, Gabon and Seychelles

- Preparations finalised for two exploration wells in 2H 2015: Soy Siam and Parichat in G4/50, Thailand

FINANCIAL (reflects acquisition of Salamander Energy, completed 3rd March 2015)

- Revenue of $86.5 million (1H 2014: nil)

- Pre-tax loss of $123.3 million (1H 2014: profit of $589.4 million) before extraordinary items

- Cash generated from Operations of $69.4 million (1H 2014: utilised $12.7 million)

- Total cash available as at 30 June of $708.2 million (FY 2014: $1,172.8 million); gross debt of $316.2 million resulting in a net cash position of $392.0 million (FY 2014: $1,172.8 million) Cost rationalisation programme delivering $60 million per annum of pre-tax G&A savings

- Completed $100 million share buyback programme

Nick Cooper, CEO, Ophir Energy, commented

"In a tough operating environment for E&P companies Ophir continues to differentiate itself through the robustness of its financial position, the progression of its field development plans and a commitment to acquire quality exploration acreage with minimal financial commitments that offer attractive returns at current commodity prices. The second half of the year will see the drilling of two low cost wells in the Gulf of Thailand in an unexplored basin adjacent to the Bualuang oil field.

"Overall, Ophir sees numerous opportunities offering significant upside and value creation, both from within our existing asset base and beyond."

ENDS

A call with management will be held at 0900 BST following this announcement. Participants can dial in using the following details:

Dial-in number: +44 (0) 1452 555 566
Conference ID: 86615575

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Strategic Context

Ophir has reacted quickly and decisively to the commodity price declines since 3Q 2014 with five key changes to our plan that prioritise preservation of cash and liquidity, and maximise potential returns to investors in a $50/bbl environment:

- Reduced capital expenditure – in the first half of 2015 we reduced our annual capex by over 50% to a forecast $250-300 million[1] in 2015. We are planning further reductions for 2016.

- Improved efficiencies and overhead cost reductions – headcount reductions, office closures and improved organisational efficiencies will deliver $60 million of ongoing annual cost savings.

- Reconfigured Salamander debt package – Ophir inherited $503 million of debt on closing of the Salamander transaction and, as planned, reduced this by $186 million in the first half of 2015. We will now move to refinance the production base in 2H 2015 with a conservative debt package that is more appropriate to the broader Company's requirements.

- Benchmarking against a $50/bbl environment - investments that offer shareholders strong returns are the only ones being progressed. A combination of our low commitment expenditure and strong net cash position provides Ophir with great flexibility with respect to investments over the next three years.

- Self-funding developments – we will use our high equity interests in development projects as source of capital to fund our capital commitments beyond FID. Minimal incremental capital is planned to be deployed to development activity.

[1] *excluding the consideration for the Salamander acquisition*

Strategic Delivery

Ophir made encouraging progress during the first half of 2015 in delivering the Company's key objectives. Ophir is an exploration company and it is through excellence in exploration that we aim to create value for shareholders. However, our business model is evolving and, through the acquisition of Salamander Energy plc ("Salamander"), which completed in March 2015, Ophir has taken the first steps towards becoming an explorer sustained, throughout the cycle, by its production base. Consequently Ophir is reporting production revenue and operating cash flow for the first time.

Our production base is reliably cash generative throughout the cycle, with a mean breakeven oil price in 2015 of $15/bbl before debt service.

In the first half of 2015 Ophir has significantly advanced the Fortuna FLNG project in Equatorial Guinea. The project remains on schedule for Final Investment Decision ("FID") in mid-2016 and first gas in mid-2019, with Golar LNG appointed as the Midstream provider and the Upstream component of the project already in Front End Engineering Design ("FEED") stage. Formal processes have

commenced to secure both gas buyers and equity partners and we are encouraged by the levels of interest at this early stage.

We continue to believe that the limited competition for exploration acreage presents a compelling opportunity. The risk profile of the geology has not changed but the cost of assessing the sub-surface risk has fallen dramatically. It is well documented that rates for both seismic vessels and drilling rigs have fallen, but perhaps the most important change is that licences for prime acreage can now be acquired without having to undertake firm drilling commitments. We believe this is a fundamental change that will lead to improved returns from exploration drilling as our geoscientists will be able to high-grade across our portfolio, without the encumbrance of drilling commitments on specific licences. As a well-capitalised company, the discipline to allocate capital to drilling only those exploration prospects that offer the best potential returns, even in difficult times for the sector, will be the hallmark of Ophir in the future.

Ophir has been actively reloading its exploration portfolio over the past twelve months and has continued this during the first half of the year with the completion of the acquisition of four deepwater exploration PSCs in Eastern Indonesia. Our team is analysing potential additional exploration acreage that fits Ophir's criteria of minimal well commitments, together with the potential to deliver good returns on the invested capital in a low oil price environment.

The integration of Salamander is progressing well. The production and development operations have performed as forecast and systems integration will be completed, as planned, by year end. The cost rationalisation programme is delivering $60 million per annum of ongoing pre-tax G&A savings and synergies (excepting one off restructuring costs) across the combined business. These cost savings are being driven by removal of overlapping activity, streamlining of operations, reducing headcount and closing of five of the eleven offices owned by the Group post the Salamander acquisition.

Ophir continues to be well financed with $708.2 million of cash on the balance sheet at end June 2015. $186 million of the debt acquired with Salamander, principally the convertible bond and $45 million of unsecured bonds, has been repaid since the acquisition, resulting in a net cash position of $392.0 million as at 30 June 2015. The Group will review the debt portfolio in the second half of 2015 to capture the improved credit profile of combining the Salamander assets into the broader portfolio. Cash at year end is expected to remain in line with previous forecasts, at $700-750 million with a net cash position of $350-400 million.

There is significant financial flexibility in the forward plan with only c. $95 million of committed exploration and appraisal spending between now and end 2017. The carrying costs of the Tanzania and Equatorial Guinea LNG projects to end 2016 are also low and add only $40 million to this figure.

Ophir's current portfolio of assets has the medium term potential, subject to financing, to deliver the requisite cash flows to fund our exploration activity from 2020 onwards..

In summary, Ophir is managing its business on the basis that the current industry downturn will persist and to ensure financial strength during this period. The strength of our balance sheet is now presenting opportunities with significant upside both from our existing asset base and from elsewhere in the industry.

We are positioning Ophir to not only create value during the down-cycle, but also to be optimally positioned to benefit from any recovery in the sector.

Operations Review

Following the acquisition of Salamander, and a number of assets from Niko Resources Ltd, a key area of focus during the first half was the successful integration of the Asian assets, operations and employees into the wider Group. This process has been delivered smoothly to date.

Production during the first half averaged 14,600 boepd (on a pro-forma basis) and is on track to meet expectations for the full year. Health and Safety is a priority for Ophir. With the integration of the Salamander assets 1,203,218 man hours were worked during the first half and we were delighted that there were no recordable incidents. Indeed the Bualuang oil field passed the milestone of 12 months incident free during the period which is a notable achievement.

The Group has delivered other key milestones around the Kerendan gas field development and the Fortuna FLNG project. In addition, we have captured significant volumes of seismic data as we mature prospects in our replenished exploration portfolio.

Equatorial Guinea

Block R (80%, operated)

Building on the progress at the end of 2014 when a successful Drill Stem Test was completed on the Fortuna reservoir and fiscal terms were agreed with the Equatorial Guinean government, the first half of 2015 saw Ophir reach agreement with Golar LNG as the midstream FLNG vessel provider. Golar's solution, which enables the project to be cost competitive with brownfield LNG expansions, is to provide a 2.2 MTPA vessel in return for a liquefaction tariff. The selected midstream concept will utilise a retrofitted LNG carrier vessel, with the associated processing facilities for handling the near pure methane produced from the reservoir. The current plan envisages a production plateau of around 330 MMscfd for over 30 years. Ophir is also evaluating the feasibility of commissioning a second vessel to be on stream in the middle of the next decade. Initial screening suggests that this would not materially increase project capital or operating costs but would significantly advance project cash flows, making it value accretive.

An independent audit confirmed gross contingent (2C) resources and low risk prospective resource to be 3.4 Tcf.

In July, Ophir announced that the Fortuna FLNG project had entered into FEED, a competitive process involving two consortia. The FEED is expected to take nine months and the two consortia will then enter bids for an Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) contract that will deliver the installed subsea systems. The FID is expected in mid-2016, ahead of first gas in mid-2019. The FEED process will provide better definition of the costs to first gas, with current estimates at around $800 million (gross).

The next milestones will be securing gas buyers and equity partners. Processes for both of these have commenced with the aim of signing agreements ahead of FID. Ophir's plan is to utilise our high equity position in the Fortuna FLNG project to enable farm-downs such that, the project funds itself to first gas.

Tanzania

Blocks 1 and 4 (20% non-operated interest)

The Blocks 1 and 4 partners (BG, Pavilion Energy and Ophir) continue to make progress with pre-FEED and concept selection activities. An independent audit confirmed gross contingent (2C) resources to be in excess of 15 Tcf. A joint project team, in collaboration with the Block 2 partners (Statoil (Operator) and Exxon), is conducting pre-FEED studies for the Tanzania onshore LNG project. The formal award of the land for the site of the proposed LNG plant is the next milestone that will enable the project to gather momentum.

During the first half of 2015 Ophir gave notice of its intention to relinquish the Block 3, East Pande and Block 7 licences.

Thailand

B8/38 Production Licence (100%, Operator)

Production from the Bualuang oil field averaged 12,600 bopd during the first half of the year. An Ocean Bottom Seismic survey was completed under budget and without incident in July 2015 with the purpose of filling a gap in the existing 3D seismic image of the field. The results of this survey, along with data from the 2014 development drilling programme, will be used to update the static and dynamic field models. These seismic data will also be evaluated for their 4D potential – assessing if we can observe the movement of oil and water in the reservoir. A commercial evaluation of the options for the next phase of development will then be completed ahead of FID in 2H 2016.

An additional water disposal well will be drilled at the end of the G4/50 exploration campaign starting later this year to increase the water disposal capacity and therefore the ultimate production capacity, of the infrastructure.

