Sequa Petroleum N.V.

Financial statements for the period 27 August 2013 up to and including 31 December 2013

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Financial report

Report of the Management Board

To the shareholders

The Management Board of Sequa Petroleum NV (the "Company") hereby presents its financial statements for the four months and five days ending 31 December 2013.

General information

Jacob Broekhuijsen, Peter Haynes and Alistair Williams founded the Company on 27 August 2013 as a vehicle for future oil and gas exploration and production investments and became the Company's first Management Board. Previously, these executives had formed a partnership in the UK, Sequa Energy LLP, to develop oil and gas investment opportunities.

Based on the Business Plan prepared, the Company was able to attract significant funding from Sapinda Holding BV ('Sapinda') and affiliates at the end of October 2013. Jim Luke and Jelte Bosma also joined the Management Board at the same time and made an investment in the Company. In total, an amount of USD 27.8 million (EUR 20.2 million) was raised through the issuance of additional share capital. To the founding shareholders, Sequa Energy LLP's assets and liabilities were contributed on the same date in exchange for shares.

The Company is a UK tax resident, prepares its accounts in US dollars using IFRS as adopted in the EU. The Company's Articles of Association specify a two tier Board structure with appropriate powers being reserved to the Supervisory Board. The members of the Supervisory Board are Lars Windhorst and Remi Grosjean (both employees of Sapinda) and Jos van Rijswijk (an independent executive, formerly employed throughout most of his career by Royal Dutch Shell).

The Company and its consolidated subsidiaries are considered to be 'the Group' in these financial statements.

Financial information

- The Company was set up in August with an initial capital contribution of USD 68 thousand (EUR 51 thousand) from its three founding Directors. In October the company issued significant additional equity in relation to;
    - the contribution in kind for shares of the assets and liabilities of Sequa Energy LLP from the three founding members of the Management Board,
    - the addition of Jelte Bosma and Jim Luke to the Management Board and their purchase of shares to the value of USD 1.3 million (EUR 1.0 million)
    - and the sale of shares to the value of USD 26.4 million (EUR 19.2 million) to two new significant shareholders, Sapinda Holding BV and Centrics Oil & Gas BV
- The Company signed an Assignment and Financing Agreement (AFA) with Bolz LLP on 7 November in relation to a 75% interest in the Aksai contract area, and advanced USD 3 million against a total agreed loan facility of USD 90m to Bolz LLP during the period.

It is management's best estimate that the loan will be repaid out of initial hydrocarbon sales in revenue in the event of the project's success, which is an option under the loan agreement. Therefore, the Company has capitalised the advance on the loan as part of intangible oil & gas exploration assets. The deal was completed in January 2014 with all necessary governmental approvals having been received.

- Further capital expenditure of USD 413 thousand, related to a seismic survey over the Aksai licence area, was accrued at year end. This was also capitalised as intangible oil & gas exploration assets.
- The Company incurred Other Administrative Expenses of USD 4.0 million in relation to Director and staff salaries, set-up costs of the Company and other legal and professional costs.
- At the balance sheet date, the Company held cash reserves of USD 21 million, with Trade and Other Payables of USD 1.6 million and Trade and Other Receivables of USD 315 thousand.
- On completion of the Bolz deal in January 2014, the Company was committed to make further payments under the Bolz Loan Agreement totalling USD 87 million, and also to paying an acquisition fee of USD 10 million. During the year, the Company plans to drill a well over the Aksai licence, which is expected to cost USD 35 million. Under the terms of the AFA the Company will be carrying the costs of its partner Bolz for this well and will therefore pay 100%. The Company has access to sufficient cash and borrowing facilities to meet these commitments.

Significant risks and uncertainties

The Company is subject to a variety of risks including those which derive from the nature of the oil and gas exploration and production business and relate to the countries in which it conducts its activities. Outlined below is a description of the principal risk factors that may affect performance. Such risk factors are not intended to be presented in any order of priority. Any of the risks, as well as the other risks and uncertainties referred to in this annual report, could have a material adverse effect on business performance. In addition, the risks set out below may not be exhaustive and additional risks and uncertainties, not presently known to the Company, or which the Company currently deems immaterial, may arise or become material in the future.

Legislation, licence terms and conditions

Oil & gas exploration licences have work commitments that must be carried out within certain agreed timeframes. Failure to carry out these work commitments within the currently agreed timeframes, or to successfully negotiate extensions to the time permitted to carry out these work commitments, could result in the Company losing its licences and the associated resource potential therein.

Planning and permitting risk

Planning for projects such as Aksai requires long lead times for both sourcing equipment and obtaining necessary permits. Interruptions to either of these activities can delay the completion of such projects and may have a significant impact on valuation.

Exploration risk

Sequa employs advanced geoscience techniques, together with the support of experienced staff and consultants, to evaluate its exploration prospects. However, such resource and technology only mitigates and cannot eliminate the risk that economically producible oil or gas will not be discovered through its exploration efforts.

Oil and gas prices

Sequa's asset value and the economic value of its projects depend on the price of oil and gas. Sequa's ability to raise capital in the future is sensitive to the price of oil and gas. Once the Company has oil and gas to sell, it will seek to mitigate this risk through appropriate long term contracts.

Exchange risk

Although the Group reports in US dollars, it operates in Kazakhstan. Further, Sequa's head office is in the United Kingdom where most costs are Sterling denominated and where it also enters into some euro denominated contracts. Sequa manages these exchange risks by trying to ensure where possible that all key operating contracts and expenditure commitments are either US dollar denominated or that the contract is fixed in US dollars, even if the final payment is in local currency. In addition, the Group maintains adequate amounts of funding in US dollars and the required currencies to meet its various local currency expenditure commitments.

Operational, HSE and environmental risks

Sequa's operations are subject to the environmental risks inherent in the oil and gas industry. In particular, Sequa's Aksai project will involve drilling deep wells. Major incidents could occur, but this risk is mitigated by management supervision, careful choice and monitoring of contractors and the ongoing development and testing of management and emergency procedures.

