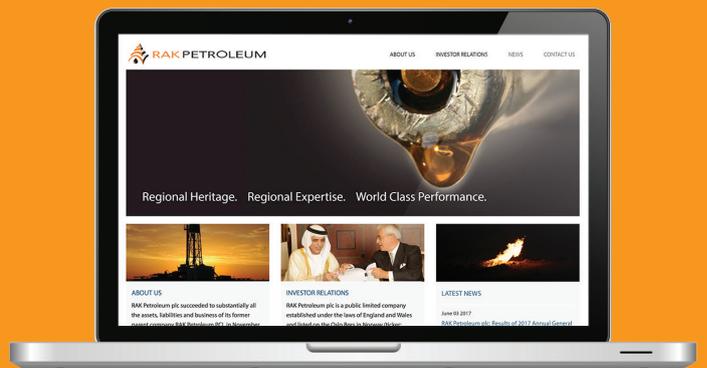


# Half-Year Financial Report RAK Petroleum plc

30 June 2017



For further information on RAK Petroleum plc  
please visit our website at [www.rakpetroleum.uk](http://www.rakpetroleum.uk)

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# Chairman's Interim Report

## Dear Shareholders:

On behalf of the Board of Directors of RAK Petroleum plc (the "Company"), I am pleased to present the Half-Year Financial Report for the period ending 30 June 2017.

The Company's fundamental objective is to generate significant total shareholder returns from investments in the oil and gas industry, with a focus on the Middle East and Africa. We currently hold interests in two oil and gas companies, DNO ASA ("DNO") and Foxtrot International LDC ("Foxtrot International").

### DNO

DNO is a publicly listed Norwegian exploration and production company focused on the Middle East-North Africa region and the North Sea with interests in oil and gas blocks in various stages of exploration, development and production, both onshore and offshore. DNO's growth comes through smart exploration, cost effective and fast track development, efficient operating techniques and strategic acquisitions.

In the first half of 2017, DNO strengthened its balance sheet with improved cash generation from operating activities of USD 211.5 million, up from USD 20.9 million in 1H 2016. In August 2017, DNO signed a landmark deal with the Kurdistan Regional Government (KRG) to settle the outstanding receivables from past oil sales from the Tawke license. Following the settlement agreement, DNO holds 75 percent of the Tawke license with the transfer to DNO of the KRG's 20 percent carried interest effective 1<sup>st</sup> August, giving the company further exposure to the potential of the Tawke field and the Peshkabir field currently being appraised in the license. DNO will also receive a monthly sum from the KRG equal to three percent of gross license revenues for a period of five years as further payment towards the receivables. The settlement agreement also extinguishes certain obligations by DNO, including funding of a USD 150 million water purification plant that is no longer deemed necessary.

DNO has stepped up activity at the Tawke license with 10 new wells to be drilled in 2017 following the mobilisation of a third drilling rig.

New wells are intended to maintain oil production capacity at 110,000 barrels per day (bpd). Appraisal of the Peshkabir field is continuing with drilling of the Peshkabir-3 well currently underway and production from the Peshkabir-2 well since June. The performance of Peshkabir-2 to date indicates connectivity to a sizable resource; however, further drilling and testing is required to more accurately determine the likely volume.

Also in the first half of 2017, DNO acquired Origo Exploration Holding AS, renamed DNO Norge AS, which holds 11 licenses in the North Sea on both the Norwegian Continental Shelf (NCS) and UK Continental Shelf (UKCS). The acquisition sees DNO return to its home ground with an experienced and successful team already in place and ready to bid in the two upcoming licensing rounds later in 2017. DNO aims to be among the most active explorers on the NCS, targeting participation in five exploration wells per year. One prospect on the UKCS will be spud by the end of 2017.

DNO reported first half 2017 operating profit of USD 26.6 million on revenues of USD 158.4 million. After financial income and expense and income tax, DNO reported a net profit of USD 1.8 million for the first half of 2017 (net loss of USD 35.3 million for the full year 2016).

