ANNUAL REPORT AND ACCOUNTS

SOCO plc INTERNATIONAL

2015

WE ARE AN OIL AND GAS EXPLORATION AND PRODUCTION COMPANY

SOCO is an international oil and gas exploration and production company, headquartered in London and traded on the London Stock Exchange. The Company has interests in Vietnam, the Republic of Congo and Angola. It employs a strategy for building shareholder value through a portfolio of oil and gas assets by focusing on Recognising Opportunity, Capturing Potential and Realising Value.

2015 HIGHLIGHTS

$214.8
REVENUE
MILLION

$103.6
CASH AND CASH EQUIVALENTS
MILLION, AS AT 31 DECEMBER 2015

11,976
PRODUCTION
BOEPD, NET WORKING INTEREST

IN THIS REPORT

ABOUT THE STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2015 for the Group which comprises pages 1 to 33 and includes:

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This Strategic Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to SOCO International plc and its subsidiaries when viewed as a whole. The Directors, in preparing the Strategic Report, have complied with s414C of the Companies Act 2006.

SOCO AT A GLANCE

The Company has field development and production interests in Vietnam and exploration and appraisal interests in the Republic of Congo (Brazzaville), and Angola.

VIETNAM

BLOCK 16-1

SOCO interest

Project details

LOCATION
Cuu Long Basin,
offshore Vietnam

OPERATIONAL PHASE
Field development/
production

OPERATOR
Hoang Long Joint
Operating Company

Project partners

41% PetroVietnam

28.5% PTTEP

BLOCK 9-2

SOCO interest

Project details

LOCATION
Cuu Long Basin,
offshore Vietnam

OPERATIONAL PHASE
Field development/
production

OPERATOR
Hoan Vu Joint
Operating Company

Project partners

50% PetroVietnam

25% PTTEP

BLOCK 125/126

New venture

A Memorandum of Understanding between SOCO, PetroVietnam and SOVICO was signed in July 2015

Project details

LOCATION
Phu Khanh Basin,
offshore Vietnam

OPERATIONAL PHASE
Pre-licence evaluation

Project partners

SOVICO

LONDON

CORPORATE HEADQUARTERS

FUNCTIONS
- Strategic direction
- Operational support
- Financial management
- Public and investor relations

REPUBLIC OF CONGO (BRAZZAVILLE)

MARINE XI BLOCK

SOCO interest

40.39%
SOCO EPC

Project details

LOCATION
Congo Basin, offshore Congo (Brazzaville)

OPERATIONAL PHASE
Exploration/appraisal

OPERATOR
SOCO EPC

Project partners

23% WNR
15% SNPC
13.11% AOGC
8.5% PetroVietnam

MER PROFONDE SUD

SOCO interest

60%
SOCO Congo BEX

Project details

LOCATION
Congo Basin, offshore, Congo (Brazzaville)

