



Ithaca SPL Limited
Financial Statements for the year ended 31 December 2015



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General Information

Directors

G Forbes
L Thomas

Company Secretary

Pinsent Masons Secretarial Limited
1 Park Row
Leeds
LS1 5AB

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
32 Albyn Place
Aberdeen
AB10 1YL

Bankers

BNP Paribas
London Office
40 Harewood Avenue
London
NW1 6AA

Solicitors

Pinsent Masons
13 Queen's Road
Aberdeen
AB15 4YL

Registered Office

c/o Pinsent Masons
1 Park Row
Leeds
LS1 5AB

Strategic Report for the year ended 31 December 2015

The directors present their Strategic Report on Ithaca SPL Limited (the 'Company') for the year ended 31 December 2015.

Principal activities and review of the business

The Company's transferred all its trade and assets to fellow group subsidiary, Ithaca Energy (UK) Limited on 1 January 2015. Previously the principal activity of the company was the appraisal and development of, and production from, oil and gas properties. The Company's portfolio of assets was located in the North Sea (United Kingdom Continental Shelf) where it had a 20% equity interest in the Cook field and a 7.48% equity interest in the Pierce field.

Financial key performance indicators

	2015	2014
Production (bbls)	-	322,338
Production (bopd)	-	1,346
Average realised price (\$/bbl)	-	97.06

Production

Production in the year decreased from 322k bbls to nil. This is entirely attributable to the the transfer in the year of the producing Cook and Pierce fields to fellow group subsidiary, Ithaca Energy (UK) Limited.

Income statement

The Company's result for the financial year was \$nil (2014: \$110.6 million), this is attributable to the trade and assets of the company being transferred to Ithaca Energy (UK) Limited on the 1 January 2015.

Statement of Financial Position

Owing to the assets and liabilities being transferred in the year to fellow group subsidiary, Ithaca Energy (UK) Limited at net book value the Company's net assets have remained constant year on year at \$10.1 million. The remaining net asset balance at 31 December 2015 of \$10.1m relates to the intercompany debtor balance with Ithaca Energy (UK) Limited for the value of the asset and liabilities transferred.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Ithaca Energy Inc., which include those of the company are discussed on pages 27-37 of the group's Annual Information Form which does not form part of this report.

This report was approved by the board on 9 September 2016.

On behalf of the Board



Graham Forbes
Director

9 September 2016

Directors' Report for the year ended 31 December 2015

The Directors present their report and the audited financial statements of Ithaca SPL Limited (the "Company") for the year ended 31 December 2015.

Results and dividends

The Company's result for the financial year was \$nil (2014: \$110.6 million). The Directors did not pay a dividend (2014: \$200 million).

Financial Risk Management

The financial risk management objectives and policies of the Company as well as the exposure of the Company to price risk, credit risk, liquidity risk and cash flow risk are consistent with the group and are not managed separately. Accordingly, the financial risk management objectives and policies of Ithaca Energy Inc., which include those of the Company, are discussed in note 27 of the group's 2015 annual financial statements.

Future developments

Ithaca SPL Limited sold the trade and assets of the Company on 1 January 2015 to Ithaca Energy (UK) Limited. The Company is no longer trading.

Directors

The Directors who held office during the year and up to the date of this report are given below:

G Forbes
L Thomas

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Going Concern

The directors have considered the use of the going concern basis in the preparation of the financial statements in the light of the Company's position within the group and concluded that it is appropriate. More information is provided in note 2 to the financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' Report for the year ended 31 December 2015 (continued)

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

Independent auditors and disclosure of information to auditors

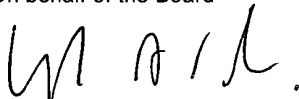
The directors in office at the date of approval of this report confirm that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- The directors have taken all the necessary steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



Graham Forbes
Director

9 September 2016

Independent Auditors' Report to the members of Ithaca SPL Limited

Report on the financial statements

Our opinion

In our opinion, Ithaca SPL Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Ithaca SPL Limited financial statements comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the members of Ithaca SPL Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jamie Drummond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen, United Kingdom
9 September 2016