During the first half of 2017, DNO purchased 24.9 million own shares, booked on its balance sheet as treasury shares, resulting in a net RAK Petroleum ownership percentage excluding treasury shares of 41.7 percent as at end June.

The Company's share of DNO's first half 2017 result was a profit of USD 0.67 million.

### Foxtrot International

Through its wholly owned subsidiary, Mondoil Enterprises, LLC ("Mondoil Enterprises"), the Company also holds 33.33 percent of Foxtrot International, a private exploration and production company active in West Africa. Foxtrot International in turn holds a 27.27 percent stake in, and operatorship of, Block CI-27 in Côte d'Ivoire.

Block CI-27 contains the two largest gas fields in Côte d'Ivoire, contributing

a gross daily average of 170 million cubic feet (mmcf/d) of production in the first half of 2017 (157 mmcf/d in 2016) or nearly three-quarters of the country's total. Foxtrot International also produced an average of 2,757 bpd of oil and condensate in the first half of 2017.

The Company's share of Foxtrot International's first half 2017 net profit was USD 7.7 million prior to depletion and USD 7.0 million after accounting for depletion (net profit after depletion of USD 7.9 million in 2016). The Company received USD 14.4 million in cash distributions from Foxtrot International and reinvested USD 2.5 million towards capital and operating expenditures during the first half of 2017.

### **Consolidated Results**

After adjustments for USD 0.5 million of other income, general and administrative expenses of USD 4.4 million and finance costs of USD 1.0 million, the Company recorded a profit of USD 2.8 million for the first half of 2017 (profit of USD 6.9 million in 2016). At 30 June 2017, total cash and cash equivalents stood at USD 15.9 million and the Company's indebtedness was USD 32.7 million.

At 30 June 2017, the Company's stake in DNO had a market value of USD 400 million, although the DNO shareholding is carried on the Company's statement of financial position at USD 518 million, reflecting the original acquisition cost after certain adjustments. The Company's stake in Mondoil Enterprises is carried on our statement of financial position

at USD 98 million. Net equity at 30 June 2017 stood at USD 599 million compared with USD 597 million at 31 December 2016.

The principal risks and uncertainties facing the Company remain largely unchanged from our recently published 2016 Annual Report available on our website [www.rakpetroleum.uk](http://www.rakpetroleum.uk). The successful military campaigns in northern and western Iraq against the Islamic State of Iraq and Syria (ISIS) and the settlement agreement signed by DNO and the KRG in August 2017 (two similar agreements were signed with other international operators) reduce the risk to DNO with respect to recovery of its receivables and improve the overall oil and gas investment climate in Kurdistan.

On behalf of the Board of Directors, I wish to acknowledge executive management's and staff's diligence and commitment to the Company. Finally, the members of the Board of Directors are grateful to our fellow RAK Petroleum plc shareholders for your continued support and confidence. We look forward to an exciting future for our Company.

***BIJAN MOSSAVAR-RAHMANI***

**Bijan Mossavar-Rahmani**  
Executive Chairman of the  
Board of Directors

14 September 2017

# I. Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- a) the interim condensed set of consolidated financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting";
- b) the half-year financial report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year);
- c) the half-year financial report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein);

For and on behalf of the Board of Directors

***BIJAN MOSSAVAR-RAHMANI***

**Bijan Mossavar-Rahmani**

Executive Chairman of the Board of Directors

# II. Interim Condensed Consolidated Financial Statements

As at 30 June 2017

## Interim Condensed Consolidated Income Statement

|  | Notes | 1H 2017<br>USD'000 | 1H 2016<br>USD'000 |
|--|-------|--------------------|--------------------|
| Share of profit/(loss) of an Associate | 4     | 674                | (364)              |
| Share of profit of Joint Venture       | 5     | 6,994              | 7,854              |
| Other income                           | 8     | 500                | 500                |
| General and administrative expenses    |       | (4,389)            | (4,070)            |
| Interest expense                       | 7     | (980)              | (625)              |
| <b>Profit/(loss) before tax</b>        |       | <b>2,799</b>       | <b>3,297</b>       |
| Income tax                             |       | -                  | -                  |
| <b>Profit/(loss) for the period</b>    |       | <b>2,799</b>       | <b>3,297</b>       |
| Earnings per share (USD):              |       |                    |                    |
| Basic                                  |       | 0.009              | 0.011              |
| Diluted                                |       | 0.009              | 0.011              |