Block G4/50 (100%, Operator)

The G4/50 exploration block surrounds the B8/38 production licence. In the first quarter of the year EIA approvals were granted for 18 drilling locations on the G4/50 block. The Vantage Emerald Driller jack-up rig has now been contracted for a drilling programme commencing in October 2015 that will see two firm explorations wells drilled on the Soy Siam and Parichat prospects. Soy Siam has prospective recoverable resource of 25.3 MMbo on a Pmean basis with a 21% chance of success. The Parichat cluster also has prospective recoverable resource of 24.9 MMbo on a Pmean basis with a 32% chance of success. The exploration strategy is to test two different hydrocarbon systems, neither of which have been previously evaluated in the South Western Basin to the south of the Bualuang oil field in the Gulf of Thailand. In the success case, these wells would de-risk numerous other analogue prospects in the same basin. These are relatively low cost exploration targets with

wells costing c. $10 million each. Due to the shallow water environment, they have the potential to rapidly be brought into production in a two to three year time horizon and would be strongly cash generative at current oil prices.

Sinphuhorm (9.5% non-operated)

Production from the Sinphuhorm field averaged 2,025 boepd net (on a pro-forma basis) during the first half of the year. This was ahead of budget due to higher demand for gas to meet the power generation demands of the region. An additional production well (PH-11) was successfully drilled and completed and will be tied in to provide additional deliverability as needed.

Indonesia

Bangkanai PSC (70%, Operator)

The Kerendan gas field is on schedule for first gas in 2H 2016. Mechanical completion of Ophir's gas processing facilities is forecast to complete in August 2015, at which point the facilities will be ready to deliver gas. The offtaker, PLN, is making good progress and as at end June the transmission lines were 73% complete and the power plant 81% complete. Achieving mechanical completion now puts the Group in a strong position to push for a conclusion to the gas price amendment to the initial gas sales agreement. During the second half of 2015 SKKMigas, the Indonesian regulator, is expected to complete its reserves audit on the West Kerendan discovery. The results of this report will enable Ophir to start marketing the next phase of the project and to mature some of the 470 Bcf of gross contingent resource to the 123 Bcf of gross 2P reserves.

West Papua IV (50%, Operator) & Aru (60 %, Operator)

During the first half of the year Ophir completed the acquisition of the West Papua IV, Aru, Kofiau and Halmahera-Kofiau offshore PSCs, Eastern Indonesia. Multiple leads and prospects have been identified that are a mixture of clastic and carbonate play types in both proven and frontier basins.

The West Papua area (West Papua IV and Aru PSCs) is frontier with high impact potential. It is primarily prospective for oil within a carbonate play where reservoir quality has been partially de-risked by drilling to date. Ophir will be commencing a 3D seismic survey in this area in 4Q 2015.

Other Assets

Myanmar

Block AD-03 (95%, operator)

Ophir completed a 10,200 km^2 3D seismic survey over Block AD-03 in June 2015. The fast track data will be available during the second half of 2015 and detailed interpretation will start thereafter. The Block is located in the Rakhine basin and is on-trend with the 9 TCF Shwe gas field that exports gas to China. However, Block AD-03 is still in the seismic processing stage and first interpretation of these data will only be available later this year, at which point we will be able to provide an update on the prospectivity.

Gabon

Mbeli/Ntisna (40%, operator), Manga/Gnondo (70% operator), Nkawa/Nkouere (100%, Operator)

Ophir completed a 10,200 km^2 seismic survey during 1Q 2015. The data is now being interpreted and a prospect inventory is being developed for ranking against Ophir's broader exploration portfolio.

Seychelles

Blocks PEC 5B/1, PEC 5B/2 and PEC 5B/3 (75% operated interest)

The 3D seismic data from the survey completed in 2014 is being interpreted and a prospect inventory being built ahead of a drill/drop decision deadline later in 2015.

Malaysia

PM-322 (85%, operator)

Preparations are ongoing for a 3D seismic survey which is expected to commence in 2016.

Financial Review

	Units	1H 2015	1H 2014	FY 2014
Income statement:				
Realised prices: oil and liquids	$/bbl	60.48	-	-
Revenue	$'millions	86.5	-	-
Field operating cost	$/boe	7.36	-	-
Profit/(loss) before taxation	$'millions	(123.3)	589.4	288.5
Balance sheet:				
Capital expenditures/investments:				
Acquisitions	$'millions	1,128.0	-	-
Exploration and appraisal	$'millions	50.9	230.4	594.3
Development and production	$'millions	11.7	-	-
Net cash	$'millions	392.0	1,490.8	1,172.8
Cash flow statement:				
Cash generated from operations	$'millions	69.4	(12.7)	(16.4)

Introduction

The financial results include the acquisition of Salamander from 3 March 2015, when the transaction completed. Salamander was acquired for a consideration of $326.1 with net debt of $453.8 million and other assets and liabilities, as set out in more detail in note 8 to the interim financial statements. The Group issued 152,208,612 new ordinary shares as consideration, with a prior day closing price £1.38 ($2.14) per share deriving an enterprise value for the acquisition of $780 million. The Salamander assets were booked at fair value without any charge to goodwill.

Looking through the equity accounting of Sinphuhorm (equity accounted in line with IFRS 11), production from the acquired Salamander assets averaged 14,600 boepd for the full six month period.

Following the acquisition of Salamander, and the Niko Indonesia assets, the Group is significantly lowering its operating cost base with synergies and cost savings identified. The closure of five out of a total of eleven offices following the acquisitions, and the introduction of other efficiencies delivers year on year cost savings of $60 million.

During the period since acquisition of Salamander, the Group has reduced the acquired debt portfolio by $186.4 million. The Group is currently in discussion with lenders to refinance its debt portfolio by early-2016, taking advantage of its increased balance sheet strength and lower credit rating following the combining of the Ophir and Salamander balance sheets.

In September 2014, the Company commenced a share buy-back programme. The programme allowed for up to $100 million of the Company's shares to be acquired by the Company's brokers in line with certain specified criteria. The programme concluded in May 2015. During 2015, $56.1 million of shares were purchased at an average cost of £1.55 per share. The Board retains the right to initiate further share buy-back programmes and will weigh up the potential returns against other investment opportunities.

The Group's commitment exploration programme over the next three years totals c. $95 million providing significant flexibility to manage expenditure plans going forward. With the current downturn in the cycle, the Group remains focused on preserving balance sheet strength by maximising returns from its operating base, optimising its debt portfolio and effective budget and cost management.

Statement of Comprehensive Income

Revenue, realisations and production

Working interest production averaged 12,100 boepd for the period since 2 March 2015 with the Bualuang field accounting for 100% of revenues. A further 2,025 boepd was produced from the Sinphuhorm field, which is equity accounted for under IFRS 11. Bualuang production, which is priced at a $0.40/bbl discount to Dubai, generated revenues of $80.9 million with the balance of $5.6 million generated from profit on hedging arrangements.

Cost of Sales

Cost of sales for the period totalled $64.5 million (30 June 2014: nil) comprising of $18.2 million of operating costs and royalty payments, and $45.7 million of depreciation and amortisation costs.

Exploration expense

Exploration costs expensed totalled $94.9 million (30 June 2014: $67.7 million) comprising principally the impairment of Kenya Block L9 of $62.0 million, Gabon Ntsina of $12.1 million and other asset write downs and new business activity of $20.8 million.

Equity accounted investments

Reporting of Sinphuhorm's financial contribution under IFRS 11 resulted in a share of profit of $4.1 million for the period to 30 June 2015 being recognised. Sinphuhorm gas revenues realised $5.13/Mscf for the period. The equity value of the investments totalled $173.9 million.

General and Administrative Expenses

General and administration expenses were 29% lower than the same period last year at $19.4 million (30 June 2014: $27.2 million). The charge for the period also included one off restructuring charges following the acquisition of Salamander of approximately $8.0 million.

Finance income and expense

Net finance expenses of $6.9 million (30 June 2014: income of $12.1 million) predominantly included interest paid on borrowings, partly offset by income earned on short-term deposits of $1.1 million (30 June 2014: $1.8 million income).

Taxation

The taxation charge of $7.7 million (30 June 2014: $250.4 million) related predominantly to production from Thailand. The charge comprises income tax of $30.6 million and a deferred tax credit of $22.9 million.

Balance Sheet

Capital expenditure

Capital expenditures (excluding the acquisition cost of Salamander) totalled $89.6 million (30 June 2014: $230.4 million) with the lower expenditure reflecting no drilling activity during 1H 2015 compared to 1H 2014. Activity during the period included seismic activity in Myanmar and the acquisition of Niko assets in Indonesia. In addition, the acquisition of Salamander's assets were booked at a cost of $132.0 million for exploration and appraisal assets (intangibles) and $827.1 million for development and production assets (property, plant and equipment).

Cash and net debt

A total of $502.6 million of debt and $48.8 million of cash were purchased along with the Salamander acquisition. The debt comprised a convertible bond of $93.9 million, a Norwegian bond of $154.8 million and a reserves based lending facility of $253.9 million. Since acquisition, total debt has been reduced by $186.4 million (to $316.2 million) with the full repayment of the convertible bond, the Norwegian bond lenders' put option being exercised at change of control totalling $45.6 million and scheduled repayment of the reserves based lending facility of $44.1 million.

Total cash available to the Group totalled $708.2 million (30 June 2014: $1,490.8 million) at period end, comprising cash and cash equivalent of $608.2 million (30 June 2014: $1,040.8 million) and investments (short-term deposits) of $100.0 million (30 June 2014: $450.0 million). Consequently, closing net cash at 30 June 2015 was $392.0 million (30 June 2014: $1,490.8 million).

The Group is currently in discussion with lenders to refinance its debt portfolio by early-2016, taking advantage of its increased balance sheet strength and low credit rating following the combining of the Ophir and Salamander balance sheets.

Cash flow statement

Operating cash flow

Net cash flow used in operating activity is reported at $7.1 million (30 June 2014: outflow $9.5 million). This reflects a number of factors, namely: the short-term timing of receipts and payments in respect of operating activity, particularly in relation to oil inventories, trade debtors and tax; and the equity accounting for the Sinphuhorm gas field. Furthermore, since the date of acquisition, the reported numbers only include four months' activity for the Salamander producing assets. Adjusting for these factors, the underlying accrued cash flow from the producing for the six months was $56.8 million. Against that amount, general and administration costs totalled $19.4 (which also includes one-off restructuring charges of $8.0 million following the acquisition of Salamander).