Kazakhstan business environment risks

The Kazakhstan government has exercised and continues to exercise significant influence over many aspects of the private sector. The government has been attempting to implement economic reform policies and encourage substantial private economic activity. These reforms are ongoing and may result in significant structural changes to the Kazakhstan economy.

The financial return on the activities in which the Company participates is also subject to unique economic, political, and social risks inherent in doing business in Kazakhstan.

These risks include matters arising out of the policies of the government, economic conditions, imposition of or changes to tax and other legislation, foreign exchange fluctuations, unenforceability of contract rights, and the transfer of property without fair compensation.

The accompanying financial statements reflect management's assessment of the possible impact of the current environment on the financial position of the Company. The future business environment may differ from management's assessment. The impact of such differences on the operations and financial statements of the Company may be significant.

Environmental and personnel related information

Since no oil and gas exploration and production occurred during the year, the Company's environmental impact was limited. Future activities are being planned consistent with appropriate standards to minimise environmental impact.

All the Company's activities are planned to ensure the continued health and safety of employees, consistent with all legal requirements.

The Company provides appropriate incentives to the Management Board. Each member of the Management Board receives a competitive market salary, appropriate for their skills and experience, and is also a shareholder in the Company. These arrangements fully align the interests of shareholders and the Management Board.

Supervisory Directors receive appropriate fees to reflect their experience and time commitment to the Company.

Information regarding financial instruments

The company has not entered into derivative contracts. Where required for operational purposes, spot foreign exchange transactions are undertaken and surplus funds are deposited with financial institutions regulated by the Financial Conduct Authority.

Research and development information

At this early stage in its history, the Company does not have or plan any research and development activities.

Sustainability related information

The Company considers itself to be a guest in the countries that it operates in and manages its affairs to comply with all applicable local laws as well as international best practice standards for the sustainability of oil and gas extraction operations.

Other information

- The Company is in the final stages of putting in place a computerised accounting system, which will centrally collect data for all the Group's operations. It has already installed and is using a SharePoint system for recording and sharing operational data across multiple sites.
- The Company is in the process of formulating its Control framework. Cost Control, Procurement, Anti Bribery, HSSEQ, Whistleblowing and Employee Expense Procedures, and a Staff Handbook are in the process of being finalised.
- The Company has sufficient financing in place to meet its commitments for the foreseeable future.

Information on male/female partitioning of Board members

The Management and Supervisory Boards of the Company are all male. This reflects the history of the Company to date, but the Company is committed to gender equality as a principle and will seek opportunities to recruit appropriately qualified female Directors in the future.

Strategy and outlook

The Company's objective is to create a significant international oil and gas company with material assets in two or more countries. The Company's business model is to identify counterparties with discovered hydrocarbons that require a capable partner to work with them to appraise, develop and commercialise their asset. The partnerships established will typically result in the Company acquiring an interest in a licence and committing to co-invest in a work programme to evaluate a resource and determine an appropriate development plan.

In petroleum resource classification terms, this is converting 2C contingent resources into 2P developed reserves through the application of the Company's skills and capital to overcome the technical/financial challenges in commercialising discovered hydrocarbons. This is economically attractive, because the market values 2P developed reserves much more highly than 2C resources.

The Company's initial investment deal was signed on 7 November 2013 with Bolz LLP, a company registered in Kazakhstan. Under the terms of this deal, the Company farmed into the Aksai licence and became operator and 75% owner of the licence. The transaction closed on 30 January 2014.

The Company aims to develop additional investment opportunities in Kazakhstan, using the office established in Almaty as a base. In order to fulfil the Company's responsibilities as operator, the Company has established first a subsidiary in the United Kingdom, Sequa Petroleum UK Ltd on 8 November 2013, whereas this entity subsequently set up a subsidiary in Kazakhstan on 30 November 2013, Sequa Petroleum Kazakhstan LLP and recruited in 2013 and early 2014 an experienced local team of 22 people to manage this subsidiary. The initial work programme includes a 2D seismic study of the most attractive areas of the licence and organisation of an exploration drilling programme.

In future, the company aims to develop similar investment hubs in other parts of the world with proposals being considered in Europe and West Africa.

London, 11 April 2014

Members of the Management Board:

Jacob Broekhuijsen

Alistair Williams

Peter Haynes

Jim Luke

Jelte Bosma

Report of the Supervisory Board

To the shareholders

Following the incorporation of the Company in 2013, a Supervisory Board was established on 23 October 2013. In 2013, the board met twice on an official basis. All meetings where attended by all Supervisory Board members and meetings were held at the Company's office in London. Each meeting included a discussion on the Company's strategy and the main risks to implementation, as summarised in the Management Board's report. The Supervisory Board membership is shown below:

Summary data	Lars Windhorst	Edwin Eichler	Remi Grosjean	Jos van Rijswijk
Gender	Male	Male	Male	Male
Age	37	56	34	68
Profession	Active Investor	Executive	Investment professional	Supervisory board member
Principal position	Chairman	Member	Member	Member
Nationality	German	German	French	Dutch
Other position relevant to this role (if any)	Employee of Sapinda	Employee of Sapinda	Employee of Sapinda	Independent
Date of appointment	23 October 2013	31 March 2014	23 October 2013	23 October 2013
Securities held in Company	None	None	None	None
Benefit received on resigning from Board	None	None	None	None

During the meetings held in 2013, the Supervisory Board also discussed the financial risks and opportunities associated with the Aksai licence and the agreements proposed by the Management Board to structure this project. Further we discussed the investment plan related to the project and a cash flow analysis as presented by the Management Board. From a governance perspective, we discussed the Management Board's plan for setting up an effective internal control framework in the year ahead. Appropriate internal audit arrangements will also be discussed.

As much as the Supervisory Board values diversity, there are currently no female Supervisory Board members. At the moment the Company has no policy determining a particular male/female split in the membership of the Board. The Supervisory Board will continue to focus on the competences of new Supervisory Board members, while bearing in mind the value added by a diverse Supervisory Board.