## Interim Condensed Consolidated Statement of Comprehensive Income

|  | Notes | 1H 2017<br>USD'000 | 1H 2016<br>USD'000 |
|--|-------|--------------------|--------------------|
| <b>Profit/(loss) for the period</b>  |       | <b>2,799</b>       | <b>3,297</b>       |
| <b>Other comprehensive income/(loss) to be reclassified to income statement in subsequent periods:</b> |       |                    |                    |
| Reclassifying foreign currency translation reserve to profit or loss                                   | 4     | -                  | -                  |
| Share of other comprehensive income of an Associate (foreign currency translation reserve)             | 4     | -                  | -                  |
| Total other comprehensive income/(loss)  |       | -                  | -                  |
| <b>Total comprehensive income/(loss) for the period</b>  |       | <b>2,799</b>       | <b>3,297</b>       |

## Interim Condensed Consolidated Statement of Financial Position

|                                      | Notes | June 30 <sup>th</sup> 2017<br>USD'000 | Dec 31 <sup>st</sup> 2016<br>USD'000 |
|--------------------------------------|-------|---------------------------------------|--------------------------------------|
| <b>Assets</b>                        |       |                                       |                                      |
| <b>Non-current assets</b>            |       |                                       |                                      |
| Equipment                            |       | 0                                     | 60                                   |
| Investment in Associate              | 4     | 518,023                               | 517,348                              |
| Investment in Joint Venture          | 5     | 97,819                                | 102,715                              |
|                                      |       | <b>615,842</b>                        | <b>620,123</b>                       |
| <b>Current assets</b>                |       |                                       |                                      |
| Other receivables                    |       | 395                                   | 699                                  |
| Cash and cash equivalents            |       | 15,930                                | 14,611                               |
|                                      |       | <b>16,325</b>                         | <b>15,310</b>                        |
| <b>Total assets</b>                  |       | <b>632,167</b>                        | <b>635,433</b>                       |
| <b>Equity and liabilities</b>        |       |                                       |                                      |
| <b>Equity</b>                        |       |                                       |                                      |
| Share capital                        | 6     | 5,319                                 | 5,319                                |
| Share premium                        |       | 659                                   | 659                                  |
| Other reserves                       |       | 823,032                               | 823,032                              |
| Foreign currency translation reserve |       | 36,046                                | 36,046                               |
| Accumulated losses                   |       | (265,629)                             | (268,429)                            |
| <b>Total equity</b>                  |       | <b>599,427</b>                        | <b>596,627</b>                       |
| <b>Non-current liabilities</b>       |       |                                       |                                      |
| Employees' end of service benefits   |       | 55                                    | 88                                   |
| Loans                                |       | 28,594                                | 30,634                               |
|                                      |       | <b>28,649</b>                         | <b>30,722</b>                        |
| <b>Current liabilities</b>           |       |                                       |                                      |
| Trade and other payables             |       | 10                                    | 770                                  |
| Provisions                           |       | 0                                     | 200                                  |
| Loans                                | 7     | 4,082                                 | 7,113                                |
|                                      |       | <b>4,092</b>                          | <b>8,083</b>                         |
| <b>Total liabilities</b>             |       | <b>32,740</b>                         | <b>38,806</b>                        |
| <b>Total equity and liabilities</b>  |       | <b>632,167</b>                        | <b>635,433</b>                       |