OPERATIONAL PHASE
Block evaluation/exploration

OPERATOR
SOCO Congo BEX

Project partners

25% PARC
15% SNPC

ANGOLA

CABINDA NORTH BLOCK

SOCO interest

17%
SOCO Cabinda

Project details

LOCATION
Congo Basin, onshore Cabinda, Angola

OPERATIONAL PHASE
Exploration/appraisal

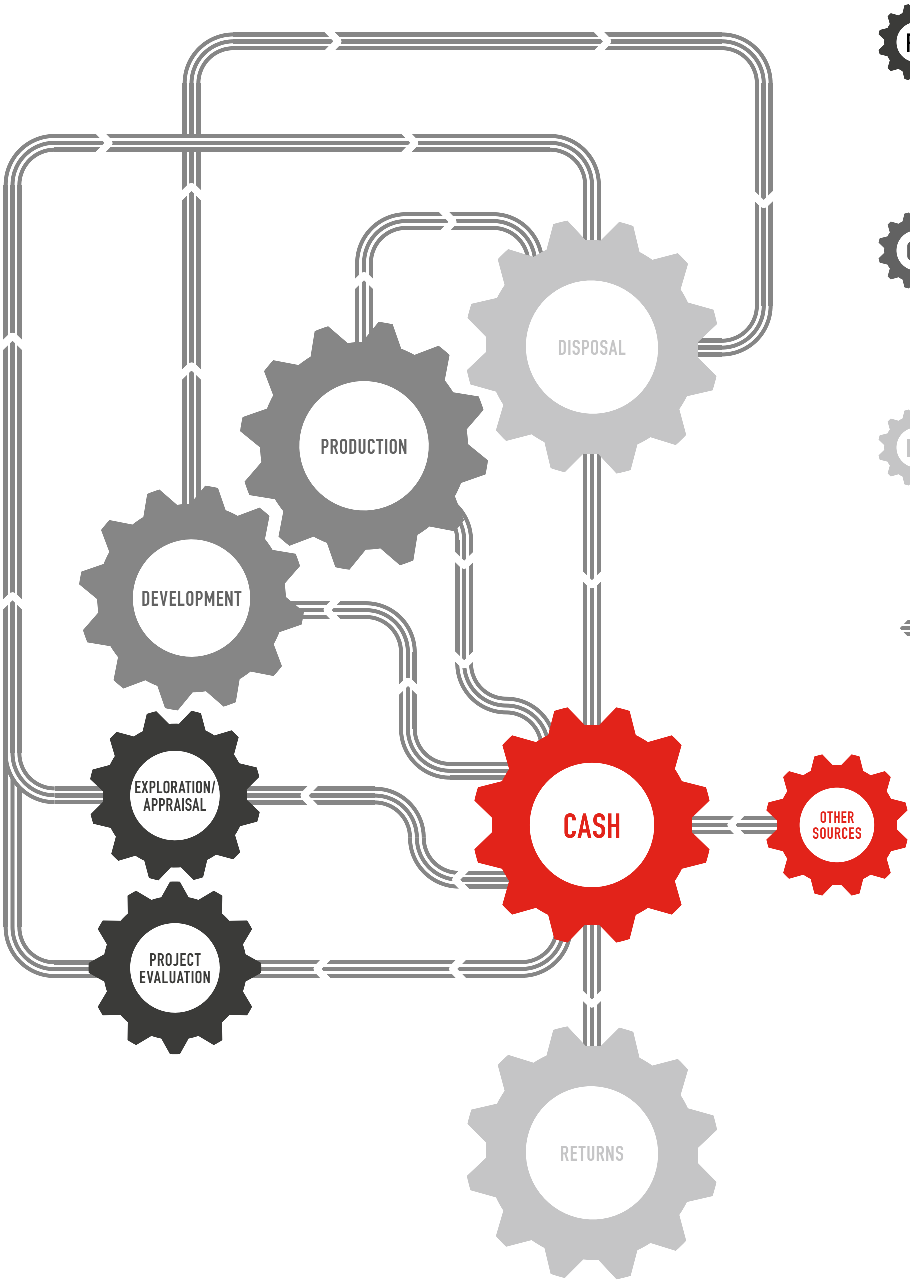
OPERATOR
Sonangol P&P

Project partners

30% Sonangol P&P
38% ENI
15% Angola Consulting Resources

OUR CORE STRATEGIC OBJECTIVES

SOCO employs a strategy of building shareholder value through a portfolio of oil and gas assets by focusing on Recognising Opportunity, Capturing Potential and Realising Value.



RO **RECOGNISING OPPORTUNITY**

By cultivating relationships and having early access into regions, projects or situations where there is potential to create significant upside through the Company's participation.

CP **CAPTURING POTENTIAL**

By adding the Company's managerial, technical and commercial expertise to progress activities through the formative stages or through periods of difficulty.

RV **REALISING VALUE**

By locking in returns, regardless of the phase of the project life cycle, once the Company's capability to add value begins to diminish.

CASH FLOW

KEY PERFORMANCE INDICATORS

SOCO measures the Key Performance Indicators ("KPIs") it believes are useful in assessing the Group's performance against strategic priorities, HSES polices, and business plans. These metrics are kept under periodic review and are regularly tested for relevance against strategy and policy. SOCO tracks both financial and non-financial metrics to facilitate better management of long term performance and the delivery of sustainable responsible business plans. All of the KPIs and their definitions are shown in the table on page 86.

