

**Company Registration No. 06510841**

**Afren CI (II) Limited**

**Report and Financial Statements**

**for the year ended 31 December 2013**

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# **Afren CI (II) Limited**

## **Report and financial statements 2013**

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# **Afren CI (II) Limited**

## **Report and financial statements 2013**

### **Officers and professional advisors**

#### **Directors**

Osman Shahenshah  
Darra Comyn

#### **Secretary**

Elekwachi Ukwu

#### **Registered Office**

Kinnaird House  
1 Pall Mall East  
London  
SW1Y 5AU

#### **Auditor**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
2 New Street Square  
London  
EC4A 3BZ

#### **Legal Advisers**

White & Case LLP  
5 Old Broad Street  
London  
EC2N 1DW

## **Afren CI (II) Limited**

### **Strategic report**

The Directors present their strategic report for the year ended 31 December 2013.

#### **Review of business**

The Company holds, via its subsidiary Afren CI One Corporation, Afren Group's investment in its Côte d'Ivoire operations comprising a participating 65% interest (with rights over an additional 15% interest) and operatorship in the undeveloped Block CI-01. Afren CI One Corporation is involved in oil and gas exploration and development.

During 2013, the Company's subsidiary, Afren CI One Corporation, reached an agreement with the Côte d'Ivoire Government regarding the reallocation of the CI-01 Block. The agreement involves the CI-01 Block being divided into two new larger blocks, CI-523 and CI-525. Working interest in each block is 20% and 51.75% respectively.

Also during the year, the Company completed the sale of its subsidiaries in Afren Côte d'Ivoire Limited and Lion GPL SA.

The Company will continue with its current activities, as a holding company with investments in Côte d'Ivoire, for the foreseeable future.

#### **Principal risks and uncertainties**

Risks and uncertainties are managed at Group level. The effective management of risk is essential to the success of the Group. The specific risks to the Afren group include those associated with the nature of the upstream oil and gas industry, those arising from political, social and infrastructure issues in the countries in which the Afren group operates and those which are internal to the organisation of the Company and its strategy.

The principal financial risk affecting the Company is credit risk in relation to the Company's remaining accounts receivable and liquidity risk in relation to the Company's accounts payable.

Full details of the principal risks and uncertainties of the Afren Group are disclosed on pages 30 to 33 of the Annual Report for 2013.

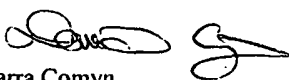
#### **Results and dividends for the year**

The financial statements along with relevant disclosure notes for the year ended 31 December 2013 are set out on pages 7 to 17. The profit for the year was US\$40.3 million (2012: US\$14.5 million loss).

The Directors do not recommend the payment of a dividend for the year (2012: US\$ nil).

Details of the Company's exposure to financial risks and how they are managed are provided in note 11 of the financial statements.

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



Darra Comyn  
Director

30 September 2014

# **Afren CI (II) Limited**

## **Directors' report**

The Directors present their report and the audited financial statements for the year ended 31 December 2013.

### **Principal activity**

The Company holds, via its subsidiary Afren CI One Corporation, Afren Group's investment in its Côte d'Ivoire operations comprising a participating 65% interest (with rights over an additional 15% interest) and operatorship in the undeveloped Block CI-01. Afren CI One Corporation is involved in oil and gas exploration and development.

During 2013, the Company reached an agreement with the Côte d'Ivoire Government regarding the reallocation of the CI-01 Block. The agreement involves the CI-01 Block being divided into two new larger blocks, CI-523 and CI-525. Working interest in each block is 20% and 51.75% respectively.

Also during the year, the Company completed the sale of its interests in Afren Côte d'Ivoire Limited and Lion GPL SA.

The Company will continue with its current activities, as a holding company with investments in Côte d'Ivoire, for the foreseeable future.

### **Results and dividends for the year**

The financial statements along with relevant disclosure notes for the year ended 31 December 2013 are set out on pages 7 to 17. The profit for the year was US\$40.3 million (2012: US\$14.5 million loss).

The Directors do not recommend the payment of a dividend for the year (2012: US\$ nil).

Details of the Company's exposure to financial risks and how they are managed are provided in note 11 of the financial statements.

