

PREMIER OIL ANDAMAN LIMITED

Annual report and audited financial statements
for the period ended 31 December 2018

THURSDAY



L8AYCSNK

LD5

01/08/2019

#11

COMPANIES HOUSE

CONTENTS

	Page
Officers	1
Directors' report	2
Directors' responsibilities statement	3
Independent auditor's report	4-6
Balance sheet	7
Notes to the financial statements	8-11

OFFICERS

Directors

R A Allan
A R C Durrant
A G Gibb
R A Rose

Secretary

D A Rose

Registered Office

23 Lower Belgrave Street
London
SW1W 0NR
England

Auditor

Ernst & Young LLP
Auditor
1 More London Place
London
SE1 2AF
United Kingdom

DIRECTORS' REPORT

The directors present their annual report on the affairs of Premier Oil Andaman Limited ("the Company"), together with the financial statements, for the period ended 31 December 2018.

In preparing the directors' report, advantage has been taken of the small companies' exemption. The report of the directors has been prepared in accordance with the special provision in part 15 of the Companies Act 2006 and the exemptions entitled to it under section 415A. The Company is exempt from preparing a strategic report.

PRINCIPAL ACTIVITY

The Company was incorporated on 15 May 2013 and is part of the Premier Oil plc group of companies. In February 2018, the Company changed its name from Premier Oil A Limited with its shareholding transferring to Premier Oil Overseas B.V from EnCore Oil Limited. The Company's principal activity is that of oil and gas exploration. The directors do not foresee any changes in the Company's activities in the immediate future.

The Company was awarded a 40 per cent operated interest in the Andaman II licence in the underexplored but proven North Sumatra basin offshore Aceh in the 2017 Indonesian Licence Round with the Company signing the Production Sharing Contract on the 5 April 2018. A 3D seismic acquisition programme has commenced designed to mature the numerous prospects and leads identified on existing 2D seismic data, many of which exhibit direct hydrocarbon indicators. Drilling is targeted for late 2020. The licence has the potential to deliver significant gas volumes into North Sumatra and adds a potentially material new gas play to Premier's Indonesian portfolio.

DIRECTORS

The directors who served throughout the year, except as noted, were as follows:

R A Allan
A R C Durrant
A G Gibb
R A Rose

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's 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.

Approved by the Board and signed on its behalf by:



R A Rose
DIRECTOR
28 June 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 Auditor's Report to Members of Premier Oil Andaman Limited

Opinion

We have audited the financial statements of Premier Oil Andaman Limited ('the company') for the year ended 31 December 2018 which comprise the Balance Sheet and the related notes 1 to 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the provisions available for small entities, in the circumstances set out in note 1 to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to Members of Premier Oil Andaman Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Independent Auditor's Report to Members of Premier Oil Andaman Limited (continued)

Use of our report

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

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style font.

Gary Donald (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 June 2019

Premier Oil Andaman Limited

BALANCE SHEET As at 31 December 2018

	Notes	2018 US\$	2017 US\$
FIXED ASSETS			
Intangible fixed assets	5	1,031,753	-
Debtors: amounts falling due after more than one year	6a	600,000	-
		<u>1,631,753</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	6b	88,650	100
Cash at bank		70,885	-
		<u>159,535</u>	<u>100</u>
CREDITORS: amounts falling due within one year	7	(1,791,188)	-
NET CURRENT LIABILITIES		<u>(1,631,653)</u>	<u>100</u>
NET ASSETS		<u>100</u>	<u>100</u>
CAPITAL AND RESERVES			
Called up share capital	8	100	100
SHAREHOLDERS' FUNDS		<u>100</u>	<u>100</u>

Premier Oil Andaman Limited (registered number 08534721) did not trade during the current or preceding period and has neither profit nor loss, nor any other items of comprehensive income.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within part 15 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements and related notes were approved and authorised for issue by the Board of Directors on 28 June 2019 and signed on its behalf by:



R A Rose
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 31 December 2018

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Premier Oil Andaman Limited ("the Company") is a private company limited by shares incorporated in England and Wales under the Companies Act 2016. The address of the registered office is 23 Lower Belgrave Street, London, SW1W 0NR.

These financial statements are separate financial statements. The Company is a subsidiary of Premier Oil plc. The group financial statements of Premier Oil plc are available to the public and can be obtained from 23 Lower Belgrave Street, London, SW1W 0NR or on the Company website www.premier-oil.com. The registered office address of the parent Company preparing consolidated financial statements is 4th Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN.

These financial statements are presented in United States Dollar ("USD") since that is the currency in which the majority of the Company's transactions are denominated.