CASH, CASH EQUIVALENTS AND LIQUID INVESTMENTS

RO CP RV

$103.6m

as at 31 December 2015

DISTRIBUTIONS TO SHAREHOLDERS

RO CP RV

10.0p

per share paid during 2015

CAPITAL EXPENDITURE

RO CP RV

$87.5m

for the year to 31 December 2015

PRODUCTION

RO CP RV

11,976

BOEPD, net to working interest

CASH OPERATING COST

RO CP RV

$10.06

per barrel

LOST TIME INJURY FREQUENCY

RO CP RV

0.4

per million man hours for operated and joint operated projects

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

RUI DE SOUSA
CHAIRMAN

ED STORY
PRESIDENT AND CHIEF EXECUTIVE OFFICER

DEAR SHAREHOLDERS

Although 2015 was a continuation of the tough industry environment which began the previous year, when assessed on the basis of those things over which the Company could exercise some element of control, SOCO performed well and emerged in excellent shape.

We allocated capital to those projects that positively impacted the bottom line. We cut costs by renegotiating reductions in vendor contracts and services. We closed offices and deferred any cash bonuses to executives. We deferred projects to take advantage of an improving cost environment. All this and we still returned $51.1m to shareholders whilst maintaining a strong balance sheet with a year-end cash balance of $103.6m and no debt.

The Company is staffed and managed by people who have extensive experience in this industry and we are accustomed to having to deal with its cyclical nature. Thus, whilst we are impacted by the downturn and it affects our decision making, the business remains resilient, well positioned and robust, with a strong balance sheet and a cash break even oil price in the low $20 per barrel range.

With our significant financial flexibility, fully funded capital programme and strict cost discipline, we can continue our strategy of focusing on delivering to shareholders both value – through cash returns – and growth, be it organic or inorganic. The short term priority is to shape the business, which is already resilient in a downside scenario of persistent low oil prices, and to ensure that we are positioned for delivering sustainable growth as the oil price recovers.

2015 PERFORMANCE

Against the poor industry back drop, 2015 was another solid year for SOCO. We sustained our policy of returning cash to shareholders by declaring a final dividend for 2014 and paying out $51.1m to shareholders. We brought the H5 development into production ahead of schedule and below budget, and maintained our exemplary health and safety record.

Group production of 11,976 barrels of oil equivalent per day ("BOEPD") was at the top end of our guidance range, down from 13,605 BOEPD in 2014. The year-on-year drop was mainly attributable to a slowing of investment on the TGT Field thus allowing the higher water cut producing wells to force us into capacity limits on the shared FPSO.

Directly correlating with the approximately 50% decline in oil prices (from $103 per barrel in 2014 to $54 per barrel) and lower production, revenue dropped from $448.2m in 2014 to $214.8m. The Group posted a loss of $33.8m (2014: $14.0m profit) in the period after taking account of exploration expenses. The 2015 exploration expenses were primarily associated with the costs to complete the Mer Profonde Sud licence commitments of $36.4m (2014: $79.5m). There has been no impairment of our producing assets in the period (2014: $60.5m).

> "THE BUSINESS REMAINS RESILIENT, WELL POSITIONED AND ROBUST"

Net cash generated from operations, again reflecting lower sales and declining oil prices, fell to $80.3m in 2015, down from $251.2m in 2014. Capital expenditure essentially halved, dropping from $162.5m in 2014 to $87.5m as we slowed spending not directly tied to adding value to the bottom line and postponed non-essential spending.

SOCO made its first dividend distribution in 2015 of $51.1m shelving returns via B/C share schemes which are no longer available, which paid out $119.2m to shareholders in 2014. SOCO has returned $383.6m to shareholders over the past three years putting it into a class of its own amongst our peer independent E&P companies.

