

Financial statements
for the year ended 31 December 2018



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Directors' report and financial statements

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Company information

for the year ended 31 December 2018

Directors

Denis Ischenko

Secretary

Peter G Wilson

Company Registration number

02823058

Registered office

5th Floor
10 Finsbury Square
London
EC2A 1AF

Bankers

The Company has no bank account, group bankers are:

Barclays
1 Churchill Place
London
E14 5HP

Directors' Report

The Directors present their report together with the financial statements of Melrose Mediterranean Limited (the 'Company') for the year ended 31 December 2018.

In preparing this report, the directors have taken advantage of the small companies' exemptions provided by section 414B of the Companies Act 2006 and have not prepared a strategic report.

Principal activity and review of operations, results and dividends

The Company was dormant and did not trade during the year. Except for a full impairment of its intangible timewriting assets, the Company was also dormant in 2017.

The income statement for the year ended 31 December 2018 and the balance sheet at that date are set out on pages 5 and 6 respectively. A result for the year of \$nil was recorded (2017: loss of \$97k).

As at 31 December 2018, net liabilities amounted to \$1.8 million (2017: liabilities of \$1.8 million). No dividend is recommended by the Directors.

Under UK Company Law, the Company is required to give a description of the principal risks and uncertainties which it faces. The principal risk is that the Company would not be in a position to repay an amount of \$4.8 million advanced to it by its immediate parent company, Petroceltic Resources Limited. However, the parent undertaking has confirmed in writing that it will not seek repayment of such amount for at least twelve months from the date of approval of the financial statements. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

Directors

The Directors in office during the year are listed below:

Denis Ischenko
Joseph Lenihan Mulcahy (resigned on 6 September 2018)

At the date of this report, the only director is Denis Ischenko.

Directors' responsibilities statement in respect of the Directors' report and the financial statements

The Directors are responsible for preparing 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 they have elected to prepare the financial statements in accordance with FRS 101 Reduced Disclosure Framework.

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 judgments and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

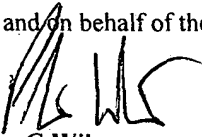
Directors' Report

- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

For and on behalf of the Board



Peter G Wilson
Company Secretary

18 September 2019

5th Floor
10 Finsbury Square
London
EC2A 1AF

Income Statement

for the year ended 31 December 2018

	<i>Note</i>	2018 \$000	2017 \$000
Impairment of intangible assets	3	-	(97)
Loss before and after tax	2	-	(97)

The Company had no other comprehensive income in the financial year or the previous financial year and therefore, no statement of other comprehensive income is provided.

Statement of changes in equity

for the year ended 31 December 2018

	Issued Share capital \$000	Profit and Loss account \$000	Total equity \$000
At 1 January 2017	-	(1,700)	(1,700)
Result for the year	-	(97)	(97)
At 31 December 2017 and at 1 January 2018	-	(1,797)	(1,797)
Result for the year	-	-	-
At 31 December 2018	-	(1,797)	(1,797)

The accompanying notes on pages 7 to 9 form an integral part of the financial statements.

Balance Sheet

As at 31 December

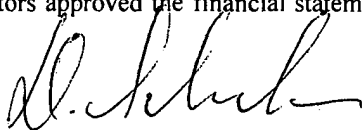
		2018 \$000	2017 \$000
	Notes		
Non- current assets			
Intangible assets	3	-	-
Total non-current assets		-	-
 Current assets			
Amounts owed from group companies	4	3,000	3,000
Total current assets		3,000	3,000
 Current liabilities			
Amounts due to group companies	5	(4,797)	(4,797)
Total current liabilities		(4,797)	(4,797)
 Net liabilities		(1,797)	(1,797)
 Equity attributable to shareholders			
Issued share capital	6	-	-
Profit and loss account		(1,797)	(1,797)
Total equity		(1,797)	(1,797)

For the financial year in question, the Company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies. No members have required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The Board of Directors approved the financial statements on 18 September 2019 and these were signed on its behalf by

Denis Ischenko
Director



Company Registered Number 02823058

The accompanying notes on pages 8 to 10 form an integral part of the financial statements.

Notes to the accounts

for the year ended 31 December 2018

1. Accounting policies

Melrose Mediterranean Limited ('the Company') is a private company incorporated, domiciled, and registered in the UK. The registered number is 02823058 and its registered address is 5th Floor, 10 Finsbury Square, London EC2A 1AF.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- A Cash Flow Statement and related notes
- Disclosures in respect of transactions with wholly owned group companies, and
- The effects of new but not yet effective IFRSs

The accounts are prepared on the historic cost basis and are presented in US Dollars, rounded to the nearest thousand. US Dollars is also the Company's functional currency.

The following accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Going Concern

The Company is pursuing a claim for compensation and damages against the French Minister for the Environment arising out of the decision by the Minister for the Environment in September 2015 to deny an application by the Company for an extension of the Rhone Maritime Permit, held by the Company. The sum claimed is €63.5m. The Company has challenged both the procedural validity and the substantive lawfulness of the Ministerial Order. The court of first instance, the Administrative Court of Cergy-Pontoise, ruled against the Company in December 2016 and upheld the Ministerial Order. The Company has appealed that decision and the claim is currently proceeding before the French Administrative Court of Appeal.

As at 31 December 2018, the Company has net liabilities of \$1.8 million (2017: \$1.8 million). The Company has a liability payable to its parent company, Petroceltic Resources Limited, of \$4.8 million which is non-interest bearing and repayable on demand, but the parent company has given an undertaking not to request repayment of the amount due for a period of at least twelve months from the date of approval of these financial statements.

Accordingly, the Directors of the Company believe that it remains appropriate to prepare the financial statements on a going concern basis.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

2. Result for the year

There are no directors' emoluments charged in respect of this year (2017: \$nil). The tax charge on the loss before tax for the year is \$nil (2017: \$nil).

Notes to the accounts
for the year ended 31 December 2018

3. Intangible assets

	December 2018 \$000	December 2017 \$000
Opening balance at 1 January	-	97
Impairment	-	(97)
Closing balance at 31 December	-	-

4. Receivables

	December 2018 \$'000	December 2017 \$'000
Amounts owed from group companies	3,000	3,000

Amounts are due from Petroceltic Energy Company and are interest free and have no fixed repayments date.

5. Creditors

	December 2018 \$'000	December 2017 \$'000
Amounts due to group companies	4,797	4,797

Amounts are due to the parent company, Petroceltic Resources Limited and are interest free. The parent company has undertaken not to call for any repayment of this loan for the foreseeable future.

6. Share capital

	December 2018 \$	December 2017 \$
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1 each	1	1

Notes to the accounts

for the year ended 31 December 2018

7. Controlling related party and ultimate parent undertaking

The Company is wholly-owned by Petroceltic Resources Limited, a Company incorporated in the UK. At the date of approval of the financial statements, Sunny Hill Limited is the ultimate controlling party. Sunny Hill Limited is registered in the Cayman Islands at Maples Corporate Services Limited, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The parent undertaking for which group financial statements are prepared, and of which the Company is a member, is Sunny Hill Energy Limited (formerly known as Petroceltic Holdings Limited). Sunny Hill Energy Limited is incorporated in the UK and has its financial statements available at Companies House (www.gov.uk/government/organisations/companies-house).

8. Capital commitments and contingencies.

The Company had no capital commitments and no reportable contingencies at 31 December 2018 (2017: \$nil).

9. Subsequent events.

There are no reportable subsequent events that affect this Company.

10. Approval of financial statements

The financial statements were approved on 18 September 2019.