Investing cash flow

Investing cash flow of $57.2 million (30 June 2014; inflow $535.1 million) included net payments in respect of oil and gas assets of $253.8 million, partly offset by the withdrawal of long term cash deposits of $196.6 million. Investments in oil and gas assets included payments of $161.0 million for activity undertaken in 2014.

These costs were related to the drilling of wells in Block 7 and East Pande in Tanzania, Block R in Equatorial Guinea, and seismic costs in Gabon.

Financing cash flow

Financing cash outflows of $202.2 million (30 June 2014 $1.5 million inflow) resulted from the repayment of Salamander debt facilities of $186.4 million, interest payments of $12.6 million and purchase of share under the share buy-back arrangement of $56.1 million.

Financial outlook

The average daily production forecast for the full year has increased to 11,000-12,500 boepd. With the recent decline in oil prices, forecast underlying operating cash flow from the producing assets is revised to $110-130 million for the full year.

Full year capital expenditure forecast for 2015 is $250-300 million. Following refinancing of the debt portfolio by year-end 2015, net cash for end-2015 remains forecast at $350-400 million, with total cash available on the balance sheet forecast at $700-750 million.

Risk management

The Group's Executive Directors constantly monitor the Group's risk exposures and report to the Audit , Corporate Responsibility and Technical Advisory Committees on a six monthly basis. Risks that have the potential to have a high impact on the Company are each reviewed, together with the controls the Company has put in place, with the Board on at least an annual cycle. The Audit Committee provides oversight on risk whilst ultimate authority for risk management remains with the Group's Board. The Corporate Responsibility Committee provides oversight on surface risk, particularly in the areas of Health, Safety and the Environment. The Technical Advisory Committee provides oversight on subsurface risk and uncertainty for exploration and development activities.

The principal risks for the Group remain as previously detailed on pages 18 to 21 of the 2014 Annual Report and Accounts these have been re-evaluated following the Salamander acquisition. The principal risks can be summarised as follows:

- **External Risks:** Low commodity price and adverse market sentiment towards the E&P sector, global economic volatility, capital constraints, legal compliance regulatory or litigation risk, stakeholder sentiment, political risk.

- **Strategic Risks:** Investment decisions, inadequate resource and reliance on key personnel.

- **Operational Risks:** HSE and security incident, drilling operations risk, discovery risk and success rate, IT risk.

- **Financial Risks:** Inability to fund exploration work programmes, counterparty credit risk, cost and capital spending, interest rate and foreign exchange risk.

RESPONSIBILITY STATEMENT

The Directors confirm that to the best of their knowledge:

a the condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";

b the half year report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);

c the half year report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein);

The Directors of Ophir Energy plc are as listed in the Company Information section at the back of this report.

By order of the Board

Nicholas Smith

Chairman
12 August 2015

INDEPENDENT REVIEW REPORT TO OPHIR ENERGY PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 which comprises the condensed consolidated income statement and statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 25. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Ernst & Young LLP

London
12 August 2015

The maintenance and integrity of the Ophir Energy plc web site is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
SIX MONTHS ENDED 30 JUNE 2015

	NOTES	6 MONTHS ENDED 30 JUNE 2015 (UNAUDITED) $'000	6 MONTHS ENDED 30 JUNE 2014 (UNAUDITED) $'000	YEAR ENDED 31 DECEMBER 2014 $'000
Consolidated income statement				
Continuing operations				
Revenue	4	86,495	-	-
Cost of sales	5a	(64,499)	-	-
Gross profit		**21,996**	**-**	**-**
Gain on farm-out	5b	245	673,020	671,677
Share of profit of investments accounted for using the equity method	20	4,066	-	-
Other income		-	-	26
Exploration expenses	5c	(94,867)	(67,706)	(333,782)
General & administration expenses	5d	(19,440)	(27,217)	(20,746)
Other operating expenses	5e	(23,039)	(774)	(22,821)
Operating (loss)/profit		**(111,039)**	**577,323**	**294,354**
Net finance (expense)/income	6	(6,889)	12,113	(5,861)
Other financial losses	7	(5,367)	-	-
(Loss)/profit from continuing operations before taxation		**(123,295)**	**589,436**	**288,493**
Taxation	9	(7,717)	(250,383)	(233,651)
(Loss)/profit from continuing operations for the period attributable to:		**(131,012)**	**339,053**	**54,842**
Equity holders of the Company		(131,012)	339,053	54,846
Non-controlling interest		-	-	(4)
		(131,012)	**339,053**	**54,842**
Earnings per share (pence)				
Basic – (Loss)/profit for the period attributable to equity holders of the Company		(12.7) pence [1]	33.7 pence [3]	6.0 pence [5]
Diluted – (Loss)/profit for the period attributable to equity holders of the Company		(12.6) pence [2]	33.3 pence [4]	6.0 pence [6]

[1] (20.0) cents per share
[2] (19.8) cents per share
[3] 57.3 cents per share
[4] 56.6 cents per share
[5] 9.4 cents per share
[6] 9.4 cents per share

CONDENSED CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME SIX MONTHS ENDED 30 JUNE 2015 (CONTINUED)

Consolidated statement of comprehensive income

(Loss)/profit from continuing operations for the period	**(131,012)**	**339,053**	**54,842**
Other comprehensive (loss)/income			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on retranslation of foreign operations net of tax	(1,049)	151	1,784
Other comprehensive (loss)/income for the period, net of tax	**(1,049)**	**151**	**1,784**
Total comprehensive (loss)/income for the period, net of tax attributable to:			
Equity holders of the Company	**(132,061)**	339,204	56,630
Non-controlling interest	**-**	-	(4)
	(132,061)	**339,204**	**56,626**

Condensed consolidated statement of financial position
As at 30 June 2015

	Notes	As at 30 June 2015 (unaudited) $'000	As at 30 June 2014 (unaudited) $'000	As at 31 December 2014 $'000
Non-current assets				
Exploration and evaluation assets	10	895,904	722,528	764,933
Oil and gas properties	11	793,074	-	-
Other property, plant and equipment		6,131	6,821	6,307
Goodwill		-	20,868	-
Financial assets		59,910	16,460	17,104
Investments accounted for using the equity method	20	173,920	-	-
		1,928,939	**766,677**	**788,344**
Current assets				
Inventory	12	45,896	23,316	23,902
Trade and other receivables		53,830	36,269	12,839
Taxation receivable		13,202	-	13,424
Cash and cash equivalents	13	608,207	1,040,823	877,872
Investments	14	100,000	450,000	294,904
		821,135	**1,550,408**	**1,222,941**
Total assets		**2,750,074**	**2,317,085**	**2,011,285**
Current liabilities				
Trade and other payables	15	(131,879)	(211,367)	(242,148)
Interest-bearing bank borrowings due within one year	16	(53,332)	-	-
Taxation payable		(49,769)	(21,157)	-
Provisions	18	(49,142)	(35,398)	(26,787)
		(284,122)	**(267,922)**	**(268,935)**
Non-current liabilities				
Interest-bearing bank borrowings	16	(156,498)	-	-
Bonds payable	17	(106,371)	-	-
Deferred tax liability		(301,058)	(26,968)	(44,048)
Provisions	18	(64,597)	(354)	(263)
		(628,524)	**(27,322)**	**(44,311)**
Total liabilities		**(912,646)**	**(295,244)**	**(313,246)**
Net assets		**1,837,428**	**2,021,841**	**1,698.039**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015 (CONTINUED)

	NOTES	AS AT 30 JUNE 2015 (UNAUDITED) $'000	AS AT 30 JUNE 2014 (UNAUDITED) $'000	AS AT 31 DECEMBER 2014 $'000
Capital and reserves				
Called up share capital	19	3,061	2,471	2,474
Reserves	21	1,834,647	2,019,646	1,695,845
Equity attributable to equity shareholders of the Company		1,837,708	2,022,117	1,698,319
Non-controlling interest		(280)	(276)	(280)
Total equity		**1,837,428**	**2,021,841**	**1,698,039**

Approved by the Board on 12th August 2015

Nicholas Smith
Chairman

Nick Cooper
Chief Executive Officer

ophir energy plc

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
SIX MONTHS ENDED 30 JUNE 2015

	CALLED UP SHARE CAPITAL $'000	TREASURY SHARES $'000	OTHER RESERVES [1] $'000	NON-CONTROLLING INTEREST $'000	TOTAL EQUITY $'000
As at 1 January 2014	**2,466**	**-**	**1,674,719**	**(276)**	**1,676,909**
Profit for the period, net of tax	-	-	339,053	-	**339,053**
Other comprehensive income, net of tax	-	-	151	-	151
Total comprehensive income, net of tax	-	-	339,204	-	**339,204**
Exercise of options	5	-	1,481	-	**1,486**
Share-based payment	-	-	4,242	-	**4,242**
As at 30 June 2014 (Unaudited)	**2,471**	**-**	**2,019,646**	**(276)**	**2,021,841**
Loss for the period, net of tax	-	-	(284,207)	(4)	**(284,211)**
Other comprehensive income, net of tax	-	-	1,633	-	**1,633**
Total comprehensive loss, net of tax	-	-	(282,574)	(4)	**(282,578)**
Purchase of own shares	-	(59)	(44,168)	-	**(44,227)**
Exercise of options	3	-	366	-	**369**
Share-based payment	-	-	2,634	-	**2,634**
As at 1 January 2015	**2,474**	**(59)**	**1,695,904**	**(280)**	**1,698,039**
Loss for the period, net of tax	-	-	(131,012)	-	**(131,012)**
Other comprehensive income, net of tax	-	-	(1,049)	-	**(1,049)**
Total comprehensive loss, net of tax	-	-	(132,061)	-	**(132,061)**
New ordinary shares issued to third parties	587	-	325,545	-	**326,132**
Purchase of own shares	-	(99)	(56,011)	-	**(56,110)**
Exercise of options	-	1	-	-	**1**
Share-based payment	-	-	1,427	-	**1,427**
As at 30 June 2015 (Unaudited)	**3,061**	**(157)**	**1,834,804**	**(280)**	**1,837,428**

[1] Refer to note 22 – Other reserves

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
SIX MONTHS ENDED 30 JUNE 2015