VIETNAM

Te Giac Trang ("TGT") Field
(30.5% working interest; operated by Hoang Long Joint Operating Company ("HLJOC"))

TGT Field production for 2015 averaged 34,032 BOEPD gross and 10,227 BOEPD net to SOCO's working interest.

The H5 development was successfully brought on stream on 10 August 2015, more than one month ahead of schedule, under budget and with a total of 2.4 million man hours without a lost time incident.

The updated Reserve Assessment Report has been completed by HLJOC and approved by PetroVietnam. The formal presentation to the relevant Vietnamese authorities has been made and final approval is expected in Q2 2016. Following receipt of the approval, the revised Full Field Development Plan ("FFDP") is expected to be submitted for approval in Q2 2016. The scope of the development programme in the FFDP is expected to include additional wells and facilities options to increase water handling capacity.

The capital expenditure budget for Vietnam is approx. $18m, which includes long lead items for four wells for the ongoing TGT Field development, the cost attributed to completing drilling activities on TGT-14X appraisal well and new venture costs associated with Blocks 125/126. For 2016, no firm production target has been agreed between the HLJOC partners pending agreement on the scope of the FFDP, as well as receipt of optimised 2016 production scenarios from the HLJOC utilising full reservoir potential from existing wells. The 2016 contingent capital budget covers the drilling costs for the wells, as well as costs associated with water handling facilities upgrade following FFDP approval.

The TGT Field has attractive economics and cost recovery terms, low operating costs and a benign operating and geopolitical backdrop. Moreover, the field economics also mean that the cash flow profile and returns are significantly geared to the oil price.

Proven and probable reserves for the TGT Field were broadly flat year-on-year reflecting the lack of further investment in the field, whilst the new H5 production partially offset the higher water cut coming from the older producing platforms. After adjustments for production during the year (3.7MMboe) and a modest downward revision (2.2MMboe), 2P commercial reserves for the TGT Field were 30.6MMboe as at 31 December 2015.

Ca Ngu Vang ("CNV") Field
(25% working interest; operated by Hoan Vu Joint Operating Company ("HVJOC"))

CNV Field production for 2015 averaged 6,997 BOEPD gross and 1,749 BOEPD net to the Company's working interest.

The HVJOC is evaluating the impact of the reservoir pressure drop from reduced water injection on the long term performance and recovery of the field, as well as looking into potential ways of maintaining production performance and improving recovery from the field. The initiatives for the latter include conversion of the CNV-6P-ST1 injection well to a producer and modification of processing facilities on the Bach Ho platform to lower

"THE TGT FIELD HAS ATTRACTIVE ECONOMICS AND COST RECOVERY TERMS"

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT CONTINUED

minimum tubing head pressure. Discussions with the owner of the Bach Ho processing facilities are under way.

Year-end proven and probable reserves for the CNV Field were increased after an over 80% upward revision (3.0MMboe) and production of 0.6MMboe, ending the year at 6.7MMboe.

Vietnam New Ventures
On 29 July 2015, SOCO signed a Memorandum of Understanding with PetroVietnam and SOVICO Holdings regarding obtaining petroleum contracts on Blocks 125/126, offshore central Vietnam. Work is ongoing towards formalisation of a Production Sharing Agreement.

AFRICA EXPLORATION

Marine XI
(Operated, 40.39% working interest)

Following the successful Lidongo X Marine 101 exploration well drilled in 2014 on the Marine XI Block offshore Congo (Brazzaville), the focus turned to two things; discussion with authorities regarding commercialisation options for the Lidongo discovery area, along with potentially other prior discoveries on the Block, and reprocessing of our 3D seismic previously acquired over Marine XI. Options for commercialisation alternatives were limited as block expiry was scheduled for March 2016; however, the Congolese authorities agreed in early 2016 to a 12 month licence extension.

With the Lidongo well suggesting a possible extension into our Block of the Litchendjili Field on the Marine XII Block, which began production in 2015, we entered into an agreement with the interest holders of Block XII to explore options for a potential joint development or unitisation. Although a data exchange has taken place, substantive discussions have not yet begun.

The Marine XI partners have prepared a Production Licence Application, which has been submitted to the Congolese authorities. Meanwhile interpretation of the reprocessed seismic is ongoing.