The agreed remuneration for the Management Board members includes a competitive base salary and a variable part consisting of a short-term incentive in the form of a cash payment to be determined at the sole discretion of the Supervisory Board at the end of each complete calendar year, taking into account specific pre-determined performance targets. Each member of the Management Board currently owns shares in the capital of the company, which fully aligns the interest of the Management Board members, the shareholders and the company. The Supervisory Board would like to thank the management team and staff for their commitment and support.

The Supervisory Board intends to conduct an effectiveness review in respect of the activities of both the Supervisory and Management Boards in 2014. No review was undertaken in 2013 as it was considered too early in the Company's development to be worthwhile.

The financial statements for the period ending 31 December 2013 were audited by KPMG Accountants N.V. The Supervisory Board discussed the financial statements with the Management Board in the presence of the external auditor. We recommend the adoption of the financial statements as presented in this report. In addition we request the Annual General Meeting of shareholders to discharge the members of the Board of Directors of their responsibility for the conduct of business in 2013 and the Supervisory Board for their supervision in 2013.

London, 11 April 2014

Supervisory Board:

Lars Windhorst

Jos van Rijswijk

Remi Grosjean

Edwin Eichler

Sequa Petroleum N.V.

Consolidated statements of financial position as at 31 December 2013

(before appropriation of result)

		USD'000
Non-current assets		
Intangible assets (Oil and gas exploration assets)	*9*	**3,638**
Property, plant and equipment	*10*	**5**
		3,643
Current assets		
Trade and other receivables	*11*	**315**
Prepayments		**32**
Cash and cash equivalents	*15*	**21,036**
		21,383
Total assets		**25,026**
Equity	*13*	
Called-up equity share capital		**27,534**
Share premium		**127**
Retained deficit		**(4,220)**
		23,441
Current liabilities		
Trade and other payables	*12*	**1,585**
Total equity and liabilities		**25,026**

The notes on 13 to 31 form part of these financial statements.

Consolidated statement of comprehensive income for the period 27 August 2013 up to and including 31 December 2013

	Note	USD'000	USD'000
Administrative expenses			
Other administrative expenses	*5*		**(3,960)**
Operating loss			**(3,960)**
Finance income	*7*	**172**	
Finance expense	*7*	**(432)**	
Net finance income			**(260)**
Loss before taxation			**(4,220)**
Taxation	*8*		–
Loss for the period attributable to equity shareholders			**(4,220)**
Other comprehensive income			
Foreign currency translation (loss)/gain			–
Total comprehensive income for the period attributable to equity shareholders			**(4,220)**

The notes on 13 to 31 form part of these financial statements.

Consolidated statement of changes in equity for the period 27 August 2013 up to and including 31 December 2013

	Share capital USD'000	Share premium USD'000	Retained deficit USD'000	Total USD'000
Incorporation as at 27 August 2013	**60**	**8**	**–**	**68**
Additional share capital issued	**27,474**	**119**	**–**	**27,593**
Loss for the period	**–**	**–**	**(4,220)**	**(4,220)**
Balance as at 31 December 2013	**27,534**	**127**	**(4,220)**	**23,441**

The notes on 13 to 31 form part of these financial statements.

Consolidated statement of cash flows for the period 27 August 2013 up to and including 31 December 2013

	USD'000	USD'000
Loss after taxation		**(4,220)**
Adjustments for:		
• Finance income	**(172)**	
• Finance expense	**6**	
• Exchange differences	**127**	
• Increase in trade and other receivables	**(347)**	
• Increase in trade and other payables	**1,101**	
		715
		(3,505)
Cash flows from operating activities		
Interest paid	**(1)**	
Tax paid	**–**	
Net cash (used) in operating activities		**(3,506)**
Cash flows from investing activities		
Purchase of property, plant and equipment	**–**	
Purchase of intangible non-current assets	**(3,155)**	
Payment of liabilities assumed upon contribution in kind of the assets and liabilities of Sequa Energy LLP (see note 13)	**(141)**	
Interest received	**172**	
Net cash used in investing activities		**(3,124)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**27,801**	
Funding loan interest paid	**(5)**	
Proceeds from borrowings	**492**	
Repayment of borrowings	**(492)**	
Net cash inflow from financing activities		**27,796**
Decrease/(increase) in cash and cash equivalents in the period		**21,166**
Increase in cash and cash equivalents in the period		
Cash and cash equivalents at start of the period		**–**
Effect of movements in exchange rates on cash held		**(130)**
Cash and cash equivalents as at 31 December		**21,036**

Notes to the consolidated financial statements for the period 27 August 2013 up to and including 31 December 2013

1 Reporting entity

Sequa Petroleum N.V. (the ‘Company’) is a company domiciled in The Netherlands, having its statutory seat in Amsterdam. The address of the Company’s registered office is 23 Savile Row, London, W1S 2ET, England. The consolidated financial statements of the Company as at and for the 4 months and 5 days ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the ‘Group’ and individually as ‘Group entities’) and the Group’s interest in associates and jointly controlled entities. The Group is involved in the business of oil and gas exploration, appraisal, development and production.

2 Basis of preparation

(a) Statement of compliance

These are the first financial statements produced by the Company and the Group.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations issued by the International Accounting Standards Board (IASB) adopted by the European Union. The adoption of all of the new and revised Standards and Interpretations issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to the operations and effective for annual reporting periods beginning on or after 1 January 2013 are reflected in these financial statements.

IFRS 10, 11 and 12 have an effective date of 1 January 2014 under EU endorsement with an early adoption option as of 1 January 2013 which the company did apply. These standards did not have a significant impact on the results of Sequa Petroleum N.V. or its subsidiaries.

The consolidated financial statements were authorised for issue by the Board of Directors on 11 April 2014.

With reference to the income statement of the Company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in US dollars (USD), which is the functional currency of the Company and its subsidiaries. All financial information presented in USD has been rounded to the nearest thousand, except where otherwise indicated.