## Interim Condensed Consolidated Statement of Cash Flows

|   | Notes | 1H 2017<br>USD'000 | 1H 2016<br>USD'000 |
|---|-------|--------------------|--------------------|
| <b>Operating activities</b>                             |       |                    |                    |
| Profit/(loss) for the period                            |       | 2,799              | 3,297              |
| Adjustments for:  |       |                    |                    |
| Depreciation of equipment                               |       | 60                 | 9                  |
| Employee end of service benefits                        |       | (40)               | -                  |
| Employee share options                                  |       | -                  | 170                |
| Share of profit/(loss) of an Associate                  | 4     | (674)              | 364                |
| Share of profit of a Joint Venture                      | 5     | (6,994)            | (7,854)            |
| Interest accrued on loan                                |       | -                  | 479                |
| Provisions  |       | (200)              | -                  |
| Operating loss before working capital changes           |       | (5,049)            | (3,535)            |
| Other receivables                                       |       | 303                | 251                |
| Trade and other payables                                |       | (760)              | (287)              |
| Employees' end of service benefits paid                 |       | 7                  | 1                  |
| Net cash flows used in operating activities             |       | (5,499)            | (3,570)            |
| <b>Investing activities</b>                             |       |                    |                    |
| Net funds movement with Joint Venture                   | 5     | 11,890             | 2,831              |
| Net cash flows from/(used in) investing activities      |       | 11,890             | 2,831              |
| <b>Financing activities</b>                             |       |                    |                    |
| Proceeds obtained from bank loan                        | 7     | -                  | 3,500              |
| Principal of bank loan paid                             | 7     | (5,072)            | (1,288)            |
| Net cash flows from/(used in) financing activities      |       | (5,072)            | 2,212              |
| <b>Increase/(decrease) in cash and cash equivalents</b> |       | <b>1,318</b>       | <b>1,473</b>       |
| Cash and cash equivalents at 1 January                  |       | 14,611             | 6,821              |
| <b>Cash and cash equivalents at 30 June</b>             |       | <b>15,930</b>      | <b>8,294</b>       |

## Interim Condensed Consolidated Statement of Changes in Equity

|  | Share capital<br>USD'000 | Share premium<br>USD'000 | Treasury shares | Other reserves<br>USD'000 | Share-based payment reserve<br>USD'000 | Foreign currency translation reserve<br>USD'000 | Accumulated losses<br>USD'000 | Total<br>USD'000 |
|--|--------------------------|--------------------------|-----------------|---------------------------|--|---|-------------------------------|------------------|
| <b>Balance at 1 January 2017</b>                                     | <b>5,319</b>             | <b>659</b>               | <b>–</b>        | <b>832,032</b>            | <b>–</b>                               | <b>36,046</b>                                   | <b>(268,429)</b>              | <b>596,627</b>   |
| Profit for the period  | –                        | –                        | –               | –                         | –                                      | –   | 2,799                         | 2,799            |
| Other comprehensive income for the period                            | –                        | –                        | –               | –                         | –                                      | –   | –                             | –                |
| Total comprehensive loss for the period                              | –                        | –                        | –               | –                         | –                                      | –   | 2,799                         | 2,799            |
| <i>Total transactions with owners, recognised directly in equity</i> |                          |                          |                 |                           |  |   |                               |                  |
| Equity-settled share based payment                                   | –                        | –                        | –               | –                         | –                                      | –   | –                             | –                |
| Capital reduction  | –                        | –                        | –               | –                         | –                                      | –   | –                             | –                |
| <b>Balance at 30 June 2017</b>                                       | <b>5,319</b>             | <b>659</b>               | <b>–</b>        | <b>832,032</b>            | <b>–</b>                               | <b>36,046</b>                                   | <b>(265,629)</b>              | <b>599,427</b>   |