Mer Profonde Sud
(Operated, 60% working interest)

The Mer Profonde Sud Block is located in the Lower Congo Basin, offshore Congo (Brazzaville). SOCO farmed into the Block in November 2013 with a 60% working interest (100% carried interest for one well) and assumed operatorship. Regulatory approval was granted in the first quarter of 2014.

The Block was in its third and final period of the exploration licence with a mid-2016 expiry. The licence carried an obligation to drill an exploration well.

In February 2016, the well was drilled on the RR Prospect to a measured depth of 3,275 metres and intersected the stacked early Miocene channel complexes that were targeted. Although good quality sands were present, no hydrocarbons were encountered, suggesting lack of communication with the known oil source. The well was plugged and abandoned and the drilling programme was executed under budget.

Cabinda North
(Non-operated, 17% working interest)

Discussions are ongoing among the partners and with the authorities to agree the new partnership, operator and activities during the licence extension period to April 2018.

CORPORATE

Non-Executive Directors
Corporate governance remains a priority and the Company has initiated a further programme of Board refreshment with two long serving Non-Executive Directors, John Norton and Robert Cathery, not seeking reappointment at the upcoming AGM. We thank both for their many years of excellent service to the Company, throughout which they continued to discharge their duties with the rigour and objectivity expected of fully independent Non-Executive Directors.

> SOCO HAS A STRONG BALANCE SHEET WITH OVER $100M OF CASH AND NO DEBT

We appreciate their valuable contribution during the induction and assimilation of our most recent appointments. Accordingly, we believe that the continuing Directors will comprise an appropriately balanced Board with the experience and attributes critical to the success of the Company.

We will continue to review the balance and effectiveness of the Board with a view to adding independent non-executives commensurate with our size and need.

Dividend
The Company has a strong track record of managing its asset and capital base effectively which has enabled it to return approximately $438m to shareholders over the last seven years via dividends, capital returns and share buybacks. This prudent and rigorous approach to capital allocation has served the Company well even in the face of the recent, very significant decline in the oil price. Indeed, even at current oil prices, SOCO continues to generate solid cash flow, has a strong balance sheet with over $100m of cash and no debt.

The Board of SOCO has a very clearly defined approach to capital which is to:

- Retain a strong balance sheet under all oil price scenarios;
- Pay a sustainable dividend to shareholders;
- Invest organically and inorganically in attractive risk / return profile projects; and
- Periodically assess, in light of the prevailing environment, uses for excess capital and consider additional capital returns.

In light of this capital allocation philosophy and to emphasise our intent for the sustainability of creating value for our shareholders, the Board has proposed a final dividend for the year ended 31 December 2015 of 2 pence per share which will be recommended for shareholder approval at the Annual General Meeting to be held in June of this year. Further, given an oil price at or above current levels and no major adverse surprises in our budget for the year, we anticipate that the Board will at mid-year results propose a special payout to be distributed in the second half of the year.

OUTLOOK

We remain committed to evaluating alternatives to optimise our exposure to upside without jeopardising our focus on sustainable cash flow generation. We expect to secure synergistic, longer term opportunities that offer exploration drilling optionality in a more robust environment without putting our dividend policy in jeopardy. We are refocusing our business in South East Asia as past merger and acquisition activity has substantially reduced the number of competitors in the region. We understand the region, particularly Vietnam, and have had considerable success there in the past, which we aim to repeat in the future.

In January 2016 and prior to firm agreement on the TGT FFDP, we set our production guidance range for 2016 to 10-11,500 BOEPD. The lower end reflects limited reservoir management and natural field decline. The upper end reflects the additional optimised reservoir management with production from potential newly drilled wells. However, if non-essential capital outlay does not contribute directly to the bottom line, we do not expect to go forward with the expenditure at this time.

Thus continuing from last year, our operational focus for 2016 will be on working with the TGT partners to submit the updated TGT FFDP in Q2 2016. Otherwise, it will be a year of prudent cost management whilst taking proactive measures to ramp the TGT development programme back up when conditions are more conducive and positioning ourselves for future growth.