### **Going concern**

The Company was in a net liability position at 31 December 2013 of US\$12.6 million (2012: US\$52.9 million) and is funded by an intercompany loan from another Afren group company. However, it has obtained a letter of support from Afren plc, its ultimate parent company, which confirms that Afren plc will provide financial support to the Company to ensure it is able to settle its obligations as they fall due for at least 12 months from the date of approval of the financial statements.

After making enquiries and taking into account the ongoing support of Afren plc, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Directors**

The Directors who held office during the year, were as follows:

Osman Shahenshah  
Darra Comyn

The Directors' interests, including options in the shares of the ultimate parent company, Afren plc, are shown in the annual report and accounts of Afren plc. No Director held any interest in shares of the Company in the period or thereafter.

## **Directors report (continued)**

### **Disclosure information and auditor**

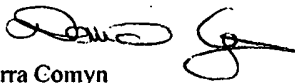
Each of the persons who are a Director at the date of approval of these accounts confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

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

  
Darra Comyn  
Director  
30 September 2014

## **Afren CI (II) Limited**

### **Directors' responsibilities statement**

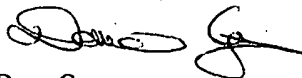
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

By order of the Board



Darra Comyn  
Director  
30 September 2014

## **Afren CI (II) Limited**

### **Independent auditor's report to the members of Afren CI (II) Limited**

We have audited the financial statements of Afren CI (II) Limited for the year ended 31 December 2013 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

#### **Respective responsibilities of directors and auditor**

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

#### **Scope of the audit of the financial statements**

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

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

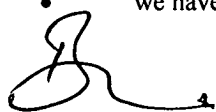
#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **Matters on which we are required to report by exception**

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

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



Bevan Whitehead (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
30 September 2014



## Afren CI (II) Limited

### Income statement

Year ended 31 December 2013

|                                  | Notes | 2013<br>\$'000       | 2012<br>\$'000         |
|----------------------------------|-------|----------------------|------------------------|
| Dividend income                  | 9     | 103,567              | -                      |
| Loss on disposal of subsidiaries | 6     | (49,952)             | -                      |
| Finance costs                    | 7     | <u>(13,333)</u>      | <u>(14,477)</u>        |
| Profit/(loss) before tax         | 5     | 40,282               | (14,477)               |
| Taxation                         | 8     | <u>-</u>             | <u>-</u>               |
| Profit/(loss) after tax          |       | <u><u>40,282</u></u> | <u><u>(14,477)</u></u> |

All activities related to continuing operations.

The Company had no recognised gains or losses in the current or prior year other than that recognised in the income statement, and accordingly, no statement of comprehensive income is presented.

## Afren CI (II) Limited

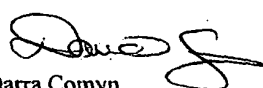
### Balance sheet As at 31 December 2013

|                             | Notes | 2013<br>\$'000   | 2012<br>\$'000   |
|-----------------------------|-------|------------------|------------------|
| <b>Assets</b>               |       |                  |                  |
| <b>Non current assets</b>   |       |                  |                  |
| Investment                  | 9     | 100,626          | 184,254          |
| <b>Current assets</b>       |       |                  |                  |
| Trade and other receivables | 10    | 31,058           | -                |
| <b>Total assets</b>         |       | <u>131,684</u>   | <u>184,254</u>   |
| <b>Liabilities</b>          |       |                  |                  |
| <b>Current liabilities</b>  |       |                  |                  |
| Trade and other payables    | 11    | (144,256)        | (237,108)        |
| <b>Total liabilities</b>    |       | <u>(144,256)</u> | <u>(237,108)</u> |
| <b>Net liabilities</b>      |       | <u>(12,572)</u>  | <u>(52,854)</u>  |
| <b>Equity</b>               |       |                  |                  |
| Share capital               | 12    | -                | -                |
| Accumulated losses          |       | (12,572)         | (52,854)         |
| <b>Total deficit</b>        |       | <u>(12,572)</u>  | <u>(52,854)</u>  |

The Company did not incur any cash transactions during either year. Accordingly a cash flow statement has not been presented.

The financial statements of Afren CI (II) Limited, registered number 06510841 were approved by the Board of Directors and authorised for issue on 30 September 2014.