Income Statement

For the year ended 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
Revenue	4	-	39,473
Cost of sales	5	-	(25,669)
Gross Profit		-	13,804
Exploration and evaluation expenses		-	(399)
Administrative expenses	6	-	(1,969)
Foreign exchange gain/(loss)		-	866
Gain on financial instruments		-	711
Dividend income		-	42,305
Gain on disposal		-	48,941
Operating Profit		-	104,259
Finance costs	7	-	(2,330)
Finance income		-	1,913
Profit on Ordinary Activities Before Taxation		-	103,842
Tax on profit on ordinary activities	18	-	6,802
Profit for the financial year		-	110,644

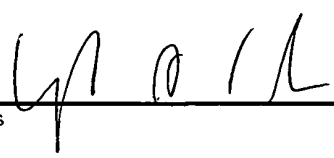
No separate statement of comprehensive income has been prepared as all such gains and losses have been incorporated in the Income Statement above.

The notes on pages 12 to 20 are an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2015

	Note	2015 US\$'000	2014 US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	-	92,465
Goodwill	11	-	6,835
		-	99,300
Current assets			
Inventory	8	-	6,176
Trade and other receivables	12	10,131	6,881
Cash and cash equivalents		-	-
		10,131	13,057
Creditors: amounts falling due within one year	13	-	(12,918)
		-	(12,918)
Net current assets		10,131	139
Total assets less current liabilities		10,131	99,439
Creditors: amounts falling due after more than one year			
Decommissioning liabilities	14	-	(25,415)
Other long term liabilities	15	-	(31,851)
Deferred tax liability	18	-	(32,042)
		-	(89,308)
Net assets		10,131	10,131
Capital and reserves			
Called up share capital	17	10,813	10,813
Share premium		7,979	7,979
Retained deficit		(8,661)	(8,661)
Total Shareholders' Funds		10,131	10,131

The financial statements on pages 9 to 20 were approved by the Board of Directors on 9 September 2016 and signed on its behalf by:


Graham Forbes
Director

The notes on pages 12 to 20 are an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2015

	Called Up Share Capital	Share Premium	Retained Earnings/ (Deficit)	Total Shareholders' Funds
	US\$'000	US\$'000	US\$'000	US\$'000
Balance, 1 Jan 2014	10,813	7,979	80,695	99,487
Profit for the financial year	-	-	110,644	110,644
Dividends paid	-	-	(200,000)	(200,000)
Balance, 31 Dec 2014	10,813	7,979	(8,661)	10,131
Balance, 1 Jan 2015	10,813	7,979	(8,661)	10,131
Result for the financial year	-	-	-	-
Balance, 31 Dec 2015	10,813	7,979	(8,661)	10,131

The notes on pages 12 to 20 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2015**1. NATURE OF OPERATIONS**

Ithaca SPL Limited (the "Company"), incorporated and domiciled in England and Wales, is a limited company which does not trade.

2. BASIS OF PREPARATION AND ADOPTION OF FRS 101

These financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards - in particular FRS 101 and the Companies Act 2006 ("the Act") as applicable to companies using FRS 101.

FRS 101 sets out a reduced disclosure framework for a "qualifying entity", as defined in the Standard, which addressed the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

The Company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:

- (i) paragraphs 79(a)(iv) of IAS 1; and
- (ii) paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
- (b) the requirements of paragraphs 10(d), and 134-136 of IAS 1;
- (c) the requirements of IAS 7 'Statement of Cash Flows';
- (d) the requirements of paragraph 17 of IAS 24 'Related Party Disclosures';
- (e) the requirements in IAS 24 to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- (f) the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- (g) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share Based Payment';
- (h) the requirements of IFRS 7, 'Financial Instruments: Disclosures'; and
- (i) the requirements of paragraphs 91 to 99 of IFRS 13 'Fair value measurement'.

Going concern

The financial statements are prepared in accordance with the going concern concept. This statement is made on the basis that Ithaca Energy Inc., the Company's ultimate parent company and main source of finance, has confirmed that it intends to finance the Company so as to enable it to meet its liabilities as they fall due and to carry on business without a significant curtailment of operations for a period of at least 12 months from the date of approval of these financial statements.

The Company is exempt from preparing consolidated financial statements in accordance with Section 401 of the Companies Act 2006. The financial statements of the Company are included within the consolidated financial statements of its ultimate parent company, Ithaca Energy Inc. and are drawn in accordance with the provisions of the Seventh Directive (83/349/EEC). Ithaca Energy Inc. is incorporated and registered in Canada.