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following note:

- Note 9 – classification of exploration and evaluation expenditure;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2013 are included in the following notes:

- Note 8 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 9 – recoverability of the exploration and evaluation expenditure; exploration and evaluation costs are capitalised as intangible assets and if the associated project is commercially viable it is reviewed for impairment. This requires judgemental assessments as to (a) the likely future commerciality of the asset, and (b) future revenues and costs relating to the project in order to determine the recoverable value of the asset.

(e) Going concern

These financial statements have been prepared on a going concern basis. The Company has significant financial commitments in 2014, but has sufficient cash and debt available to meet them. For more detail see Note 16, Financial Instruments (Borrowings) and Note 17, Financial Commitments.

(f) Business environment

The Company's operations are subject to country risk being the economic, political and social risks inherent in doing business in Kazakhstan. These risks include matters arising from the policies of the government, economic conditions, the imposition of, or changes to, taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights. In addition, the recent contraction in the capital and credit markets has further increased the level of economic uncertainty in the environment.

The accompanying financial statements reflect management's assessment of the impact of the Kazakh business environment on the operations and the financial position of the Company. The future business environment may differ from management's assessment. The impact of such differences on the operations and the financial position of the Company may be significant.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

Subsidiaries

Where the Company has the power, either directly or indirectly, to control the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial statements of subsidiaries are included in the Group's financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(b) Intangible assets (Oil and gas exploration assets)

The Company follows a successful efforts based accounting policy for oil and gas assets.

Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Statement of Comprehensive Income.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence by licence basis. Costs are held unamortised within exploration assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets is capitalised initially within intangible assets and subsequently allocated to drilling activities. Exploration drilling costs are initially capitalised on a well by well basis until the success or otherwise of the well has been established. The success or failure of each exploration effort is judged on a well by well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

All lease and licence acquisition costs, geological and geophysical costs and other direct costs of exploration, evaluation and development are capitalised as intangible assets or oil and gas development costs according to their nature.

Intangible assets comprise costs relating to the exploration and evaluation of licences which the members of the Management Board consider to be unevaluated until reserves are appraised as commercial, at which time they are transferred to oil and gas development costs following an impairment review and depreciated accordingly.

Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately considered not commercially viable, all related costs are written off to the Statement of Comprehensive Income.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons have been demonstrated are capitalised as oil and gas development costs on a field by field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any costs remaining associated with the replaced asset part are expensed.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the Statement of

Comprehensive Income. Net proceeds from any disposal of development/producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/ producing asset is recognised in the Statement of Comprehensive Income to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

Impairment

Exploration assets are reviewed regularly for indications of impairment and costs are written off where circumstances indicate that the carrying value might not be recoverable. In such circumstances the exploration asset is allocated to development/producing assets within the same geographic segment and tested for impairment. Any such impairment arising is recognised in the Statement of Comprehensive Income for the period. Where there are no development or producing assets within a geographic segment, the exploration costs are charged immediately to the Statement of Comprehensive Income.

Impairment reviews on development/producing oil and gas assets are carried out on each cash generating unit identified in accordance with IAS 36. The Company's cash generating units are those assets which generate largely independent cash flows and are normally, but not always, single development areas.

At each reporting date, where there are indications of impairment, the net book value of the cash generating unit is compared with the associated expected discounted future cash flows. If the net book value is higher, then the difference is written off to the Statement of Comprehensive Income as impairment.

Where there has been a charge for impairment in an earlier year that charge will be reversed in a later period where there has been a change in circumstances to the extent that the discounted cash flows are higher than the net book value at the time. In reversing impairment losses, the carrying amount of the asset will be increased to the lower of its original carrying value or the carrying value that would have been determined (net of depletion) had no impairment loss been recognised in prior periods.

(c) Other intangible assets

Intangible assets, other than exploration costs, have finite useful lives and are measured at cost less accumulated depreciation and any impairment and depreciated over their expected useful economic lives as follows:

	Annual rate %	**Depreciation method**
Website development	**33**	Straight line
Database	**33**	Straight line
Software	**33**	Straight line

(d) Property, plant and equipment

Tangible assets, other than development/producing assets, are measured at cost less accumulated depreciation and any impairment and depreciated over their expected useful economic lives as follows:

	Annual rate %	**Depreciation method**

Leasehold improvements	**20**	Straight line
Vehicles, fixtures and equipment	**20**	Straight line
Computer hardware and software	**33**	Straight line

(e) Inventory

Inventories are stated at the lower of cost and net realisable value.

(f) Financial instruments

The non-derivative financial instruments held by the Company at the balance sheet date comprise cash, trade and other payables and trade and other receivables.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Non-derivative financial assets and financial liabilities – recognition and derecognition

The Group initially recognises loans and receivables and debt securities issued on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments (see (f)(i)), are recognised in OCI and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(g) Equity

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

(h) Impairment

Non-derivative financial assets

Financial assets not classified as at fair value through profit or loss, including an interest in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security;

- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Group considers a decline of 20% to be significant and a period of nine months to be prolonged.

Financial assets measured at amortised cost

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

(i) Taxation

The tax expense represents the sum of current tax and deferred tax expense.

The current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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 base used in the computation of taxable profit and is accounted for using the liability method.

Provision is made in full 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 offset. Such assets and liabilities are recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply.

(j) Foreign currencies

The functional and presentation currency of the Company and its subsidiaries is the US dollar.

The Company translates foreign currency transactions into the functional currency at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rate of exchange prevailing at the reporting date. Exchange differences arising are taken to the Statement of Comprehensive Income. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(k) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(l) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

IFRS 9 Financial Instruments (2010), IFRS 9 Financial Instruments (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2018 with early adoption permitted subject to adoption by the EU. The adoption of IFRS 9 (2010) is expected to have an impact on the Group's financial assets, but not any impact on the Group's financial liabilities.

(m) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Management Board.

4 Segment analysis

As per 31 December 2013, the Group has one project, being the Aksai license. This is considered to be the only reportable segment. All corporate activities can be assigned therefore to this segment as well. Therefore no additional segment analysis is disclosed.