	NOTES	6 MONTHS ENDED 30 JUNE 2015 (UNAUDITED) $'000	6 MONTHS ENDED 30 JUNE 2014 (UNAUDITED) $'000	YEAR ENDED 31 DECEMBER 2014 $'000
Operating activities				
(Loss)/profit before taxation		(123,295)	589,436	288,493
Adjustments to reconcile loss before tax to net cash flows				
Gain on farm-out	5b	(245)	(673,020)	(671,677)
Interest income	6	(1,118)	(5,232)	(7,049)
Interest expense	6	7,521	-	-
Share of profit of investments accounted for using the equity method	20	(4,066)	-	-
Net foreign currency losses/(gains)	6	486	(6,881)	12,910
Other financial losses	7	5,367	-	-
Depreciation and amortisation	5	48,559	775	1,955
Impairment of goodwill	5e	-	-	20,868
Loss/(profit) on disposal of assets	5e	145	(1)	(2)
Provision for employee entitlements		(700)	146	(207)
Provision for redundancy costs		2,792	-	-
Provision for exiting contract	5e	20,000	-	-
Share-based payment expense	5d	1,427	4,242	6,876
Exploration expenditure – pre license costs	5c	17,671	1,560	23,947
Exploration expenditure – written off	5c	3,082	205	-
Exploration expenditure – provision for impairment	5c	74,114	65,941	309,835
Working capital adjustments				
(Increase)/decrease in inventories		(1,770)	-	-
(Decrease)/increase in trade and other payables		(3,353)	7,522	(4,409)
Decrease/(increase) in trade and other receivables		22,783	2,630	2,066
Cash generated from/(utilised in) operations		**69,400**	**(12,677)**	**(16,394)**
Income taxes paid		(78,012)	(2,099)[1]	(3,226)
Interest income		1,496	5,232	8,307
Net cash flows used in operating activities		**(7,116)**	**(9,544)**	**(11,313)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
SIX MONTHS ENDED 30 JUNE 2015

	NOTES	6 MONTHS ENDED 30 JUNE 2015 (UNAUDITED) $'000	6 MONTHS ENDED 30 JUNE 2014 (UNAUDITED) $'000	YEAR ENDED 31 DECEMBER 2014 $'000
Investing activities				
Proceeds from farm-out		2,100	1,251,840	1,329,672
Tax paid on gain on farm-out		-	(222,411)[1]	(222,411)
Dividend received from investments		1,087	-	-
Increase in investments		(3,941)	-	-
Expenditure on property, plant & equipment		(14,411)	(4,358)	(4,770)
Exploration expenditure		(238,617)	(183,911)	(521,302)
Proceeds on disposal of assets		-	1	2
Disposal/(purchase) of inventory		-	(4,307)	1,988
Cash returned/(placed on deposit)		194,904	(290,079)	(134,983)
Security refunds/(deposits)		1,726	(11,687)	(12,331)
Net cash flows (used in)/from investing activities		**(57,152)**	**535,088**	**435,865**
Financing activities				
Interest paid		(12,571)	-	-
Other financial receipts and payments		1,381	-	-
Repayment of interest-bearing bank borrowings	16	(44,088)	-	-
Repayment of convertible bonds	8	(94,000)	-	-
Repayment of unsecured bonds	17	(45,652)	-	-
Proceeds from exercise of share options		1	1,486	1,914
Purchase of own shares		(56,108)	-	(44,230)
Cash acquired on acquisition of subsidiary		48,827	-	-
Net cash (outflows)/inflows from financing activities		**(202,210)**	**1,486**	**(42,316)**
(Decrease)/increase in cash and cash equivalents for the period		**(266,478)**	**527,030**	**382,236**
Effect of exchange rates on cash and cash equivalents		(3,187)	7,031	(11,126)
Cash and cash equivalents at the beginning of the period		877,872	506,762	506,762
Cash and cash equivalents at the end of the period		**608,207**	**1,040,823**	**877,872**

[1] Prior period comparatives have been restated. Tax paid on gain on farm-out relates to the farm-out of Tanzania Blocks 1, 3 & 4, the proceeds from which are classified as investing activities. As a result, it was deemed more appropriate to classify the tax paid as an investing activity, along with the proceeds. This treatment is consistent with the presentation at 31 December 2014.

1 Corporate information

Ophir Energy plc (the 'Company' and ultimate parent of the Group) is a public limited company incorporated, domiciled and listed in England. Its registered offices are located at 123 Victoria Street, London SW1E 6DE.

The principal activity of the Group is the development of offshore and deepwater oil and gas exploration assets. The Company has an extensive and diverse portfolio of exploration interests across Africa and South East Asia.

The Income Statement and Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cash Flows and associated Notes to the Financial Statements for the financial year ended 31 December 2014 included in the 30 June 2015 half yearly financial report do not constitute the Group's statutory accounts, as defined under section 435 of the Companies Act 2006. The Group's statutory financial statements for the financial year ended 31 December 2014 have been audited by the Group's external auditor and lodged with the United Kingdom Companies House. The auditor's opinion on these accounts was unqualified and did not contain a statement under either Section 498(2) or 498(3) of the Companies Act 2006.

The Group's condensed consolidated interim financial statements are unaudited but have been reviewed by the auditors and their report to the Company is included on page 16. These condensed consolidated interim financial statements of the Group for the six months ended 30 June 2015 were approved and authorised for issue by the Board of the Directors on 12 August 2015.

2 Basis of preparation and significant accounting policies

2.1 Basis of preparation

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 included in this interim report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

The unaudited condensed consolidated interim financial statements are prepared on a going concern basis.

The consolidated financial statements have been prepared on a historical cost basis and are presented in US Dollars rounded to the nearest thousand dollars ($'000) except as otherwise indicated.

Comparative figures for the period to 31 December 2014 are for the year ended on that date.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements in the Ophir Energy plc Annual Report and Accounts for the year ended 31 December 2014. The accounting policies adopted in the preparation of the interim financial statements, the significant judgements made by management in applying these policies, and key sources of estimation uncertainty are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2014, except for the adoption of the following standards and amendments:

Adoption of new accounting policies

The Group has adopted the following relevant new accounting policies as a result of the acquisition of Salamander Energy plc on 3 March 2015 (the acquisition date and effective date of adoption):

Commercial reserves – 2.3(a) & 2.4
Oil and gas properties – 2.3(e) & 2.4
Derivative financial instruments – 2.3(f)
Inventories of oil – 2.3(g)

Provision for decommissioning – 2.3(h) & 2.4
Revenue recognition: sale of oil and petroleum products – 2.3(n)
Cost of sales: underlift and overlift – 2.3(o)
Royalties, resource rent tax and revenue-based taxes – 2.3(u)

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 2015:

IAS 19 'Employee Benefits' (Amendments) - Defined Benefit Plans: Employee Contributions
Improvements to IFRSs 2010-2012 cycle
Improvements to IFRSs 2011-2013 cycle

These new and amended standards and interpretations have not materially affected amounts reported or disclosed in the Group's financial statements for the six months ended 30 June 2015.

Standards and interpretations issued, but not yet effective

The following standards and interpretations, relevant to the Group, have been issued by the IASB, but have not yet been endorsed by the EU for their application to become mandatory. The Group expects to adopt this interpretation in accordance with the effective date:

Disclosure Initiative (Amendments to IAS 1). The narrow-focus amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. In most cases the proposed amendments respond to overly prescriptive interpretations of the wording in IAS 1;

IFRS 9 'Financial Instruments', amends the classification and measurement of financial instruments;

IFRS 14 'Regulatory Deferral Accounts', allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS;

IFRS 15 'Revenue from Contracts with Customers', replaces all existing revenue requirements (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) in IFRS and applies to all revenue arising from contracts with customers;

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, Amendments to IAS 27: Equity Method in Separate Financial Statements, Amendments to IAS 16 and IAS 41: Bearer Plants, Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation, Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations, and Annual Improvements to IFRSs 2012–2014 Cycle.

The Group has reviewed the impact to financial reporting for the changes arising from these standards and interpretations and they are not expected to materially affect amounts reported or disclosed in the Group's financial statements. The impact of the adoption of other standards noted above has not been assessed by the Group.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, drawn up to 31 December each year.

Subsidiaries
Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has all of the following:

- Power over the investee (i.e. existing voting rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising therefrom, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it (i) derecognises the assets (including goodwill) and liabilities of the subsidiary; (ii) derecognises the carrying amount of any non-controlling interest; (iii) derecognises the cumulative translation differences, recorded in equity; (iv) recognises the fair value of the consideration received; (v) recognises the fair value of any investment retained; and (vi) recognises any surplus or deficit in profit and loss; (vii) reclassifies the parent’s share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

Non-controlling interests
Non-controlling interests represent the equity in a subsidiary not attributable, directly and indirectly, to the parent company and is presented separately within the Consolidated statement of financial position, separately from equity attributable to owners of the parent. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2.3 Summary of significant accounting policies

(a) 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. Proved and probable reserve estimates are based on a number of underlying assumptions including oil and gas prices, future costs, oil and gas in place and reservoir performance, which are inherently uncertain. 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. However, the amount of reserves that will ultimately be recovered from any field cannot be known with certainty until the end of the field’s life.

(b) Intangible exploration and evaluation expenditure

Exploration and evaluation ('E&E') expenditure relates to costs incurred on the exploration for and evaluation of potential mineral reserves and resources. The Group applies the successful efforts method of accounting for E&E costs as permitted by IFRS 6 'Exploration for and Evaluation of Mineral Resources'.

Under the successful efforts method of accounting, all licence acquisition, exploration and appraisal costs (such as geological, geochemical and geophysical costs, exploratory drilling and other direct costs associated with finding mineral resources) are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination. Costs (other than payments for the acquisition of rights to explore) incurred prior to acquiring legal rights to explore an area and general exploration costs not specific to any particular licence or prospect are charged directly to the Consolidated income statement and statement of comprehensive income.
E&E assets are not amortised prior to the determination of the results of exploration activity.

Treatment of E&E assets at conclusion of appraisal activities
Intangible E&E assets related to each exploration licence/block are carried forward, until the existence (or otherwise) of commercial reserves has been determined, subject to certain limitations including review for indicators of impairment. If, at completion of evaluation activities, technical and commercial feasibility is demonstrated, then, following recognition of commercial reserves, the carrying value of the relevant E&E asset is then reclassified as a development and production asset (subject to an impairment assessment before reclassification).