The financial statements are presented in US dollars and all values are rounded to the nearest thousand (US\$'000), except when otherwise indicated.

Notes to the financial statements for the year ended 31 December 2015 (continued)**3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY****Basis of measurement**

The financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value, including derivative instruments.

Investments in subsidiaries

Investments in subsidiaries are stated at cost.

Goodwill*Capitalisation*

Goodwill acquired through business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised as the fair value of the Company's share of the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the identifiable assets acquired, the difference is recognised in the Income Statement.

Impairment

Goodwill is tested annually for impairment and also when circumstances indicate that the carrying value may be at risk of being impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash generating unit ("CGU") to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised in the Income Statement. Impairment losses relating to goodwill cannot be reversed in future periods.

Interest in joint arrangements and associates

Under IFRS 11, joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

The Company's interest in joint operations (eg exploration and production arrangements) are accounted for by recognising its assets (including its share of assets held jointly), its liabilities (including its share of liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of revenue from the sale of output by the joint operation and its expenses (including its share of any expenses incurred jointly).

Revenue

Oil, gas and condensate turnover associated with the sale of the Company's crude oil and natural gas are recognised when title passes to the customer. This generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism. Turnover from the production of oil and natural gas properties in which the Company has an interest with joint venture partners are recognised on the basis of the Company's working interest in those properties (the entitlement method). Differences between the production sold and the Company's share of production are recognised within cost of sales at market value.

Interest receivable is recognised on an accruals basis and is separately recorded on the face of the Income Statement.

Notes to the financial statements for the year ended 31 December 2015 (continued)**3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Foreign currency translation**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate (the 'functional currency'). The financial statements are presented in United States Dollars, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Trade and other receivables

Trade receivables are recognised and carried at the original invoiced amount, less any provision for estimated irrecoverable amounts.

Trade and other payables

Trade and other payables are measured at cost.

Inventory

Stocks of materials and product stock supplies, other than oil and gas stocks, are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method. Oil and gas stocks are stated at fair value less cost to sell.

Property, plant and equipment ("PP&E")**(a) Oil and gas expenditure – development and production assets***Capitalisation*

Costs of bringing a field into production, including the cost of facilities, wells and sub-sea equipment are capitalised as a D&P asset. Normally each individual field development will form an individual D&P asset but there may be cases, such as phased developments, or multiple fields around a single production facility when fields are grouped together to form a single D&P asset.

Depreciation

All costs relating to a development are accumulated and not depreciated until the commencement of production. Depreciation is calculated on a unit of production basis based on the proved and probable reserves of the asset. Any re-assessment of reserves affects the depreciation rate prospectively. Significant items of plant and equipment will normally be fully depreciated over the life of the field. However, these items are assessed to consider if their useful lives differ from the expected life of the D&P asset and should this occur a different depreciation rate would be charged.

Impairment

A review is carried out each reporting date for any indication that the carrying value of the Company's D&P assets may be impaired. For D&P assets where there are such indications, an impairment test is carried out on the CGU. Each CGU is identified in accordance with IAS 36. The Company's CGUs are those assets which generate largely independent cash flows and are normally, but not always, single developments or production areas. The impairment test involves comparing the carrying value with the recoverable value of an asset. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and value in use, where the value in use is determined from estimated future net cash flows. Any additional depreciation resulting from the impairment testing is charged to the Income Statement.

Notes to the financial statements for the year ended 31 December 2015 (continued)**3. SIGNIFICANT ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATION UNCERTAINTY (continued)****Decommissioning liabilities**

The Company records the present value of legal obligations associated with the retirement of long-term tangible assets, such as producing well sites and processing plants, in the period in which they are incurred with a corresponding increase in the carrying amount of the related long-term asset. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. In subsequent periods, the asset is adjusted for any changes in the estimated amount or timing of the settlement of the obligations. The carrying amounts of the associated assets are depleted using the unit of production method, in accordance with the depreciation policy for development and production assets. Actual costs to retire tangible assets are deducted from the liability as incurred.

Taxation*Current tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised for all deductible temporary differences and the carry-forward of unused tax losses. Deferred tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in rates is included in earnings in the period of the enactment date. Deferred tax assets are recorded in the financial statements if realisation is considered more likely than not.