5 Expenses by nature

The operating loss is stated after charging/(crediting) the following:

	USD'000
Legal and other professional fees	**1,329**
Consulting costs	**887**
Staff costs	**1,559**
Other costs	**185**
	3,960

6 Personnel expenses

	USD'000
Wages and salaries	**1,341**
Living allowances	**46**
Social security costs	**172**
	1,559

7 Financial income and expenses

Finance income

	USD'000
On short-term bank deposits	**172**

Finance expenses

	USD'000
Interest on loans from shareholders	**(6)**
Other finance expenses	**(1)**
Foreign exchange result	**(425)**
	(432)

8 Taxation

Current taxation

The (credit)/charge for taxation in the period is as follows:

	USD'000
Current taxation	–

Deferred taxation

Due to the nature of the Company's exploration activities there is a long lead time in either developing or otherwise realising exploration assets. A deferred tax asset will only be created if there is reasonable certainty that profits will be earned in the foreseeable future.

As at the period-end, the Company had an unrecognised deferred tax asset stated at the corporate tax rate of 23% (UK corporate income tax rate applied, as the entire operating loss before tax is generated by the Company, being an UK tax resident) relating to losses:

	USD'000
Tax losses	**971**
Other temporary timing differences	–
	971

At the period-end, there were USD 4,220 thousands of gross tax losses carried forward to future periods. In the UK, there is no expiry date on these losses.

The benefits of tax losses not brought to account will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Reconciliation of effective tax rate

	USD'000
Result before tax	**4,220**
Income tax benefit calculated at 23% of the loss before taxation	**971**
Current period losses for which no deferred tax asset was recognised	**(971)**
Income tax expense	–

9 Intangible assets (Oil and gas exploration assets)

	Exploration assets USD'000	Prepayments USD'000	Total USD'000
Cost as at 27 August 2013	–	–	–
Additions	**638**	**3,000**	**3,638**
Cost as at 31 December 2013	**638**	**3,000**	**3,638**

The costs incurred in the period relate to the acquisition of a 75% interest in the Aksai licence in Kazakhstan and seismic work to identify a site for the first exploration well.

USD 3 million of the additions in the period relate to an advance on a loan of USD 90 million to Bolz LLP, the partner in the Aksai licence. As per 31 December 2013, it is management best estimate that the loan will be repaid out of initial hydrocarbon sales in revenue in the event of the project's success, which is an option under the loan agreement. Therefore, the Company has capitalised the advance on the loan as part of intangible oil & gas exploration assets.

A further USD 225 thousand of the additions relate to legal costs in respect of the acquisition of the license.

The remaining USD 413 thousand of the additions comprise an accrual for 2D seismic works over the licence area performed shortly before the year end. The results of this survey will help finalise the location of the well planned for 2014, and hopefully identify further prospects.

10 Property, plant and equipment

	USD'000
Cost as at 27 August 2013	–
Additions	**5**
Cost as at 31 December 2013	**5**

The costs relate to office equipment purchased in the period.

11 Trade and other receivables

	USD'000
Value added tax receivable	**306**
Other receivable	**9**
	315

The value added tax receivable concerns UK and Dutch value added tax receivables.

Information about the Group's exposure to credit and currency risks, and impairment losses for trade and other receivables, excluding construction work in progress, is included in note 16.

12 Current liabilities

	USD'000
Trade payables	**319**
Trade and other payables due to related parties	**384**
Social security and other payroll taxes payable	**176**
Accruals	**706**
	1,585

Information about the Group's exposure to currency and liquidity risk is included in note 16.

13 Equity

Share capital

Amounts subscribed for share capital are at nominal value.

Share premium account

The share premium account represents the amounts received by the Company on the issue of its shares in excess of the nominal value of the shares, net of issue costs incurred.

Retained deficit

Cumulative net gains and losses recognised in the Statement of Comprehensive Income net of amounts recognised directly in equity.

Authorised

	Number	EUR'000
Ordinary shares of EUR 0.10 each	**956,666,660**	**95,667**

Allotted, issued and fully paid in EUR

	Number	Share capital EUR'000	Share premium EUR'000
Incorporation at 27 August 2013	**450,000**	**45**	**6**
Additional issue of shares	**199,550,000**	**19,955**	**83**
As at end of the period	**200,000,000**	**20,000**	**89**

Allotted, issued and fully paid in USD

	Number	Share capital USD'000	Share premium USD'000
Incorporation at 27 August 2013	**450,000**	**60**	**8**
Additional issue of shares	**199,550,000**	**27,474**	**119**
As at end of the period	**200,000,000**	**27,534**	**127**

On incorporation of the Company on 27 August 2013, 450,000 shares were issued to the Company's three founding Directors: Jacob Broekhuijsen, Alistair Williams and Peter Haynes.

On 25 October 2013, the Company issued a further 22,883,332 shares to the founder Directors in respect of the contribution of the assets and liabilities of Sequa Energy LLP to the Company and 108 million shares were issued to Sapinda Holding B.V. and 60 million shares to Centrics Oil & Gas B.V.(being a Sapinda affiliate).

On 28 October 2013, the Company issued a total of 8,666,668 shares to James Luke and Jelte Bosma, who joined the Management Board on this date.

All the shares issued in the period, including those issued on foundation of the Company, were issued at a price of 11.4 euro cents (EUR 0.114c). This represented the par value of 10 euro cents (EUR 0.10c) and a premium of 1.4 euro cents (EUR 0.014c).

All the shares were issued for cash, apart from those issued in regard of the contribution of the assets and liabilities of Sequa Energy LLP. The assets and liabilities of Sequa Energy LLP consisted of the initial stages of the project currently worked on in Kazakhstan (the project) and a number of liabilities for the amount of USD 141 thousand (GBP 87 thousand).

At the time of contribution the project was valued at USD 3.6 million using generally accepted valuation methods but did not meet the recognition criteria under IFRS. As a result the amount of USD 3.6 million was deducted from share premium. The liabilities were recognized on the balance sheet and subsequently paid to the suppliers. Sequa Energy LLP was subsequently dissolved under UK corporate law.