If, on completion of evaluation activities, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Group decides not to continue E&E activity, then the costs of such unsuccessful E&E are written off to the Consolidated income statement and statement of comprehensive income in the period of that determination.

Impairment
E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. The cash generating unit ('CGU') applied for impairment test purposes is generally the block, except that a number of block interests may be grouped as a single cash generating unit where the cash flows of each block are interdependent.

Where an indicator of impairment exists, management will assess the recoverability of the carrying value of the asset or CGU. This review includes a status report confirming that E&E drilling is still under way or firmly planned, or that it has been determined, or work is under way to determine that the discovery is economically viable. This assessment is based on a range of technical and commercial considerations and confirming that sufficient progress is being made to establish development plans and timing. If no future activity is planned, or the value of the asset cannot be recovered via successful development or sale, the balance of the E&E costs are written off in the Consolidated income statement and statement of comprehensive income.

Farm-in / farm-out arrangements
The Group may enter into farm-in or farm-out arrangements, where it may introduce partners to share in the development of an asset. For transactions involving assets at the exploration and evaluation phase, the Group adopts an accounting policy as permitted by IFRS 6 such that the Group does not record any expenditure made on its behalf under a 'carried interest' by a farm-in partner (the 'farmee'). Where applicable past costs are reimbursed, any cash consideration received directly from the farmee is credited against costs previously capitalised in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal. Farmed-out oil and gas properties are accounted for in accordance with IAS 16 'Property, Plant and Equipment'.

(c) Business combinations

A business combination is a transaction in which an acquirer obtains control of a business. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends or lower costs or other economic benefits directly to investors or other owners or participants. A business consists of inputs and processes applied to those inputs that have the ability to create outputs.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest ('NCI') in the acquiree. For each business combination, the Group elects whether to measure NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in general & administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. Those oil and gas reserves that are able to be reliably measured are recognised in the assessment of fair values on acquisition. Other potential reserves, resources and rights, for which fair values cannot be reliably measured, are not recognised separately, but instead are subsumed in goodwill.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date (being the date the acquirer gains control) in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. If the contingent consideration is classified as equity, it is not remeasured and subsequent settlement is accounted for within equity.

(d) Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for NCI over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred (otherwise known as a 'bargain purchase'), before recognising a gain, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Consolidated income statement and statement of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units ('CGUs') that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually (as at 31 December) and when circumstances indicate that the carrying value may be impaired.

In assessing whether goodwill has been impaired, the carrying amount of the CGU or reportable segment is compared with its recoverable amount. In determining whether goodwill is impaired, the Group reviews the status of projects including recent farm-out transactions and whether the Group's intention is to further develop the Group's various assets.

(e) Property, plant and equipment

Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Development and production assets are generally accumulated on a field-by-field basis and represent the cost of developing the commercial reserves discovered and bringing them into production. The initial cost of a development and production asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.

Oil and gas properties

Oil and gas properties are depreciated / 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 carrying 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.

Producing assets are generally grouped with other assets that are dedicated to serving the same reserves for depreciation purposes, but are depreciated separately from producing assets that serve other reserves.

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 10 years.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset (or CGU) may be impaired. Management has assessed its CGUs as being an individual field, which is the lowest level for which cash flows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's (or CGU's) recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs of disposal (FVLCD) and value in use (VIU). The recoverable amount is then determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset (or CGU) is considered impaired and written down to its recoverable amount. Impairment losses of continuing operations are recognised in the Consolidated income statement and statement of comprehensive income.

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.

(f) 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.

i. Financial assets

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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 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 income statement and statement of comprehensive income.

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 Consolidated income statement and 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 Consolidated income statement and statement of comprehensive income, any subsequent recoveries are also taken directly to the Consolidated income statement and statement of comprehensive income upon receipt of cash collected.

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.

ii. 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 income statement and statement of comprehensive income.

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.

iii. Cash and short-term deposits

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less, but exclude any restricted cash. Restricted cash is not available for use by the Group and therefore is not considered highly liquid – for example cash set aside to cover rehabilitation obligations.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

iv. Short-term investments

Short-term investments in the statement of financial position comprise cash deposits that are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short-term investment rate.

v. Derivative financial instruments

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
Gains or losses on derivatives are taken directly to the Consolidated income statement and statement of comprehensive income in the period.

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 disclosed in trade and other receivables or trade and other payables in the Consolidated statement of financial position and the related changes in the fair value are included in other financial gains and losses in the Consolidated income statement and statement of comprehensive income. Upon settlement, the cumulative amount of previously recognised gains or losses is reversed out of other financial gains and losses and, together with any final realised gains or losses, recorded within revenue.

(g) Inventories

Inventories of oil, materials and drilling consumables are stated at the lower of cost and net realisable value. Cost is determined by using weighted average cost method and comprises direct purchase costs, cost of transportation and other related expenses.

(h) Provisions

General
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. If the effect of the time value of money is material, expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to unwinding the

discount is recognised as a finance cost.

Decommissioning liability
The Group recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable than an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field.

Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets. Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the Consolidated income statement and statement of comprehensive income.

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Group considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and risks specific to the liability. The periodic unwinding of the discount is recognised in the Consolidated income statement and statement of comprehensive income as a finance cost. The company recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

(i) Pensions and other post-retirement benefits

The Group does not operate its own pension plan but makes pension or superannuation contributions to private funds of its employees which are defined contribution plans. The cost of providing such benefits are expensed in the income statement as incurred.

(j) Employee benefits

Salaries, wages, annual leave and sick leave
Liabilities for salaries and wages, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave
The liability for long service leave is recognised and measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(k) Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

(l) Leases

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

The Group has leases where the Lessor retains substantially all the risks and benefits of ownership of the asset. Such leases are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the lease term.

(m) Interests in joint arrangements

A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

i. Joint operations

A joint operation is a type of 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. In relation to its interests in joint operations, the Group recognises its:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities incurred jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

ii. Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The Group’s investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not individually tested for impairment.

The statement of profit or loss reflects the Group’s share of the results of operations of the joint venture. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group’s share of profit or loss of the joint venture is shown on the face of the Consolidated income statement and statement of comprehensive income as part of operating profit and represents profit or loss after tax and NCI in the subsidiaries of joint venture. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as 'Share of profit of a joint venture' in the Consolidated income statement and statement of comprehensive income.

On loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in the Consolidated income statement and statement of comprehensive income.

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and receivable, excluding discounts, sales taxes, excise duties and similar levies.

Revenue from the sale of oil and petroleum products is recognised on an entitlement basis when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue from the production of oil, in which the Group has an interest with other producers, is recognised based on the Group's working interest and the terms of the relevant production sharing contracts.

(o) 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 receivables and payables respectively. Movements during an accounting period are adjusted through cost of sales such that gross profit is recognised on an entitlements basis.

(p) Interest income

Interest income is recognised as it accrues using the effective interest rate method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Interest income is included in net finance costs in the Consolidated income statement and statement of comprehensive income.

(q) 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 Consolidated statement of financial position net of arrangement fees and issue costs, and amortised through to the Consolidated income statement and 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.

(r) Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined with reference to the market value of the underlying shares using a pricing model appropriate to the circumstances which requires judgements as to the selection of both the valuation model and inputs. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vesting irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other vesting conditions are satisfied.

At each statement of financial position date before vesting, the cumulative expense is calculated on the basis of the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

For equity-settled share-based payment transactions with third parties, the goods or services received are measured at the date of receipt by reference to their fair value with a corresponding entry in equity. If the Group cannot reliably estimate the fair value of the goods or services received, their value is measured by reference to the fair value of the equity instruments granted.

(s) Foreign currency translation

The Group's consolidated financial statements are presented in US Dollars, which is also the parent company's functional currency. The functional currency for each entity in the Group is determined on an individual basis according to the primary economic environment in which it operates.

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. All exchange differences are taken to the income statement. Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rate ruling as at the date of the initial transaction. Non-monetary items measured at a revalued amount in a foreign currency are translated using the spot exchange rate ruling at the date when the fair value was determined.

The assets and liabilities of foreign operations whose functional currency is other than that of the presentation currency of the Group are translated into the presentation currency, at the rate of exchange ruling at the statement of financial position date. Income and expenses are translated at the weighted average exchange rates for the period. The resulting exchange differences are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(t) Income taxes

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Current income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Deferred tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

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 and credited in the income statement as the underlying temporary difference is reversed.

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

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

Deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise deferred income tax is recognised in the income statement.

In order to account for uncertain tax positions, management has formed an accounting policy, in accordance with IAS 8, whereby the ultimate outcome of legal proceedings is viewed as a single unit of account. The results of separate hearings in relation to the same matter, such as local tribunals and international arbitration, are not viewed separately and only the final outcome is assessed by management to determine the best estimate of any potential outcome. If management viewed the results of individual hearings separately an income statement charge could arise due to the differing recognition criteria of assets and liabilities.

(u) Royalties, resource rent tax and revenue-based taxes

In addition to corporate taxes, the Group's condensed consolidated interim financial statements also include and recognise as taxes on income, other types of taxes on net income such as certain royalties, resource rent taxes and revenue-based taxes.

Royalties, resource rent taxes and revenue-based taxes are accounted for under IAS 12 when they have the characteristics of an income tax. This is considered to be the case when they are imposed under government tax authority and the amount payable is based on taxable income — rather than physical quantities produced or as a percentage of revenue — after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements and other types of taxes that do not satisfy these criteria are accrued and included in cost of sales.

(v) Impairment

The accounting policies for the impairment of intangible exploration and evaluation assets and oil and gas properties is described in more detail in 2.3(b), 2.3(f) and 2.4.

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

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU's to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations (including impairment on inventories), are recognised in the income statement in expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Where conditions giving rise to the impairment subsequently reverse, the effect of the impairment charge is also reversed, net of any depreciation that would have been charged since the impairment.

2.4 Significant accounting judgements, estimates and assumptions

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.

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 financial statements.

Commercial reserves 2.3(a)

Management is required to assess the level of the Group's commercial reserves together with the future expenditures to access those reserves, which are utilised in determining the amortisation and depreciation charge for the period and assessing whether any impairment charge is required. 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 2015.