They were signed on its behalf by:

  
Darra Comyn  
Director

## Afren CI (II) Limited

### Statement of changes in equity Year ended 31 December 2013

|                             | Share<br>capital<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|-----------------------------|----------------------------|--------------------------------|---------------------------|
| Balance at 1 January 2012   | -                          | (38,377)                       | (38,377)                  |
| Loss for the year           | -                          | (14,477)                       | (14,477)                  |
|                             | <hr/>                      | <hr/>                          | <hr/>                     |
| Balance at 31 December 2012 | -                          | (52,854)                       | (52,854)                  |
| Profit for the year         | -                          | 40,282                         | 40,282                    |
|                             | <hr/>                      | <hr/>                          | <hr/>                     |
| Balance at 31 December 2013 | <hr/> <hr/>                | <hr/> <hr/>                    | <hr/> <hr/>               |

# Afren CI (II) Limited

## Notes to the accounts Year ended 31 December 2013

### 1. General information

Afren CI (II) Limited is a Company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the Directors' Report.

In accordance with section 400 of the Companies Act 2006 Afren CI (II) Limited is exempt from the requirement to prepare consolidated financial statements as its results are included in the consolidated financial statements of its parent, Afren plc.

### 2. Adoption of new and revised standards

The following new standards, amendments, and interpretations were effective and adopted by the Company in 2013 and had no impact on these financial statements:

IFRS 10 Consolidated Financial Statements  
IFRS 11 Joint Arrangements  
IFRS 12 Disclosure of Interests in Other Entities  
IFRS 13 Fair Value Measurement  
IAS 27 (revised) Separate Financial Statements  
IAS 28 (revised) Investments in Associates and Joint Ventures

At the date of authorisation of the financial statements, the following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 9 Financial Instruments (effective 1 January 2015)  
IFRS 10, IFRS 12, IAS 27 (amended) Investment entities (effective 1 January 2014)  
IAS 32 (amended) Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014)  
IFRS 15 Revenue from Contracts with Customers (effective 1 January 2017)

The Directors anticipate that the adoption of this standard in future periods will have no material impact on the financial position of the Company.

### 3. Accounting policies

#### Functional and presentation currencies

These financial statements are presented in US dollars because that is the currency of the primary economic environment in which the Company operates. US dollars is also the functional currency of the Company.

#### Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared on the historical cost basis.

## Notes to the accounts Year ended 31 December 2013

### 3. Accounting policies (continued)

#### Going concern

The financial statements have been prepared in accordance with the going concern basis of accounting, taking into consideration the factors discussed in the Going concern section of the Directors' report.

#### Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rate of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences arising are included in the profit and loss for the period.

#### Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provision of the instrument.

#### Trade and other receivables

Trade receivables are measured at initial recognition at their fair value and subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

#### Trade and other payables

Trade payables are measured on initial recognition at fair value and subsequently measured at amortised cost using the effective interest method.

#### Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

#### Investments

Investments in subsidiaries are stated at cost less any provision for impairment. Investments are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Where there has been an indication of a possible impairment, management assesses the recoverability of the carrying value of the asset by comparison with the estimated discounted future net cash flows based on management's expectation of future production, oil prices and costs or by assessing the fair value less cost to sell of the investment. Any identified impairment is charged to the income statement.

#### Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the rates of tax expected to apply in the period when the liability is settled or the asset realised.

# Afren CI (II) Limited

## Notes to the accounts Year ended 31 December 2013

### 3. Accounting policies (continued)

#### Dividend income

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

### 4. Critical accounting judgements and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in note 3, management has made judgements that may have a significant effect on the amounts recognised in the financial statements. The principal judgement is regarding the recoverability of the Company's investment in subsidiaries. The recoverability of the Company's investments in subsidiaries is dependent on the performance of these subsidiaries, which are affected by a number of risks and uncertainties particularly in relation to exploration and evaluation activities. The licenses which are owned by subsidiaries of Afren CI (II) Limited are CI-523 and CI-525.

#### Financial risk management

The Company's liquidity risk is managed on a Group wide basis by maintaining adequate reserve banking facilities and reserve borrowing facilities to match its short, medium and long-term funding requirements.

### 5. Profit/(loss) before tax

There were no employees during either year. The Directors received no emoluments in respect of their services to the Company during either year. Auditor's fees of US\$5,000 (2012: US\$5,000) are borne by the ultimate parent company and no non audit services were provided in the current or preceding financial year.