14 Loss per share

Basic and diluted loss per share

Basic and diluted loss per share are the same as there are no potentially dilutive shares.

The calculation of basic and diluted loss per share at 31 December 2013 was based on the loss attributable to ordinary shareholders of USD 4,220 thousand and a weighted average number of ordinary shares outstanding of 106,216 thousand, calculated as follows.

Weighted-average number of ordinary shares (basic)

	x 1,000
Issued ordinary shares at 27 August	**450**
Effect of due to transfer assets and liabilities Sequa Energy LLP	**12,168**
Effect of shares issued in October 2013	**93,598**

Weighted average number of ordinary shares at 31 December	**106,216**

The loss per share, based on the weighted average number of ordinary shares amounts to 4.0 dollar cents (USD 0.04c).

15 Cash and cash equivalents

	USD'000
Cash at bank	**2,083**
Call deposits	**18,953**
	21,036

16 Financial instruments

Financial risk management

The Management Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis.

No formal policies have been put in place in order to hedge the Company's activities to the exposure to currency risk or interest risk, however if the Company acquires significant debt finance, or as the Company enters commercial production this may be considered. No derivatives or hedges were entered into during the period.

General objectives, policies and processes

The Management Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Management Board receives regular reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The Company is exposed through its operations to the following financial risks:

- liquidity risk;
- credit risk;
- market risk;

The overall objective of the Management Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them during the period unless otherwise stated in this note. Further details regarding these policies are set out below.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade and other receivables.
- Cash and cash equivalents.
- Trade and other payables.
- Loans and borrowings.

Liquidity risk

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain readily available cash balances to meet expected requirements for a period of at least 60 days. The Company currently has no long term borrowings, although a loan facility with a maximum drawdown of USD 134.5 million was agreed with Centrics Oil & Gas B.V. in November 2013 designed to fund the Group's activities over the next year.

Rolling cash forecasts identifying the liquidity requirements of the company are produced frequently. These are reviewed regularly by the Management and Supervisory Boards to ensure that sufficient financial headroom exists for at least a twelve month period.

Analysis of maturity of assets and liabilities as at 31 December 2013 is presented in the maturity section below:

Current financial liability

	Carrying amount USD'000	**Contractual cash flows USD'000**	**6 months or less USD'000**
Trade and other payables	**1,585**	**1,585**	**1,585**

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

Trade and other receivables

The Group's trade and other receivables are mainly composed of value added tax receivable on governments. The default risk on these receivables is considered remote.

At 31 December 2013, no trade and other receivables were due nor impaired.

Cash and cash equivalents

The Group held cash and cash equivalents of USD 21,036 thousand at 31 December 2013.

Guarantees

At 31 December 2013, the Group had issued no financial guarantees.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

During 2013, the Group did not use derivatives to manage market risks.

A sensitivity analysis on Market Risk factors is not expected to have a significant impact on comprehensive income or equity.

Foreign exchange risk

The functional currencies of Group companies are USD. The foreign currencies in other transactions are primarily denominated are GBP, EUR, and KZT.

The table below shows the extent to which the Company has monetary assets and (liabilities) in currencies other than the functional currency (USD). These exposures give rise to the net currency gains and losses recognised in the profit and loss account.

	USD'000
GPB	**1,725**
EUR	**1,687**
KZT	**(413)**
	2,999

Foreign exchange risk is inherent in the Company's activities and is accepted as such. No formal policies have been put in place in order to hedge the Company's activities to the exposure to currency risk. The Company holds GBP, EUR, KZT and USD in the correct proportions to meet forthcoming commitments. The Company considers this minimises any foreign exchange exposure.

The Company's cash balances are maintained in a number of currencies and this spread reduces further exposure to foreign exchange risk. The management regularly monitor the currency profile and obtains informal advice to ensure that the cash balances are held in currencies which minimise the impact on the results and position of the Company from foreign exchange movements.

Interest rate risk

The interest rate profile of the financial assets and liabilities of the Company as at 31 December 2013 is as follows (excluding short term assets and liabilities, non-interest bearing).

	Floating interest deposit on demand	Fixed interest deposit on demand	Total
	USD'000	USD'000	USD'000
Cash and cash equivalents			

Sequa Petroleum N.V.

EUR	**1,804**	–	**1,804**
GBP	**2,258**	–	**2,258**
USD	**16,974**	–	**16,974**
	21,036	–	**21,036**

A possible change of 100 basis points in interest rates at the reporting date is not expected to have a significant impact on comprehensive income or equity.

Capital

The objective of the Management Board is to maximise shareholder returns and minimise risks by keeping a reasonable balance between debt and equity.

In managing its capital, Management's primary objective is to ensure the Company's ability to provide a sufficient return for its equity shareholders, principally though capital growth. In order to achieve and seek to maximise this return objective the Group and Company will in the future seek to maintain a gearing ratio that balances risks and returns at an acceptable level while also maintaining a sufficient funding base to enable the Group and Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues, increases or reductions in debt, or altering a dividend or share buyback policies, the Group considers not only its short term position but also its medium and longer term operational and strategic objectives.

Maturity of financial assets and liabilities

	Within 1 year USD'000
Financial liabilities	
Trade and other payables	
	1,585
Financial assets - loans and receivables	
Cash and cash equivalents	**21,036**
Trade and other receivables	**315**
	21,351

Fair values of financial assets and liabilities

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial instruments:

	Book value USD'000	**Fair value USD'000**
Financial liabilities		
Trade and other payables	**1,585**	**1,585**
Financial assets - loans and receivables		
Cash and cash equivalents	**21,036**	**21,036**

Trade and other receivables	**315**	**315**
	21,351	**21,351**

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

All fair values of financial assets and liabilities are level 2.

Borrowing facilities

On 7 November 2013 the Company entered into a loan agreement with Centrics Oil & Gas B.V. to fund the Company's financial commitments in regard to the acquisition of the Aksai licence and to fund the resulting geological work program for 2014.