Intangible exploration and valuation assets 2.3(b)

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. The intangible exploration and evaluation assets note discloses the carrying value of such assets. 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. Any such estimates and assumptions may change as new information becomes available.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. The assessments require the use of estimates and assumptions such as long-term oil prices, discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, and reserves. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Oil and gas properties 2.3(e)

Management is required to assess impairment in respect of oil and gas property assets at least annually with reference to indicators in IAS 36 'Impairment of Assets'. The property, plant and equipment note discloses the carrying value of such assets. In making the assessment, management is required to estimate the recoverable amount for each asset held and compare that value to the net carrying amount of the asset at the balance sheet date. Such a review is done at least annually. This requires estimates to be made of in particular: future commodity prices, production volumes, capital/operating expenditure and appropriate pre-tax discount rates. Details of the Group's property plant and equipment are provided in note 11 to the consolidated Financial Statements. No impairment arose during 2015.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. The assessments require the use of estimates and assumptions such as long-term oil prices, discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, and commercial reserves. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Provision for decommissioning 2.3(h)

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 an external expert and the results of this review are then used for the purposes of the financial statements.

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

Share-based payments 2.3(r)

Management is required to make assumptions and use their judgement when determining the inputs used to value share-based payment arrangements made during the year. Details of the inputs adopted when valuing share-based payment arrangements can be found in the share-based compensation note. Management bases these assumptions on observable market data such as the Group's share price history and risk free interest rates offered on Government bonds.

Recovery of deferred tax assets 2.3(t)

Judgement is required to determine whether deferred tax assets are recognised in the statement of financial position. Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will generate sufficient taxable profits in future periods, in order to utilise recognised deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These estimates are based on forecast cash flows from operations and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise deferred tax assets could be impacted.

The Group establishes tax provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

3 Segmental analysis

The Group's reportable and geographical segments are Africa, Asia and Other. The Other segment includes the corporate centres in the UK, Australia and Singapore.

Segment revenues and results

The following is an analysis of the Group's revenue and assets by reportable segment:

	Six months ended 30 June 2015			
	Africa	Asia	Other	Total
	$'000	$'000	$'000	$'000
Revenue (external)	-	80,881	5,614	86,495
Operating profit/(loss)	(91,755)	16,216	(35,500)	(111,039)
Net finance (expense) / income	68	19	(6,976)	(6,889)
Other financial profits/(losses)	-	-	(5,367)	(5,367)
Profit/(loss) before tax	(91,687)	16,235	(47,843)	(123,295)
Taxation	6,399	-	(14,116)	(7,717)
Profit/(loss) after tax	(85,288)	16,235	(61,959)	(131,012)
Total assets	778,290	1,376,756	614,018	2,750,074

Comparatives for the periods ending 30 June 2014 and 31 December 2014 have not been presented because the Group's only reportable segment under IFRS 8 was the exploration and evaluation of oil and gas related projects in Africa.

	6 MONTHS ENDED 30 JUNE 2015 (UNAUDITED) $'000	6 MONTHS ENDED 30 JUNE 2014 (UNAUDITED) $'000	YEAR ENDED 31 DECEMBER 2014 $'000
4 Revenue			
Sales of crude oil	80,881	-	-
Realised settlement gains on hedging	5,614	-	-
	86,495	-	-
5 Operating profit/(loss) before taxation			
The Group operating profit / (loss) from continuing operations before taxation is stated after charging/(crediting):			
(a) Cost of sales			
- Operating costs	10,519	-	-
- Royalty payable	7,712	-	-
- Depreciation and amortisation of oil and gas properties	45,665	-	-
- Movement in inventories of oil	603	-	-
	64,499	-	-
(b) Gain on farm-out			
- Gain on farm-out (note 10)	(245)	(673,020)	(671,677)
(c) Exploration expenses			
- Pre licence exploration costs	17,671	1,560	23,947
- Exploration expenditure written off	3,082	205	-
	20,753	1,765	23,947
- Provision for impairment (note 10)	74,114	65,941	309,835
	94,867	67,706	333,782
(d) General & administration expenses include:			
- Operating lease payments – minimum lease payments	2,555	2,414	4,865
- Share-based compensation charge	1,428	4,242	6,876
	3,983	6,656	11,741
(e) Other expenses			
- (Profit)/loss on disposal of assets	145	(1)	(2)
- Depreciation of other property plant and equipment	2,894	775	1,955
- Impairment of goodwill	-	-	20,868
- Provision for exiting contract	20,000	-	-
	23,039	774	22,821

	6 MONTHS ENDED 30 JUNE 2015 (UNAUDITED) $'000	6 MONTHS ENDED 30 JUNE 2014 (UNAUDITED) $'000	YEAR ENDED 31 DECEMBER 2014 $'000
6 Net finance (expense)/income			
Interest income on short-term bank deposits	1,118	1,813	3,630
Other interest income (note 10)	-	3,419	3,419
Interest expense on long-term borrowings	(8,057)	-	-
Amortisation of capitalised arrangement fees	(403)	-	-
Unwinding of discount (note 18)	(613)	-	-
Interest capitalised	1,552	-	-
Net foreign currency exchange gains/(losses)	(486)	6,881	(12,910)
	(6,889)	12,113	(5,861)
7 Other financial losses			
Loss relating to oil derivatives	(5,649)	-	-
Gain on bond redemption (note 17)	282	-	-
	(5,367)	-	-

8 Business combinations

Acquisition in 2015

On 3 March 2015 (the acquisition date), the Group acquired 100% of the share capital of Salamander Energy Plc ('Salamander'), a South East Asian focused independent exploration and production company quoted on the LSE. The enlarged Group enhances Ophir's operating capabilities in both Africa and South East Asia and deepwater expertise across key technical and commercial functions. The combined Group provides shareholders with a diversified exposure to 21 production, development and exploration blocks in Africa and South East Asia.

The Group announced that the scheme of arrangement was approved by Salamander's shareholders on 6 February 2015 and was sanctioned by the Supreme Court in London effective on 2 March 2015. The consideration of $326.1 million was satisfied in full by equity by which Salamander shareholders received 0.5719 Ophir ordinary shares for each Salamander ordinary share held.

The acquisition will be accounted for as a single business combination. The fair value assessment of the Salamander identifiable assets and liabilities acquired as at the date of acquisition have been reviewed in accordance with the provisions of IFRS 3 - Business Combinations. Details of the Group accounting policies in relation to business combinations are contained in note 2.

The fair values of the assets acquired have been calculated using valuation techniques based on discounted cash flows using forward curve commodity prices, a discount rate based on market observable data and cost and production profiles.

The fair values disclosed are provisional as at 30 June 2015 due to the complexity of the acquisition and the fact that the assessment of the underlying reserves and resources acquired, and allocation of value to intangible exploration and evaluation assets is still being finalised. As a result, the final fair values may differ. The review of the fair value of the assets and liabilities acquired will be completed within 12 months of the acquisition at the latest.

The provisional fair values of the identifiable assets and liabilities of Salamander as at the date of acquisition were:

	PROVISIONAL FAIR VALUE RECOGNISED 3 MARCH 2015 $'000
Assets	
Exploration & evaluation assets	132,000
Oil & gas properties	827,131
Other property, plant & equipment	1,869
Financial assets	46,749
Investments accounted for using the equity method	167,000
Inventory	19,142
Trade and other receivables [1]	68,680
Cash and cash equivalents	48,827
	1,311,398
Liabilities	
Trade and other payables	(42,216)
Current tax liability	(97,375)
Interest-bearing bank borrowings	(253,918)
Convertible bonds [2]	(93,959)
Bonds payable	(154,835)
Provisions	(64,127)
Deferred tax liability	(278,837)
	(985,267)
Total identifiable net assets at fair value	326,131
Goodwill arising on acquisition	-
	326,131
Consideration:	
Equity instruments (152,208,612 ordinary shares of parent company [3])	326,131
Total consideration transferred	**326,131**

[1] The fair value of the trade and other receivables amounts to $68.7 million. None of the trade receivables have been impaired and it is expected that the full contractual amount can be collected.

[2] The convertible bonds were redeemed at par value ($94.0 million) on 30 March 2015. Accrued interest up to the date of redemption ($2.35 million) was also paid on this date.

[3] The Group issued 152,208,612 new shares in consideration for the entire share capital of Salamander. The fair value of the shares is the published price of the shares of the Group at the acquisition date. Therefore, the fair value of the share consideration given is $326.1 million.

From the date of acquisition, 3 March 2015 to 30 June 2015, Salamander contributed $86.5 million to Group revenue and a loss of $26.4 million to Group loss after taxation. If the acquisition of Salamander had taken place at the beginning of the year, Group revenue and loss after taxation for the 6 months ended 30 June 2015 would be $139.9 million and $76.0 million respectively.

9 Taxation

(a) Taxation charge

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
Current income tax:			
UK Corporation tax	-	-	-
UK Corporation tax – adjustment in respect of prior periods	(413)	(58)	341
Special remuneratory benefit	16,700	-	-
Foreign tax	14,341	244,280	209,259
Foreign tax – adjustment in respect of prior periods	-	-	809
Total current income tax charge	30,628	244,222	210,409
Deferred tax:			
Special remuneratory benefit	(5,911)	-	-
Origination and reversal of temporary differences	(17,000)	6,161	23,242
Total deferred tax (credit)/charge	(22,911)	6,161	23,242
Total tax charge in the income statement	7,717	250,383	233,651

(b) Reconciliation of the total tax charge

The tax benefit not recognised in the income statement is reconciled to the Group's weighted average tax rate of 23%[1] (30 June / 31 December 2014: standard rate of corporation tax in the UK of 21.50%). The differences are reconciled below:

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
Loss/(profit) from operations before taxation	(123,295)	589,436	288,493
Loss/(profit) from operations before taxation multiplied by the Group's applicable weighted average tax rate of 23% (30 June / 31 December 2014: 21.50%)	(28,358)	126,729	62,026
Special remuneratory benefit	8,350	-	-
Tax effect of share of profit of investments accounted for using the equity method	(2,033)	-	-
Non-deductible expenditure	22,720	2	6,132
Share-based payments	-	-	634
Unrecognised deferred tax assets	8,337	18,333	71,389
Effect of overseas tax rates	-	105,382	92,492
Other adjustments	(886)	(5)	(172)
Prior year adjustments	(413)	(58)	1,150
Total tax charge in the income statement	7,717	250,383	233,651

[1] Following the acquisition of Salamander Energy plc, the Group has moved from preparing the income tax reconciliation at the UK statutory tax rate to preparing it at the weighted average tax rate as this provides a more appropriate representation of the tax profile in the Group.