|  | Share capital<br>USD'000 | Share premium<br>USD'000 | Treasury shares | Other reserves<br>USD'000 | Share-based payment reserve<br>USD'000 | Foreign currency translation reserve<br>USD'000 | Accumulated losses<br>USD'000 | Total<br>USD'000 |
|--|--------------------------|--------------------------|-----------------|---------------------------|--|---|-------------------------------|------------------|
| Balance at 1 January 2016  | 523,565                  | 659                      | –               | 304,929                   | 1,746                                  | 36,046  | (261,513)                     | 605,433          |
| Loss for the period  | –                        | –                        | –               | –                         | –                                      | –   | 3,297                         | 3,297            |
| Other comprehensive income for the period                            | –                        | –                        | –               | –                         | –                                      | –   | –                             | –                |
| Total comprehensive loss for the period                              | –                        | –                        | –               | –                         | –                                      | –   | 3,297                         | 3,297            |
| <i>Total transactions with owners, recognised directly in equity</i> |                          |                          |                 |                           |  |   |                               |                  |
| Equity-settled share based payment                                   | –                        | –                        | –               | –                         | 170                                    | –   | –                             | 170              |
| Capital Reduction  | (518,246)                | –                        | –               | 518,246                   | –                                      | –   | –                             | –                |
| Balance at 30 June 2016  | 5,319                    | 659                      | –               | 823,175                   | 1,916                                  | 36,046  | (258,216)                     | 608,900          |

# Notes to the Interim Condensed Consolidated Financial Statements

As at 30 June 2017

## 1. Corporate Information

RAK Petroleum plc ("RAK Petroleum" or the "Company") is incorporated as a public limited company organised and existing under the laws of England and Wales pursuant to the UK Companies Act. The Company was incorporated on 17 June 2013 and the Company's registration number is 08572925. The registered office of the Company is 42-50 Hersham Road, Walton-on-Thames, Surrey, KT12 1RZ, United Kingdom.

The Company and its subsidiaries (together "the Group") are an energy investment group that has as its major asset a block of 438,379,418 shares in DNO ASA ("DNO") representing 40.45 percent of the total DNO shares outstanding at 30 June 2017.

The Group also owns a one-third stake in Foxtrot International LDC ("Foxtrot International"), a privately held oil and gas company active in Côte d'Ivoire.

On 7 November 2014, the Company listed its Class A Shares on the Oslo Børs.

## 2. Basis of preparation and changes to the Group's accounting policies

The interim condensed consolidated financial statements for the six months ended 30 June 2017 have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and IAS 34 Interim Financial Reporting as adopted by the European Union. These interim condensed consolidated financial statements were not reviewed.

These interim condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2016 were approved by the Board of Directors on 26 April 2017 and delivered to the Registrar of Companies. The report of the auditors of those accounts was unqualified, did not contain an

emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2016 which have been prepared in accordance with IFRSs as adopted by the European Union.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

## 3. Segment Information

Executive management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation, investment decisions and performance assessment (the Executive Chairman of the Board of Directors acts as the Chief Operating Decision Maker, "CODM"). Segment performance is evaluated based on the profit or loss including share price (market value) and is measured consistently with the net profit or loss in the consolidated financial statements.

### Operating and reportable segments

For management purposes, the Group is organised into two operating segments that are also reportable segments:

- DNO (Associate)
- Foxtrot International (Joint Venture)

"Others" are reconciling items including head-office general and administrative transactions and balances that do not constitute separate operating segments.

### 3. Segment Information (continued)

Key segment information was as follows:

|  | <i>DNO</i><br><i>USD'000</i> | <i>Foxtrot</i><br><i>International</i><br><i>USD'000</i> | <i>Others</i><br><i>USD'000</i> | <i>Total</i><br><i>USD'000</i> |
|--|------------------------------|--|---------------------------------|--------------------------------|
| <b>Period ended at 30 June 2017:</b>           |                              |  |                                 |                                |
| Results net profit/(loss) for the period       | <b>674</b>                   | <b>6,994</b>   | <b>(4,869)</b>                  | <b>2,799</b>                   |
| <b>Assets and liabilities at 30 June 2017:</b> |                              |  |                                 |                                |
| Segment assets                                 | <b>518,023</b>               | <b>97,819</b>  | <b>16,325</b>                   | <b>632,167</b>                 |
| Segment liabilities                            | -                            | -  | <b>32,740</b>                   | <b>32,740</b>                  |
| <b>Period ended at 30 June 2016:</b>           |                              |  |                                 |                                |
| Results net profit/(loss) for the period       | (364)                        | 7,854  | (4,193)                         | 3,297                          |
| <b>At 31 December 2016:</b>                    |                              |  |                                 |                                |
| Segment assets                                 | 517,348                      | 102,715  | 15,370                          | 635,433                        |
| Segment liabilities                            | -                            | -  | 38,806                          | 38,806                         |

### 4. Investment in an Associate

The Group has the following investment in an Associate: DNO is a public limited company incorporated and domiciled in Norway and its shares are listed on the Oslo Børs.

The Company had a 40.45 percent shareholding in DNO during the reporting period. Due to the acquisition of treasury shares by DNO during the reporting period, the Group's effective share in DNO increased and amounted to 41.7 percent, excluding treasury shares, as at end 1H 2017.

The Group interest in DNO is accounted for in these interim condensed consolidated financial statements using the equity method.

The decision to account for the Group interest in DNO using the equity method is a matter of critical and significant judgement, as disclosed in Note 3 of the Group's annual consolidated financial statements for the year ended 31 December 2016. Upon re-examination of the factors that influence that decision, in consultation with a Review Group of the Financial Reporting Council's Conduct Committee, the Group has decided that DNO should be consolidated in the Group's annual report for the year ended 31 December 2017. This change in accounting treatment should not significantly alter the Group's reported profit attributable to the equity shareholders of the parent company, but will alter the accounting presentation and the balance sheet position.

#### Movement of investment

|   | <i>1H 2017</i><br><i>USD'000</i> | <i>1H 2016</i><br><i>USD'000</i> |
|---|----------------------------------|----------------------------------|
| Opening balance at 1 January 2017         | <b>517,348</b>                   | <b>531,572</b>                   |
| Share of (loss)/profit for the period     | <b>674</b>                       | <b>(364)</b>                     |
| Investment carrying value at 30 June 2017 | <b>518,023</b>                   | <b>531,209</b>                   |

#### Market value and impairment assessment

As at 30 June 2017, the fair value of the investment in the Associate based on the quoted market price was USD 400 million (31 December 2016: USD 445 million). Following announcement of the settlement agreement between DNO and the KRG in August 2017, the market price increased to over USD 600 million as at end August 2017. The Group determined the value in use for its Associate at 31 December 2015 and concluded that no impairment was required. No impairment indicators have arisen since.

## 5. Investment in a Joint Venture

### General information

The Group owns a 33.33 percent interest in Foxtrot International. Foxtrot International is a privately-held company active in West Africa whose principal asset is a 27.27 percent interest in, and operatorship of, Block CI-27 offshore Côte d'Ivoire.

The Group's interest in Foxtrot International is accounted for using the equity method. No new impairment or impairment reversal indicators were noted since the last detailed assessment at 31 December 2016.

### Movement of investment

|   | 1H 2017<br>USD'000 | 1H 2016<br>USD'000 |
|---|--------------------|--------------------|
| Opening balance at 1 January 2017                   | 102,715            | 94,416             |
| Share of profit for the period                      | 6,994              | 7,854              |
| Contributions via cash calls paid during the period | 2,528              | 8,535              |
| Dividends received during the period                | (14,417)           | (11,366)           |
| Investment carrying value at 30 June 2017           | 97,819             | 99,439             |

## 6. Share Capital

On 11 February 2016, the Company reduced the nominal value of each of its 190,052,717 Class A Shares and 137,761,988 Restricted Class A Shares from GBP 1.00 to GBP 0.01. This reduction of capital was approved at the Company's General Meeting held on 22 October 2014 and received approval from the High Court of Justice in England and Wales on 10 February 2016.