Finance leases

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Corporation, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Corporation will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Maintenance expenditure

Expenditure on major maintenance refits or repairs is capitalised where it enhances the life or performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and which is then written off, or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is charged to the Income Statement as incurred.

Significant accounting judgements and estimation uncertainties

The preparation of financial statements in conformity with FRS 101 requires management to make estimates and assumptions regarding certain assets, liabilities, revenues and expenses. Such estimates must often be made based on unsettled transactions and other events and a precise determination of many assets and liabilities is dependent upon future events. Actual results may differ from estimated amounts.

The amounts recorded for depletion, depreciation of property and equipment, long-term liability, stock-based compensation, contingent consideration, decommissioning liabilities, derivatives, and deferred taxes are based on estimates. The depreciation charge and any impairment tests are based on estimates of proved and probable reserves, production rates, prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material. Further information on each of these estimates is included within the notes to the financial statements.

Notes to the financial statements for the year ended 31 December 2015 (continued)**4. REVENUE**

	2015 US\$'000	2014 US\$'000
Oil sales	-	32,007
Gas sales	-	7,047
Condensate sales	-	409
Other income	-	10
Total	-	39,473

5. COST OF SALES

	2015 US\$'000	2014 US\$'000
Operating costs	-	(22,801)
Movement in oil and gas inventory	-	654
Depletion, depreciation and amortisation	-	(3,522)
	-	(25,669)

6. ADMINISTRATIVE EXPENSES

	2015 US\$'000	2014 US\$'000
General & administrative	-	(1,994)
Share based payment	-	25
	-	(1,969)

(a) Directors' Remuneration

The directors of the Company are employees of Ithaca Energy (UK) Limited and receive remuneration from Ithaca Energy (UK) Limited. The directors do not believe that it is practical to apportion this amount between their services as directors of the Company and their services as directors of Ithaca Energy (UK) Limited.

(b) Employees

The Company had no employees in 2015 (2014: nil) with all services provided via Ithaca Energy (UK) Limited.

(c) Services provided by the Company's Auditors

2015 audit fees of \$3k were borne by fellow group company Ithaca Energy (UK) Limited. In 2014 \$8k of audit fees were attributable to the company.

7. FINANCE COSTS

	2015 US\$'000	2014 US\$'000
Accretion	-	(1,460)
Bank charges	-	(4)
Interest paid	-	(16)
Finance lease interest	-	(832)
Finance lease fee	-	(18)
	-	(2,330)

Notes to the financial statements for the year ended 31 December 2015 (continued)**8. INVENTORY**

	2015 US\$'000	2014 US\$'000
Crude oil inventory	-	6,176

9. INVESTMENTS

The company disposed of its investment in the following wholly-owned subsidiary, which was held at \$nil (2014: \$nil):

Company	Country of Incorporation	Class of Shares Held	Percentage of Shares Held
Ithaca SP UK Limited	England and Wales	Ordinary	100%

The principal activity of Ithaca SP UK Limited is holding company.

During the year the company did not receive dividends (2014: \$42.3 million) from Ithaca SP UK Limited.

10. PROPERTY, PLANT AND EQUIPMENT

	Development & Production Oil and Gas US\$'000
Cost	
At 1 January 2015	153,300
Disposal to Ithaca Energy (UK) Limited	(153,300)
At 31 December 2015	-
DD&A	
At 1 January 2015	(60,835)
Disposal to Ithaca Energy (UK) Limited	60,835
At 31 December 2015	-
NBV at 1 January 2015	92,465
NBV at 31 December 2015	-

11. GOODWILL

	US\$'000
Opening balance	6,835
Disposals in the period	(6,835)
Closing balance	-

Notes to the financial statements for the year ended 31 December 2015 (continued)

12. TRADE RECEIVABLES

	2015 US\$'000	2014 US\$'000
Debtors due within one year:		
Accrued income	-	206
Amounts due from fellow group companies	10,131	6,664
Deposits, prepaid expenses and other	-	11
	10,131	6,881

13. CREDITORS: Amounts falling due within one year

	2015 US\$'000	2014 US\$'000
Trade creditors	-	(108)
Accruals and deferred income	-	(12,040)
Other payables including taxation and social security	-	(770)
	-	(12,918)

14. DECOMMISSIONING LIABILITIES

	2015 US\$'000	2014 US\$'000
Balance, beginning of year	(25,415)	(51,596)
Decommissioning cost paid	-	1,689
Accretion	-	(1,460)
Revision to estimates	-	(7,942)
Disposal to Ithaca Energy UK Limited	25,415	33,894
Balance, end of year	-	(25,415)

15. OTHER LONG-TERM LIABILITIES

	2015 US\$'000	2014 US\$'000
Finance lease	-	(31,851)

The above balance related to the Pierce FPSO.