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 2014 was 35%. 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.

(c) Reconciliation of special remuneratory benefit charge to loss from operations before taxation

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

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
Loss from operations before taxation	(123,295)	-	-
Add back losses from operations before taxation for activities outside of Thailand	143,456	-	-
Profit from operations before taxation for activities in Thailand	20,161	-	-
Deduct share of profit of investments accounted for using the equity method	(4,066)	-	-
Profit before taxation for activities in Thailand	16,095	-	-
Applicable rate of special remuneratory benefit	35%	-	-
Tax at the applicable rate of special remuneratory benefit	5,633	-	-
Special reduction	176	-	-
Other	10,891	-	-
Total current special remuneratory benefit charge	16,700	-	-
Income tax impact (after deduction at the applicable rate of income tax)	8,350	-	-

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
10 Exploration and evaluation assets			
Cost			
Balance at the beginning of the period	1,247,128	1,296,783	1,296,783
Additions [1]	78,022	230,413	594,340
Acquisition of subsidiary [2] (note 8)	132,000	-	-
Expenditure written-off	(3,082)	(205)	-
Transfers to oil and gas properties	-	-	-
Recovery of costs incurred on farm-out of exploration interests [3]	(1,855)	(566,162)	(643,995)
Balance at the end of the period	1,452,213)	960,829	1,247,128
Provision for impairment			
Balance at the beginning of the period	(482,195)	(172,360)	(172,360)
Additional allowance [4]	(74,114)	(65,941)	(309,835)
Balance at the end of the period	(556,309)	(238,301)	(482,195)
Net book value			
Balance at the beginning of the period	764,933	1,124,423	1,124,423
Balance at the end of the period	895,904	722,528	764,933

[1] Additions in the period include exploration activities in: Myanmar – Block AD03 ($24.9 million), Gabon – Nkawa ($6.5 million) and Equatorial Guinea – Block R ($4.8 million).

[2] Acquisition of subsidiary: Refer to note 8

[3] Recovery of costs incurred on farm-out of exploration interest include:

- The Group's disposal of a 20% interest ($566.2 million) in Tanzania Blocks 1, 3 & 4 to Pavilion Energy PTE LTD. The transaction completed on 22 March 2014. The Group received cash consideration of $1,250 million plus a completion adjustment of $5.3 million to reflect interest ($3.4 million – refer to note 6) and working capital movements ($1.9 million) from the effective date of the transaction of 1 January 2014. A further $38.0 million is payable following the final investment decision in respect of the development of Blocks 1, 3 & 4, currently expected in 2016. The total gain on disposal, after taking into account working capital adjustments and direct costs of the transaction ($13.9 million), recognised for the year ended 31 December 2014 was $671.7 million.
- The Group also received $77.8 million relating to back costs ($13.3 million) and interim costs ($64.5 million) relating to the farm-out of the Gabonese exploration blocks.

[4] Allowance for impairment of $74.1 million for the period ended 30 June 2015 comprise:

- Impairment loss of $62.0 million in respect of Kenya - Block L9. The trigger for impairment 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 term. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount was based on management's estimate of value in use.
- Impairment loss of $12.1 million in respect of Gabon – Ntsina Block. The trigger for impairment 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 term. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount was based on management's estimate of value in use.

[4] Allowance for impairment of $309.8 million for the year ended 31 December 2014 comprise:

- Impairment loss of $107.3 million in respect of Tanzania – East Pande Block. The trigger for the impairment test was the conclusion of the Tende-1 drilling operations which did not encounter live hydrocarbons and indicated that the carrying value of the block was not recoverable. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount of $nil was based on management's estimate of value in use;
- Impairment loss of $62.8 million in respect of Gabon – Gnondo Block. The trigger for the impairment test was the conclusion of the Affanga Deep-1 drilling operations which did not encounter live hydrocarbons and indicated that the carrying value of the block was not recoverable. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount of $nil was based on management's estimate of value in use;
- Impairment loss of $80.3 million in respect of Tanzania - Block 7. The trigger for the impairment test was the conclusion of the Mkuki-1 drilling operations which did not encounter live hydrocarbons and indicated that the carrying value of the block was not recoverable. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount of $nil was based on management's estimate of value in use; and
- Impairment loss of $59.4 million in respect of Kenya - Block L9. The trigger for impairment 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 term. The cash generating unit ('CGU') applied for the purpose of the impairment assessment is the block and the recoverable amount was 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 post-tax discount rate of 10%. Adjustments to cash flows are made to reflect the risks specific to the CGU.

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
11 Oil and gas properties			
Cost			
Balance at the beginning of the period	-	-	-
Acquisition of subsidiary (note 8)	827,131	-	-
Additions	11,607	-	-
Disposals	-	-	-
Transfers from exploration and evaluation assets	-	-	-
Balance at the end of the period	838,738	-	-
Depreciation and amortisation			
Balance at the beginning of the period	-	-	-
Charge for the period	(45,664)	-	-
Balance at the end of the period	(45,664)	-	-
Net book value			
Balance at the beginning of the period	-	-	-
Balance at the end of the period	793,074	-	-

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
12 Inventory			
Oil	2,452	-	-
Materials and consumables	43,444	23,316	23,902
	45,896	23,316	23,902

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
13 Cash and cash equivalents			
Cash	126,539	940,823	138,603
Short-term deposits	481,668	100,000	739,269
	608,207	1,040,823	877,872

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short term deposit rates. The fair value of cash and cash equivalents is $608.2 million (30 June 2014: $1,040.8 million and 31 December 2014: $877.9 million).

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
14 Investments			
Short-term investments	100,000	450,000	294,904
	100,000	450,000	294,904

Short-term investments consists of cash deposits that are made for varying periods of between three months and twelve months depending on the immediate cash requirements of the Group and earn interest at the respective short term investment rates. The fair value of short term investments is $100.0 million (30 June 2014: $450.0 million and 31 December 2014: $294.9 million).

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
15 Trade and other payables			
Trade payables	13,804	5,615	3,004
Accruals	112,364	157,405	221,681
Other payables	5,123	-	-
Payables in relation to joint operation partners	588	48,347	17,463
	131,879	211,367	242,148

Trade payables are unsecured and are usually paid within 30 days of recognition.

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
16 Interest-bearing bank borrowings			
Acquisition of subsidiary (note 8)	253,918	-	-
Less: amounts repaid during the period	(44,088)	-	-
Less: amounts due within one year	(53,332)	-	-
	156,498	-	-

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.
- 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 $350 million as at 30 June 2015 or the borrowing base amount as determined by the forecast cash flows arising from the borrowing base assets.
- 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.

The acquisition of Salamander Energy plc by Ophir Energy plc on 3 March 2015 (note 8) 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.

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
17 Bonds payable			
Acquisition of subsidiary: 9.75% Unsecured, callable bonds at $150 million par value (note 8)	154,835	-	-
Redemption - 9.75% Unsecured, callable bonds at $45.2 million par value	(45,652)	-	-
Gain on redemption (note 7)	(282)	-	-
Coupon interest charged	2,580	-	-
Interest paid	(5,110)	-	-
	106,371	-	-

The unsecured callable bonds were issued by Salamander Energy plc 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. On 05 May 2015, bond holders exercised put options at 101% for the redemption of bonds with a par value of $45.2 million.

	Decommissioning and restoration of oil and gas assets $'000	Litigation and other claims $'000	Other provisions $'000	Total $'000
18 Provisions				
As at 30 June 2014 (Unaudited)	-	24,700	11,052	35,752
Arising during the period	-	1,650	(68)	1,582
Utilised/paid	-	-	(10,000)	(10,000)
Foreign exchange revaluation	-	-	(57)	(57)
Amounts released	-	-	(227)	(227)
As at 1 January 2015	-	26,350	700	27,050
Acquisition of subsidiary (note 8)	64,127	-	-	64,127
Arising during the period	-	-	22,792	22,792
Utilised/paid	-	-	-	-
Unwinding of discount (note 6)	613	-	-	613
Amounts released	(143)	-	(700)	(843)
As at 30 June 2015 (Unaudited)	64,597	26,350	22,792	113,739
As at 30 June 2015 (Unaudited)				
Current	-	26,350	22,792	49,142
Non-current	64,597	-	-	64,597
	64,597	26,350	22,792	113,739
As at 1 January 2015				
Current	-	26,350	437	26,787
Non-current	-	-	263	263
	-	26,350	700	27,050
As at 30 June 2014 (Unaudited)				
Current	-	24,700	10,698	35,398
Non-current	-	-	354	354
	-	24,700	11,052	35,752

Decommissioning and restoration of oil and gas assets

The provision outstanding at 30 June 2015 is expected to fall due from 2035 onwards.

Litigation and Other Claims

Litigation and other claims consist of separate legal matters, including claims arising from trading activities, in various Group companies and at various stages of negotiation. The majority of any cash outflow from these matters is expected to occur within the next 12 months, although this is dependent on the development of the various legal claims. In the Directors' opinion, after taking appropriate legal advice, the amounts provided at 30 June 2015 represent the best estimate of the expected loss.

Other provisions

Amounts provided at 30 June 2015 comprise:

- $20.0 million provision representing the unavoidable, least net cost of exiting a contract. The cost is expected to be incurred within the next 12 months; and
- $2.8 million provision in respect of redundancy costs, expected to be incurred within the next 12 months.

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
19 Share capital			
(a) Authorised			
2,000,000,000 ordinary shares of 0.25p each	7,963	7,963	7,963
(b) Called up, allotted and fully paid			
593,810,795 ordinary shares of 0.25p in issue at the beginning of the period (30 June / 31 December 2014: 591,961,422)	2,474	2,466	2,466
Nil ordinary shares of 0.25p each issued on exercise of share options during the period (30 June 2014: 1,085,172 / 31 December 2014: 1,849,373)	-	5	8
152,208,612 [1] ordinary shares issued 0.25p each during the period (30 June / 31 December 2014: N)	587	-	-
746,019,407 ordinary shares of 0.25p each (30 June 2014: 593,046,594 / 31 December 2014: 593,810,795)	3,061	2,471	2,474

[1] 152,208,612 ordinary shares issued in consideration for the Salamander acquisition on 3 March 2015. The market value of the Company's shares on this date was: £1.39 ($2.14).