As further described in the prospectus published by the Company on 27 October 2014, the Reduction of Capital was a legal and accounting adjustment whose purpose was to create additional distributable reserves.

As the result of a shareholder's request to release the restrictions on its Restricted Class A Shares, on 22 November 2016, 90,000 Restricted Class A Shares were re-designated as Class A Shares and 90,000 Class B Shares representing 180,000 votes were transferred to the Company and cancelled.

The share capital of the Company is GBP 3,328,169.57, consisting of 190,142,717 Class A Shares, each with a nominal value of GBP 0.01, 137,671,988 Restricted Class A Shares, each with a nominal value of GBP 0.01, 137,671,988 Class B Shares, each with a nominal value of GBP 0.0000001, 87,488,693 Class C Shares, each with a nominal value of GBP 0.0000001 and 50,000 redeemable shares, each with a nominal value of GBP 1.00.

## 7. Bank Loan

On 11 August 2016, the Company drew USD 32.67 million under a new term loan facility agreement with Mashreqbank PSC, a major financial institution in the United Arab Emirates, arranged through RAK Petroleum PCL and the Company's wholly owned subsidiary RAK Petroleum Holdings BV. The bulk of the loan proceeds were used to pay down pre-existing loan balances. Pursuant to the terms of the various agreements involved, borrowings by the Group will bear interest at the three-month EIBOR plus 4.0 percent, with a one-time facility fee of 1.0 percent on increased borrowings. Repayment of interest is due quarterly beginning three months after the first drawdown. Repayment of principal is due on a four-year amortisation schedule with a one-year grace period, such that the first quarterly repayment of principal commences five quarters after the first drawdown. The Company has guaranteed repayment of the loan and the Group has agreed that while indebtedness is outstanding, it will (i) not dispose of or encumber its interest in Mondoil Enterprises, (ii) maintain a pledge account holding shares in DNO with a value of at least three times the outstanding indebtedness, and (iii) maintain a balance of at least one quarter's payment in a service account. The proceeds were used for general working capital purposes, which included, among others, repayment of existing bank loans and meeting capital calls from Foxtrot International.

## 7. Bank Loan (continued)

During the first half of 2017, the Company repaid in full its preexisting loan with DNB Bank, including all interest owed. The loan facility has been closed as at 30 June 2017.

| <i>At 30 June 2017 (USD '000)</i> | <i>Facility Size</i> | <i>Drawn Down</i> | <i>Principal Repaid</i> | <i>Interest Paid During Period</i> |
|-----------------------------------|----------------------|-------------------|-------------------------|------------------------------------|
| <b>DNB Bank ASA</b>               |                      |                   |                         | 100                                |
| <b>Mashreqbank PSC</b>            | 32,675               | 32,675            | -                       | 880                                |
| <b>Total</b>                      | <b>32,675</b>        | <b>32,675</b>     | <b>-</b>                | <b>980</b>                         |

## 8. Related Party Disclosures

Transactions with related parties were carried out in the normal course of business on terms agreed between the parties. Related party transactions and balances have been disclosed elsewhere in these interim condensed consolidated financial statements, except for the below.

### Related party transactions

|                                | <i>1H 2017<br/>USD'000</i> | <i>1H 2016<br/>USD'000</i> |
|--------------------------------|----------------------------|----------------------------|
| Services rendered to Associate |                            |                            |
| Service agreement              | <b>500</b>                 | 500                        |
| Other Related Parties          | <b>14.2</b>                |                            |
|                                | <b>514.2</b>               | 500                        |

### Key management compensation

|   | <i>1H 2017<br/>USD'000</i> | <i>1H 2016<br/>USD'000</i> |
|---|----------------------------|----------------------------|
| Salaries and other short-term employee benefits | <b>1,062</b>               | 975                        |
| Share-based payments                            | <b>0</b>                   | 170                        |
|   | <b>1,062</b>               | 1,144                      |