16. FINANCE LEASE LIABILITIES

	2014 US\$'000	2014 US\$'000
Total minimum lease payments		
Less than 1 year	-	(2,595)
Between 1 and 5 years	-	(12,714)
5 years and later	-	(25,959)
Interest		
Less than 1 year	-	(1,048)
Between 1 and 5 years	-	(4,408)
5 years and later	-	(4,279)
Present value of minimum lease payments		
Less than 1 year	-	(1,547)
Between 1 and 5 years	-	(8,306)
5 years and later	-	(21,680)

The finance lease related to the Pierce FPSO.

Notes to the financial statements for the year ended 31 December 2015 (continued)**17. CALLED UP SHARE CAPITAL****Ordinary shares of £1 each**

Allotted, called up and fully paid	No. of common shares	Amount US\$'000
Balance 1 January 2014, 31 December 2014 & 31 December 2015	7,445,858	10,813

18. DIVIDENDS PAID

	2015 US\$000	2014 US\$000
Dividends paid	-	200,000

19. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 US\$000	2014 US\$000
<i>Deferred tax</i>		
Relating to the origination and reversal of temporary differences	-	(6,802)
Total tax credit	-	(6,802)

The tax on the group's profit before tax differs from the theoretical amount that would arise using the effective rate of tax applicable for UK ring fence oil and gas activities as follows:

	2015 US\$000	2014 US\$000
Profit before tax	-	103,842
At effective tax rate of 50% (2014: 62%)	-	64,382
Non-deductible income/expense	-	(56,324)
Origination/reversal of timing differences	-	278
Tax relief on decommissioning at a reduced rate	-	71
Group relief	-	7,615
Deferred tax balance transfer	-	(22,824)
Tax credit	-	(6,802)

The effective rate of tax applicable from UK ring fence oil and gas activities in 2015 was 50% (2014: 62%) consisting of a corporation tax rate of 30% and supplementary charge rate of 20%.

The gross movement on the deferred income tax account is as follows:

	2015 US\$000	2014 US\$000
At 1 January	(32,042)	(38,844)
Income Statement charge	-	6,802
Transfer of trade and assets to Ithaca Energy (UK) Limited	32,042	-
At 31 December	-	(32,042)

Deferred tax

The provision for deferred tax consists of the following deferred tax (liabilities)/assets. The timing difference on Small Field Allowance is included in accelerated capital allowances

Deferred tax recognised as at 31 December 2015 relates to the following:

	Accelerated Capital Allowances \$'000	Decomm' Provision \$'000	Losses \$'000	Total \$'000
At 31 December 2014	(48,206)	5,487	10,677	(32,042)
(Charge) / credit to profit or loss	-	-	-	-
Transfer of trade and assets to Ithaca Energy (UK) Limited	48,206	(5,487)	(10,677)	32,042
At 31 December 2015	-	-	-	-

Notes to the financial statements for the year ended 31 December 2015 (continued)**19. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)**

The Budget on 18 March 2015 announced that the Supplementary Charge in respect of ring fence trades ("SCT") was reduced from 32% to 20% with effect from 1 January 2015. The reduction was enacted on 30 March 2015.

20. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary of Ithaca Energy Inc., it has taken advantage of the exception given by paragraph 8 of Financial Reporting Standard No 101 which allows exemption from disclosure of related party transactions with other group companies. The company has also taken advantage of the exception given by paragraph 8 of Financial Reporting Standard No 101 which allows exemption from disclosure of compensation for key management personnel.

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Ithaca Energy (UK) Limited.

The ultimate parent undertaking and controlling party is Ithaca Energy Inc., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Ithaca Energy Inc. is incorporated in Alberta, Canada. Copies of Ithaca Energy Inc.'s consolidated financial statements can be obtained from www.sedar.com.