### 6. Loss on disposal of subsidiaries

On 16 May 2013, Afren CI (II) Limited entered into a sale agreement to dispose of Afren Cote d'Ivoire Limited and Lion GPL SA, which held Afren's interest in the CI-11 Block and Lion Gas Plant respectively. The disposal was completed on 31 August 2013, on which date control of these two entities passed to the acquirer.

A loss on disposal of US\$50.0 million has been recognised in the year.

#### An analysis of the net proceeds on disposal of the entities is presented below:

|   | 2013<br>\$'000 | 2012<br>\$'000 |
|---|----------------|----------------|
| Cash consideration received                       | 15,250         | -              |
| Non-cash consideration received                   | 23,156         | -              |
| Working capital in subsidiary at date of disposal | (28,549)       | -              |
| Net proceeds on disposal of subsidiary            | <u>9,857</u>   | <u>-</u>       |

# Afren CI (II) Limited

## Notes to the accounts Year ended 31 December 2013

### 7. Finance costs

|  | 2013<br>\$'000 | 2012<br>\$'000 |
|--|----------------|----------------|
| Interest payable to immediate parent company | 13,333         | 14,477         |

Conditions of the loans to Group undertakings have been disclosed in Note 11.

### 8. Taxation

There was no tax payable for the Company during the year (2012: US\$ nil). The profit/(loss) per the income statement can be reconciled to the overall tax charge as follows:

|  | 2013<br>\$'000 | 2012<br>\$'000 |
|--|----------------|----------------|
| Profit/(loss) before tax                                 | 40,282         | (14,477)       |
| Tax at the UK corporate tax rate of 23.25% (2012: 24.5%) | 9,366          | (3,547)        |
| Tax effect of income which is not deductible for tax     | (24,079)       | -              |
| Tax effect of expenses not deductible for tax            | 11,613         | -              |
| Effects of:  |                |                |
| Loss not recognised                                      | 3,100          | 3,547          |
|  | -              | -              |

As at the balance sheet date the Company had tax losses of US\$6,647,000 (2012: US\$3,547,000). No deferred tax has been recognised in respect of these future losses due to the uncertainty of future profits.

# Afren CI (II) Limited

## Notes to the accounts Year ended 31 December 2013

### 9. Investment

|                            | 2013<br>\$'000 | 2012<br>\$'000 |
|----------------------------|----------------|----------------|
| Investment in subsidiaries | 100,626        | 184,254        |
|                            | <u>100,626</u> | <u>184,254</u> |

The movement in the investment balance during the year is due to the disposal of two principal subsidiaries: Afren Cote d'Ivoire Limited and Lion GPL SA. Further details are provided in note 6.

As at 31 December 2013, the principal subsidiary of the Company is:

| Name of Company          | Activity  | Country of incorporation | Percentage holding |
|--------------------------|---|--------------------------|--------------------|
| Afren CI One Corporation | Oil and gas development, exploration and production | Cayman Islands           | 100%               |

Dividend income of US\$103.6 million (2012: US\$ nil) was received during the year from Afren Cote d'Ivoire Limited (US\$70.5 million) and Lion GPL SA (US\$33.1 million).

### 10. Trade and other receivables

|  | 2013<br>\$'000         | 2012<br>\$'000         |
|--|------------------------|------------------------|
| Other debtors                              | 2,297                  | -                      |
| Amounts receivable from Group undertakings | 28,761                 | -                      |
|  | <u>31,058</u>          | <u>-</u>               |
| <b>Counterparty</b>                        | <b>2013<br/>\$'000</b> | <b>2012<br/>\$'000</b> |
| Afren Plc                                  | 27,657                 | -                      |
| Afren CI One Corporation                   | 1,104                  | -                      |
|  | <u>28,761</u>          | <u>-</u>               |

Amounts receivable from group undertakings are non-interest bearing and repayable on demand. Trade and other receivables are held at amortised cost. The carrying amount of trade and other receivables is equivalent to their fair value.