The Company has taken advantage of the exemption to prepare a cash flow statement or disclose details of any related party transactions, as there has been no movement in the current or prior year.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law. The accounts comply with the requirements of the Companies Act 2006: Statement of Recommended Practice applicable to companies preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 1A).

Fixed assets

Oil and gas assets

The Company applies the successful efforts method of accounting intangible fixed asset costs.

Intangible fixed assets

Under the successful efforts method of accounting, all licence acquisition, exploration and appraisal costs are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination. Expenditure incurred during the various exploration and appraisal phases is then written off unless commercial reserves have been established or the determination process has not been completed.

Pre-licence costs

Costs incurred prior to having obtained the legal rights to explore an area are expensed as they are incurred.

Exploration and evaluation (E&E) costs

Costs of E&E are initially capitalised as intangible fixed assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as intangible fixed assets.

Tangible assets used in E&E activities (such as the Company's vehicles, drilling rigs, seismic equipment and other property plant and equipment used by the Company's exploration function) are classified as tangible fixed assets. However, to the extent that such a tangible asset is consumed in developing an intangible E&E asset, the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Such intangible costs include directly attributable overheads, including the depreciation of tangible fixed assets utilised in E&E activities, together with the cost of other materials consumed during the E&E phases. E&E costs are not amortised prior to the conclusion of appraisal activities.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

1. **ACCOUNTING POLICIES (continued)**

Intangible fixed assets (continued)

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. If commercial reserves have been discovered, the carrying value, after any impairment loss, of the relevant intangible fixed assets is then reclassified as development and production assets, once a field development plan has been approved or a gas sales agreement has been signed. If, however, commercial reserves have not been found, the capitalised costs are charged to expense after conclusion of appraisal activities.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and provision for impairment. Depreciation is calculated on the cost of tangible fixed assets and is charged on a straight-line basis so as to depreciate each asset over its expected working life. The tangible fixed assets of the Company relate to office fixtures, fittings and software. These assets are depreciated over their estimated useful lives of three years.

Foreign currencies

The local currency of the Company is USD. All transactions denominated in foreign currencies, being currencies other than the local currency, are recorded in the local currency at actual exchange rates as of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rate, subsequent to the dates of the transactions, is included as an exchange gain or loss in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. **PROFIT AND LOSS ACCOUNT**

No profit and loss account is presented with these financial statements because the Company has not received income, incurred expenditure or recognised any gains or losses during either the year under review or the preceding financial year. There have been no movements in shareholders' funds during the year under review.

3. **STAFF COSTS AND DIRECTORS' REMUNERATION**

The Company employed no staff during the year (2017: none).

The directors received no remuneration for their services to the Company during the year as any salaries are paid by the ultimate parent company or other group companies (2017: US\$nil).

Premier Oil Andaman Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

4. TAXATION

There was no current or deferred tax charge in the year (2017:US\$nil).

5. INTANGIBLE FIXED ASSETS

<i>Oil and gas properties</i>	<i>2018 US\$</i>	<i>2017 US\$</i>
<i>Cost:</i>		
At 1 January	-	-
Additions in the year	1,031,753	-
At 31 December	1,031,753	-

The amounts for intangible exploration and evaluation (E&E) assets represent costs incurred on active exploration projects. These amounts are written off to the profit and loss account as exploration expense unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain.

6. DEBTORS

	<i>2018 US\$</i>	<i>2017 US\$</i>
<i>a) Amounts falling due after more than one year:</i>		
Long term receivables	600,000	-
Total debtors falling due after more than one year	600,000	-
<i>b) Amounts falling due within one year:</i>		
Amounts owed by another group company	-	100
Other debtors	75,000	-
Prepayments	13,650	-
Total debtors falling due within one year	88,650	100

7. CREDITORS: amounts falling due within one year

	<i>2018 US\$</i>	<i>2017 US\$</i>
Amounts owed by group companies	1,746,558	-
Trade Creditors	16,549	-
Other Creditors	27,381	-
Accruals	700	-
	1,791,188	-

Premier Oil Andaman Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2018

8. CALLED UP SHARE CAPITAL

	2018 US\$	2017 US\$
<i>Allotted, called up and fully-paid:</i>		
100 Ordinary Shares of US\$1 each	100	100

9. ULTIMATE CONTROLLING PARTY

The Company's immediate parent company is Premier Oil Overseas BV, registered in the Netherlands. The Company's ultimate parent company and controlling party is Premier Oil plc, a company incorporated in the United Kingdom and registered in Scotland. Premier Oil plc is the parent undertaking of the largest and the smallest group of which the Company is a member and for which group financial statements are prepared. Copies of the group financial statements are available from Premier Oil plc, 23 Lower Belgrave Street, London SW1W 0NR.