The facility was granted with a maximum drawdown of EUR 100 million, though this was amended on 23 January 2014 to USD 134.5 million in order to match the currency of anticipated outflows.

Repayment is scheduled for 31 December 2015, although the loan can be converted to equity at the agreement of both parties.

At the balance sheet date no drawdowns had been made against the facility.

Hedges

The Company did not hold any hedge instruments at the reporting date.

17 Financial commitments

Future capital expenditure

The Company has authorised and committed to capital expenditure in the current year as part of the exploration and development work programme for Aksai licence.

	USD'000
Authorised but not contracted	**34,725**
Contracted	**97,000**
	131,725

Sequa Petroleum N.V.

USD 10 million of the above contracted expenditure relates to the acquisition payment for a 75% share of the Aksai licence, a further USD 87 million relates to the payment of the remainder of the Bolz loan.

The non-contracted USD 34.7 million relates to drilling a well over the Aksai licence and other licence commitments. Until the completion of the drilling of this well the Company will pay 100% of project costs, carrying the 25% share of Bolz LLP.

If the partnership decides to drill another well on the block Bolz will pay 50% of costs until the total of partnership expenditures have reached their correct equity levels (75% Sequa, 25% Bolz), at which point the Company's cost share will change to and remain at 75%.

Future minimum lease payments

At 31 December, the future minimum lease payments under non-cancellable leases were as follows.

	USD'000
Less than 1 year	**64**
Between 1 and 5 years	–
More than 5 years	–
	64

The liability disclosed above relates to the minimum contractual monthly payments (until October 2014 when a break clause can be activated) on a lease on residential property maintained for the benefit of a member of the Management Board.

18 Related party transactions

We refer to note 11 of the Company financial statements.

19 Subsequent events

On 27 January 2014, the Company had made a payment of USD 57 million to Bolz LLP. This comprised the USD 10 million acquisition price of the 75% share of the asset, and USD 47 million of the USD 97 million outstanding on the Bolz LLP loan.

On 30 January 2014, all conditions precedent to the closing of the deal with Bolz LLP for acquisition of a 75% interest in the Aksai licence area were met.

During February 2014, the Kazakh Tenge (KZT) devalued by circa 20% following action by the Kazakh central bank. This will not have a material effect on the Company's performance going forward as the Company's major outgoings in the region (being drilling costs and wages and salaries) are tied to the US dollar.

On 25 March 2014, the Company agreed a term sheet with Bolz LLP for the acquisition of the remaining 25% of the Aksai licence. Final agreements will include a cash payment of US$3.3m and an arrangement for Bolz LLP to receive 7 million Sequa Petroleum NV shares in exchange for US$30m of future net production revenues.

Sequa Petroleum N.V.

Company statement of financial position as at 31 December 2013

(before appropriation of result)

		USD'000
Non-current assets		
Intangible assets (Oil and gas exploration assets)	*3*	**3,225**
Property, plant and equipment	*4*	**5**
Investments	*5*	**–**
		3,230
Current assets		
Trade and other receivables	*6*	**315**
Prepayments		**32**
Cash and cash equivalents		**21,036**
		21,383
Total assets		**24,613**
Shareholders' equity	*8*	
Called-up equity share capital		**27,534**
Share premium		**127**
Retained deficit		**(4,220)**
		23,441
Current liabilities		
Trade and other payables	*7*	**1,172**
Intercompany payables		**–**
		1,172
Total equity and liabilities		**24,613**

The notes on pages 34 to 3938 form part of these financial statements.

Company statement of comprehensive income for the period 27 August 2013 up to and including 31 December 2013

	USD'000
Share in results from participating interests, after taxation	–
Other result after taxation	**(4,220)**
Net result	**(4,220)**

The notes on pages 34 to 39 form part of these financial statements.

Notes to the company financial statements for the period 27 August 2013 up to and including 31 December 2013

1 General

The company financial statements form part of the 2013 financial statements of Sequa Petroleum N.V. (the 'Company').

With reference to the income statement of the company, use has been made of the exemption pursuant to Section 402 of Book 2 of the Netherlands Civil Code.

2 Principles for the measurement of assets and liabilities and the determination of the result

For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362 (8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. Participating interests, over which significant influence is exercised, are stated on the basis of the equity method. These consolidated EU-IFRS financial statements are prepared according to the standards laid down by the International Accounting Standards Board and endorsed by the European Union (hereinafter referred to as EU-IFRS). Please see pages 14 to 20 for a description of these principles.

Participating interests in group companies

Participating interests in group companies are accounted for in the company financial statements according to the equity method. Refer to the basis of consolidation accounting policy in the consolidated financial statements.

Result of participating interests

The share in the result of participating interests consists of the share of the Company in the result of these participating interests. In so far as gains or losses on transactions involving the transfer of assets and liabilities between the Company and its participating interests or between participating interests themselves can be considered unrealised, they have not been recognised.

3 Intangible assets (Oil & gas exploration assets)

	Exploration assets USD'000	**Prepayments USD'000**	**Total USD'000**
Cost as at 27 August 2013	–	–	–
Additions	**225**	**3,000**	**3,225**
Cost as at 31 December 2013	**225**	**3,000**	**3,225**

Sequa Petroleum N.V.

The costs incurred in the period relate to the acquisition of a 75% interest in the Aksai licence in Kazakhstan.

USD 3 million of the additions in the period relate to an advance on a loan of USD 90 million to Bolz LLP, the partner in the Aksai licence. As per 31 December 2013, it is the management's best estimate that the loan will be repaid out of initial hydrocarbon sales in revenue in the event of the project's success, which is an option under the loan agreement. Therefore, the Company has capitalised the advance on the loan as part of intangible oil & gas exploration assets.

A further USD 225 thousand of the additions relate to legal costs in respect of the acquisition.

4 Property, plant and equipment

	USD'000
Cost as at 27 August 2013	–
Additions	**5**
Cost as at 31 December 2013	**5**

The costs incurred relate to office equipment acquired in the period.