# Afren CI (II) Limited

## Notes to the accounts Year ended 31 December 2013

### 11. Trade and other payables

|                                       | 2013<br>\$'000         | 2012<br>\$'000         |
|---------------------------------------|------------------------|------------------------|
| Amounts payable to Group undertakings | 144,256                | 237,108                |
| <b>Counterparty</b>                   | <b>2013<br/>\$'000</b> | <b>2012<br/>\$'000</b> |
| Afren CI (UK) Limited                 | 144,256                | 211,722                |
| Afren Plc                             | -                      | 18,849                 |
| Afren Cote d'Ivoire Limited           | -                      | 6,537                  |
|                                       | 144,256                | 237,108                |

At 31 December 2013, the Company owed its immediate parent company US\$144.3 million (2012: US\$211.7 million). The decrease in the year of US\$67.5 million (2012: US\$14.5 million increase) was generated by the disposal of Lion Gas Plant SA and Afren CI Limited (US\$80.8 million). Interest of US\$13.3 million (2012: US\$14.5 million) was accrued during the year at a rate of LIBOR plus 5.5% margin, and an additional 2% management fee.

During 2013, as part of the disposal of Lion Gas Plant SA and Afren CI Limited, certain intra-group debts were re-assigned, which led to the movement in the amounts payable to Afren CI (UK) Limited.

At 31 December 2013 the Company owed US\$ nil to other Afren group companies (2012: US\$25.4 million). No interest has been charged on these advances.

All loans are repayable on demand.

Amounts payable to Group undertakings are held at amortised cost. The carrying amount of trade and other payables is equivalent to their fair value.

**Notes to the accounts  
Year ended 31 December 2013**

**11. Trade and other payables (continued)**

**Sensitivity analysis**

**Interest rate risk**

The Company's exposure to the risk of changes in market interest rates relates to the Company's intercompany borrowings, being its only interest bearing liability.

The following table demonstrates the sensitivity to changes in LIBOR rate, with all other variables held constant, of the Company's result before tax and equity.

|                  |                 | <b>Decrease<br/>in<br/>company<br/>profit<br/>\$'000</b> |                 | <b>Increase in<br/>company<br/>profit<br/>\$'000</b>   |
|------------------|-----------------|--|-----------------|--|
|                  | <b>Increase</b> |  | <b>Decrease</b> |  |
| <b>2013</b>      |                 |  |                 |  |
| Interest Payable | 1%              | (1,676)  | 1%              | 1,676  |
|                  |                 | <b>Increase in<br/>company<br/>loss<br/>\$'000</b>       |                 | <b>Decrease<br/>in<br/>company<br/>loss<br/>\$'000</b> |
|                  | <b>Increase</b> |  | <b>Decrease</b> |  |
| <b>2012</b>      |                 |  |                 |  |
| Interest Payable | 1%              | (2,060)  | 1%              | 2,060  |

**Capital management**

The Company manages its capital to ensure that it remains well funded to meet its liabilities as they fall due, although it is currently reliant on financial support from its ultimate parent company due to the losses incurred since inception and its reliance on intercompany funding. The Company monitors its net debt position on an ongoing basis. Capital includes share capital and retained earnings.

**Financial risk management**

The Company's liquidity risk is managed on a Group wide basis by maintaining adequate reserve banking facilities and reserve borrowing facilities to match its short, medium and long-term funding requirements.

# Afren CI (II) Limited

## Notes to the accounts Year ended 31 December 2013

### 12. Share capital

|   | 2013<br>\$ | 2012<br>\$ |
|---|------------|------------|
| <b>Authorised</b>   |            |            |
| 100 (2012: 100) Ordinary shares at £1 each<br>(equivalent to approximately \$1.53 each) | <u>153</u> | <u>153</u> |
| <b>Allotted equity share capital</b>  |            |            |
| 100 (2012: 100) Ordinary shares at £1 each<br>(equivalent to approximately \$1.53 each) | <u>153</u> | <u>153</u> |

### 13. Related party transactions

All related party transactions and balances are disclosed in notes 7, 9, 10 and 11.

### 14. Ultimate parent company

Afren plc is the ultimate parent company and controlling party of Afren CI (II) Limited. Afren plc is incorporated in the United Kingdom and registered in England and Wales and is the largest Group of which the Company is a member and for which Group accounts are drawn up. The smallest Group of which the Company is a member is that headed by its immediate parent, Afren CI (UK) Limited, for which Group accounts are not prepared. Copies of the Group accounts of Afren plc are available from Kinnaird House, 1 Pall Mall, London, SW1Y 5AU.

### 15. Post balance sheet events

On 31 July 2014, Afren CI (II) Limited's ultimate parent company, Afren plc, announced the temporary suspension of Osman Shahenshah who had received unauthorised payments made by a third party. Osman Shahenshah is a director of both Afren plc and Afren CI (II) Limited.