The balances classified as called up; allotted and fully paid share capital represent the nominal value of the total number of issued shares of the company of 0.25p each.

Fully paid shares carry one vote per share and carry the right to dividends.

	As at 30 June 2015 (Unaudited) Percentage Holding
20 Investments accounted for using the equity method	
Company	
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 table below shows the movement in investments in the jointly controlled entities:

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
Acquisition of subsidiary (note 8)	167,000	-	-
Share of profit of investments	4,066	-	-
Dividends received	(1,087)	-	-
Additions	3,941	-	-
	173,920	-	

	As at 30 June 2015 (Unaudited) $'000	As at 30 June 2014 (Unaudited) $'000	Year ended 31 December 2014 $'000
21 Reserves			
Treasury shares	(157)	-	(59)
Other reserves (note 22)	1,834,804	2,019,646	1,695,904
	1,834,647	2,019,646	1,695,845
Non-controlling interest [1]	(280)	(276)	(280)
	1,834,367	2,019,370	1,695,565

[1] The non-controlling interest relates to Dominion Uganda Limited, where the Group acquired a 95% shareholding during 2012.

	SHARE PREMIUM [1] $'000	CAPITAL REDEMPTION [2] RESERVE $'000	OPTIONS PREMIUM [3] RESERVE $'000	CONSOLIDATION [4] RESERVE $'000	MERGER [5] RESERVE $'000	EQUITY [6] COMPONENT ON CONVERTIBLE BOND $'000	FOREIGN [7] CURRENCY TRANSLATION RESERVE $'000	ACCUMULATED PROFITS / (LOSSES) $'000	TOTAL OTHER RESERVES $'000
22 Other reserves									
As at 1 January 2014	**805,580**	**-**	**43,338**	**(500)**	**1,218,239**	**669**	**4,456**	**(397,063)**	**1,674,719**
Profit for the period, net of tax	-	-	-	-	-	-	-	339,053	**339,053**
Other comprehensive income net of tax	-	-	-	-	-	-	151	-	**151**
Total comprehensive income net of tax	-	-	-	-	-	-	151	339,053	**339,204**
Exercise of options	1,481	-	-	-	-	-	-	-	**1,481**
Share-based payments	-	-	4,242	-	-	-	-	-	**4,242**
Transfers within reserves [5]	-	-	-	-	(876,447)	-	-	876,447	**-**
As at 30 June 2014 (Unaudited)	**807,061**	**-**	**47,580**	**(500)**	**341,792**	**669**	**4,607**	**818,437**	**2,019,646**
Loss for the period, net of tax	-	-	-	-	-	-	-	(284,207)	**(284,207)**
Other comprehensive income net of tax	-	-	-	-	-	-	1,633	-	**1,633**
Total comprehensive loss, net of tax	-	-	-	-	-	-	1,633	(284,207)	**(282,574)**
Purchase of own shares [8]	-	62	-	-	-	-	-	(44,230)	**(44,168)**
Exercise of options	366	-	-	-	-	-	-	-	**366**
Share-based payments	-	-	2,634	-	-	-	-	-	**2,634**
As at 1 January 2015	**807,427**	**62**	**50,214**	**(500)**	**341,792**	**669**	**6,240**	**490,000**	**1,695,904**

Loss for the period, net of tax	-	-	-	-	-	-	-	(131,012)	**(131,012)**
Other comprehensive loss, net of tax	-	-	-	-	-	-	(1,049)	-	**(1,049)**
Total comprehensive loss, net of tax	-	-	-	-	-	-	(1,049)	(131,012)	**(132,061)**
New ordinary shares issued to third parties	-	-	-	-	325,545	-	-	-	**325,545**
Purchase of own shares [8]	-	98	-	-	-	-	-	(56,109)	**(56,011)**
Share-based payments	-	-	1,427	-	-	-	-	-	**1,427**
As at 30 June 2015 (Unaudited)	**807,427**	**160**	**51,641**	**(500)**	**667,337**	**669**	**5,191**	**302,879**	**1,834,804**

[1] The share premium account represents the total net proceeds on issue of the Company's shares in excess of their nominal value of 0.25p per share less amounts transferred to any other reserves.

[2] The capital redemption reserve represents the nominal value of shares transferred following the Company’s purchase of them.

[3] The option premium reserve represents the cost of share-based payments to Directors, employees and third parties.

[4] The consolidation reserve represents a premium on acquisition of a minority interest in a controlled entity.

[5] In the current year the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613) were applied to the Salamander Energy plc acquisition (refer to note 8). The non-statutory premium arising on shares issued by Ophir as consideration has been recognised in the Merger reserve, by virtue of Ophir acquiring in excess of 90% of all classes of the acquiree’s issued share capital.

In the prior year the provisions of the Companies Act 2006 relating to Merger Relief (s612 and s613) were applied to the March 2013 share placement and rights issue raising performed through a cash box structure. The ‘cash box’ method of affecting an issue of shares for cash is commonplace and enabled the Company to issue shares without giving rise to a share premium. The premium on shares issued, net of applicable transaction costs of $34.5 million, as part of the ‘cash box’ arrangement is instead recognised in the Merger Reserve. Following on from the completion of the Group's farm out of 20% of its interest in Tanzania Blocks 1, 3 & 4 in March 2014 Ophir Ventures (Jersey) Limited and Ophir Ventures (Jersey) No.2 Limited, which are wholly owned subsidiaries of the Company, redeemed the preference shares that had been acquired by the Company as part of the ‘cash box’ arrangement. This has allowed the Company to realise $876.4 million of the Merger Reserve to accumulated profits / (losses) as the redemption of the preference shares was considered to be performed with qualifying consideration in the form of free cash and a readily recoverable receivable from Ophir Holdings Limited, a 100% owned subsidiary of the Company and beneficial holder of the Group's interest in Tanzania Blocks 1, 3 & 4.

[6] This balance represents the equity component of the convertible bond, net of costs and tax as a result of the separation of the instrument into its debt and equity components. The bond was converted into 21,661,476 ordinary shares of 0.25p each on 21 May 2008.

[7] The foreign currency translation reserve is used to record unrealised exchange differences arising from the translation of the financial statements of entities within the Group that have a functional currency other than US Dollars.

[8] On 14 August 2014, the Company announced that the Board had approved a share buyback programme of up to $100 million of ordinary shares (the ‘Programme’). During the period, the Group repurchased 26,114,403 shares (31 December 2014: 15,522,066) under the Programme for a total consideration of $56.1 million (31 December 2014: $44.2 million), including costs of $0.3 million (31 December 2014: $0.3 million). The remaining facility as at 30 June 2015 was $nil (31 December 2014: $56.1 million).

	AS AT 30 JUNE 2015 (UNAUDITED) $'000	AS AT 30 JUNE 2014 (UNAUDITED) $'000	YEAR ENDED 31 DECEMBER 2014 $'000

23 Capital commitments - Exploration

In acquiring its oil and gas interests, the Group has pledged that various work programmes will be undertaken on each permit/interest. The exploration commitments are an estimate of the cost of performing these work programmes and includes any commitments under rig share agreements.

	AS AT 30 JUNE 2015 (UNAUDITED) $'000	AS AT 30 JUNE 2014 (UNAUDITED) $'000	YEAR ENDED 31 DECEMBER 2014 $'000
Due within one (1) year	32,997	402,594	63,328
Due later than one (1) year but within two (2) years	50,986	20,000	28,600
Due later than two (2) years but within five (5) years	12,145	26,200	6,630
	96,127	448,794	98,558

24 Contingent liabilities

An individual has commenced claims against the Group relating to the evaluation and subsequent disposal of an interest that was held in exploration blocks within the portfolio. Preliminary court hearings for applications relating to the claims have been held, and, to date, no material rulings have been made. The Group is awaiting the schedule for the full trials and it is not practicable to state whether any payment obligation may arise. The Group has taken the view that the actions are without merit and accordingly has estimated that no liability will arise as a result of proceedings and therefore no provision for any liability has been made in these financial statements.

25 Events after the reporting period

There are no events after the reporting period.

COMPANY INFORMATION

Directors

Chairman (Non-Executive)

Nicholas Smith

Executive Directors

Dr Nick Cooper – Chief Executive Officer
Dr William (Bill) Higgs – Chief operating Officer

Independent Non-Executive Directors

Ron Blakely
Dr Carol Bell
Alan Booth
Vivien Gibney
William (Bill) Schrader

Company Secretary

Chandrika Kher

Registered Office and Head Office

Fourth Floor
123 Victoria Street
London SW1E 6DE
Telephone: +44 (0)20 7811 2400

Website: www.ophir-energy.com

Registrars

The Company has appointed Equiniti Limited to maintain its register of members. Shareholders should contact Equiniti using the details below in relation to all general enquiries concerning their shareholding:

Equiniti Limited*
Aspect House
Spencer Road
Lancing, West Sussex BN99 6DA
Telephone: 0871 384 2030**
International dialling: +44 121 415 7047

* Equiniti Limited and Equiniti Financial Services Limited are part of the Equiniti group of companies. Company share registration, employee scheme and pension administration services are provided through Equiniti Limited, which is registered in England & Wales with No. 6226088. Investment and general insurance services are provided through Equiniti Financial Services Limited, which is registered in England & Wales with No. 6208699 and is authorised and regulated by the UK Financial Conduct Authority.

** Lines are open Monday – Friday from 9.00am – 5.30pm (UK time), excluding UK bank holidays. Calls to 0871 numbers are charged at 8p per minute plus network extras.

COMPANY INFORMATION

Auditors: Ernst & Young LLP One More London Place London SE1 2AF United Kingdom	**Solicitors:** Linklaters One Silk Street London EC2Y 8HQ United Kingdom
Bankers: HSBC Bank plc 70 Pall Mall London SW1 5EY United Kingdom **Financial PR Advisors:** Brunswick Group LLP 16 Lincoln's Inn Fields London WC2A 3ED United Kingdom	**Corporate Brokers:** Jefferies Hoare Govett Vintners Place 68 Upper Thames Street London EC4V 3BJ United Kingdom Morgan Stanley 20 Bank Street Canary Wharf London E14 4AD United Kingdom RBC Capital Markets Thames Court, One Queenhithe London EC4V 3DQ United Kingdom