5 Investments

	USD'000
Shares in group companies	-

The Company is the holding company of the group and has the following financial interests:

- Sequa Petroleum Limited (Directly 100% owned, registered and operating in the United Kingdom).
- Sequa Petroleum (Kazakhstan) LLP (Indirectly 100% owned, registered and operating in Kazakhstan).

The share capital of Sequa Petroleum Limited is GBP 1, unpaid.

6 Trade and other receivables

	USD'000
Value added tax receivable	**306**
Other receivable	**9**
	315

7 Trade and other payables

	USD'000
Trade payables	**318**
Trade and other payables due to related parties	**384**
Social security and other payroll taxes payable	**176**
Accruals	**294**
	1,172

8 Shareholders' equity

	Share capital USD'000	Share premium USD'000	Retained deficit USD'000	Total USD'000
Incorporation as at 27 August 2013	**60**	**8**	**–**	**68**
Additional share capital issued	**27,474**	**119**	**–**	**27,593**
Loss for the period	**–**	**–**	**(4,220)**	**(4,220)**
Balance as at 31 December 2013	**27,534**	**127**	**(4,220)**	**23,441**

Share capital

Amounts subscribed for share capital at nominal value. At 31 December 2013, the authorised share capital comprised 956,666,660 ordinary shares. All shares have a par value of 10 euro cents (EUR 0.10c). As at 31 December 2013, 200,000,000 shares were issued and all issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium account

The Share premium account represents the amounts received by the Company on the issue of its shares in excess of the nominal value of the shares, net of issue costs incurred.

Retained deficit

Cumulative net gains and losses recognised in the Statement of Comprehensive Income net of amounts recognised directly in equity.

9 Financial instruments

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

In the notes to the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to the company financial statements of Sequa Petroleum N.V.

10 Fees of the auditor

With reference to Section 2:382a(1) and (2) of the Netherlands Civil Code, the following fees for the financial year have been charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated entities:

	USD'000
Statutory audit of annual accounts	**117**
Other assurance services	**64**
Tax advisory services	–
Other non-audit services	–
	181

11 Related parties

Parent and ultimate controlling party

During the year 2013, 168 million new shares in the Company were issued to Sapinda Holding B.V. and its affiliates. As a result, the new ultimate controlling party of the Group is Sapinda Holding B.V.

Related parties

The shareholders of the Company, being members of the Management Board, Sapinda Holding B.V. and Centrics Oil & Gas B.V. are related parties.

Transactions with the shareholders concern equity related transactions. Furthermore, an amount of USD 188 thousand was recharged by Sapinda Holding B.V. to the Company regarding advisory related services. Furthermore, Centrics Oil & Gas B.V. made a loan facility available to the Company as disclosed in the note on financial commitments in the consolidated financial statements.

For the disclosure on remuneration, see below. Amounts payable to related parties have been disclosed in the note on trade and other payables in the consolidated and company-only financial statements.

The terms and conditions of the transactions with key management personnel and other related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Transaction with key management personnel

Key management personnel compensation

Key management personnel compensation comprised:

	USD'000
Short-term employees benefits	**1,517**
Post-employment benefits	–
	1,517

Key management personnel and director transactions

Members of the Management Board control 16% of the voting shares of the Company.

12 Emoluments of Directors and Supervisory Directors

The emoluments as referred to in Section 2:383(1) of the Netherlands Civil Code, amounted to USD 1,516,850 for Managing Directors and former Managing Directors, and USD 15,689 for Supervisory Directors and former Supervisory Directors.

London, 11 April 2014

Members of the Management Board:	Members of the Supervisory Board:
Jacob Broekhuijsen	Lars Windhorst
Alistair Williams	Jos van Rijswijk
Peter Haynes	Remi Grosjean
Jim Luke	Edwin Eichler
Jelte Bosma	

Other information

Provisions in the Articles of Association governing the appropriation of profit

Under article 25 of the Company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate said profit either wholly or partly to the formation of – or addition to – one or more general or special reserve funds.

The Company can only make payments to the shareholders and other parties entitled to the distributable profit insofar as the shareholders' equity exceeds the paid-up and called-up part of the capital plus the statutory reserves and exceeds the amounts resulting from the distribution test, performed by management at the date of each dividend payment.

Subsequent events

On 27 January 2014, the Company had made a payment of USD 57 million to Bolz LLP. This comprised the USD 10 million acquisition price of the 75% share of the asset, and USD 47 million of the USD 97 million outstanding on the Bolz LLP loan.

On 30 January 2014, all conditions precedent to the closing of the deal with Bolz LLP for acquisition of a 75% interest in the Aksai licence area were met.

During February 2014, the Kazakh Tenge (KZT) devalued by circa 20% following action by the Kazakh central bank. This will not have a material effect on the Company's performance going forward as the Company's major outgoings in the region (being drilling costs and wages and salaries) are tied to the US dollar.

On 25 March 2014, the Company agreed a term sheet with Bolz LLP for the acquisition of the remaining 25% of the Aksai licence. Final agreements will include a cash payment of US$3.3m and an arrangement for Bolz LLP to receive 7 million Sequa Petroleum NV shares in exchange for US$30m of future net production revenues.

Subsidiaries

The Company has subsidiaries in the United Kingdom and the Republic of Kazakhstan.

Independent auditor's report

The independent auditor's report is set forth on the following pages.

Independent auditor's report

To: the General Meeting of Shareholders of Sequa Petroleum N.V.

Report on the financial statements

We have audited the accompanying financial statements for the period 27 August 2013 up to and including 31 December 2013 of Sequa Petroleum N.V., Amsterdam. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the period then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company profit and loss account for the period then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

The Management Board's responsibility

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, The Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The Management Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Sequa Petroleum N.V. as at 31 December 2013 and of its result and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Sequa Petroleum N.V. as at 31 December 2013 and of its result for the period then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 11 April 2014

KPMG Accountants N.V.

R. Rog RA