At budgeted oil prices for 2016 and based on ongoing correspondence with the counter party, we project that the deferred payment of $52.7m associated with the 2005 sale of our Mongolian interests to be fully received in the next 12 months.

Current market conditions notwithstanding, our strategy of targeting sustainable cash returns to shareholders remains.

With our consistent long term approach to appropriate resourcing and diligent spending, we believe that we are well placed to take advantage in this difficult and sustained economic climate, unlike many of our peers who are focusing on survival or care and maintenance. We hope to seize real opportunities as they arise and continue our focus on creating value for our shareholders.

RUI DE SOUSA
CHAIRMAN

ED STORY
PRESIDENT AND CHIEF EXECUTIVE OFFICER

> **OUR STRATEGY OF TARGETING SUSTAINABLE CASH RETURNS TO SHAREHOLDERS REMAINS**

REVIEW OF OPERATIONS

ANTONY MARIS
CHIEF OPERATING OFFICER

Operations during 2015 focussed on the Te Giac Trang ("TGT") Field development programme, offshore Vietnam. Development drilling on the H5 Fault Block of TGT, following a discovery well in 2014, was successfully completed leading to first oil from H5 in August 2015, ahead of schedule and below budget. On the H4 Fault Block, field development progressed with the addition of three producing wells. The TGT Field, which was discovered in 2005 and achieved first oil in 2011, is now producing from three platforms with 26 producing wells and one injector well.

In Africa, operations were focused on completing the analysis of data from the successful exploration well drilled on the Marine XI Block in 2014 and, particularly during the second half of the year, on the preparation for the Company's first operated deep water well on the Mer Profonde Sud Block, both offshore Congo (Brazzaville).

Group production for 2015 averaged 11,976 BOEPD (2014: 13,605 BOEPD) with all production coming from the Company's interests in Vietnam.

VIETNAM

In Vietnam, SOCO's Block 16-1 and Block 9-2, which comprise the TGT and Ca Ngu Vang ("CNV") Fields, respectively, are located in shallow water in the oil rich Cuu Long Basin, near the Bach Ho Field, the largest field in the region which has produced more than one billion barrels. The Blocks are operated through non-profit joint operating companies in which each partner holds an interest equivalent to its share in the respective Petroleum Contract.

SOCO holds a 30.5% working interest in Block 16-1 and a 25% working interest in Block 9-2 through its wholly owned subsidiaries, SOCO Vietnam Ltd and OPECO Vietnam Limited. SOCO's partners in both Blocks are PetroVietnam, the national oil company of Vietnam, and PTTEP, the national oil company of Thailand.

PRODUCTION

During 2015, production net to SOCO's working interest was 10,227 BOEPD (2014: 11,538 BOEPD) from TGT and 1,749 BOEPD (2014: 2,067 BOEPD) from CNV. The average realised crude oil price for 2015 was approximately $54 per barrel, a premium of $2 per barrel to Brent.

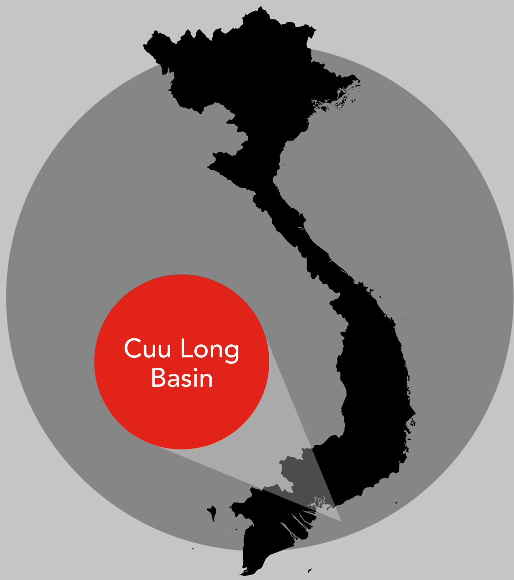
OIL AND GAS PRODUCTION BY FIELD

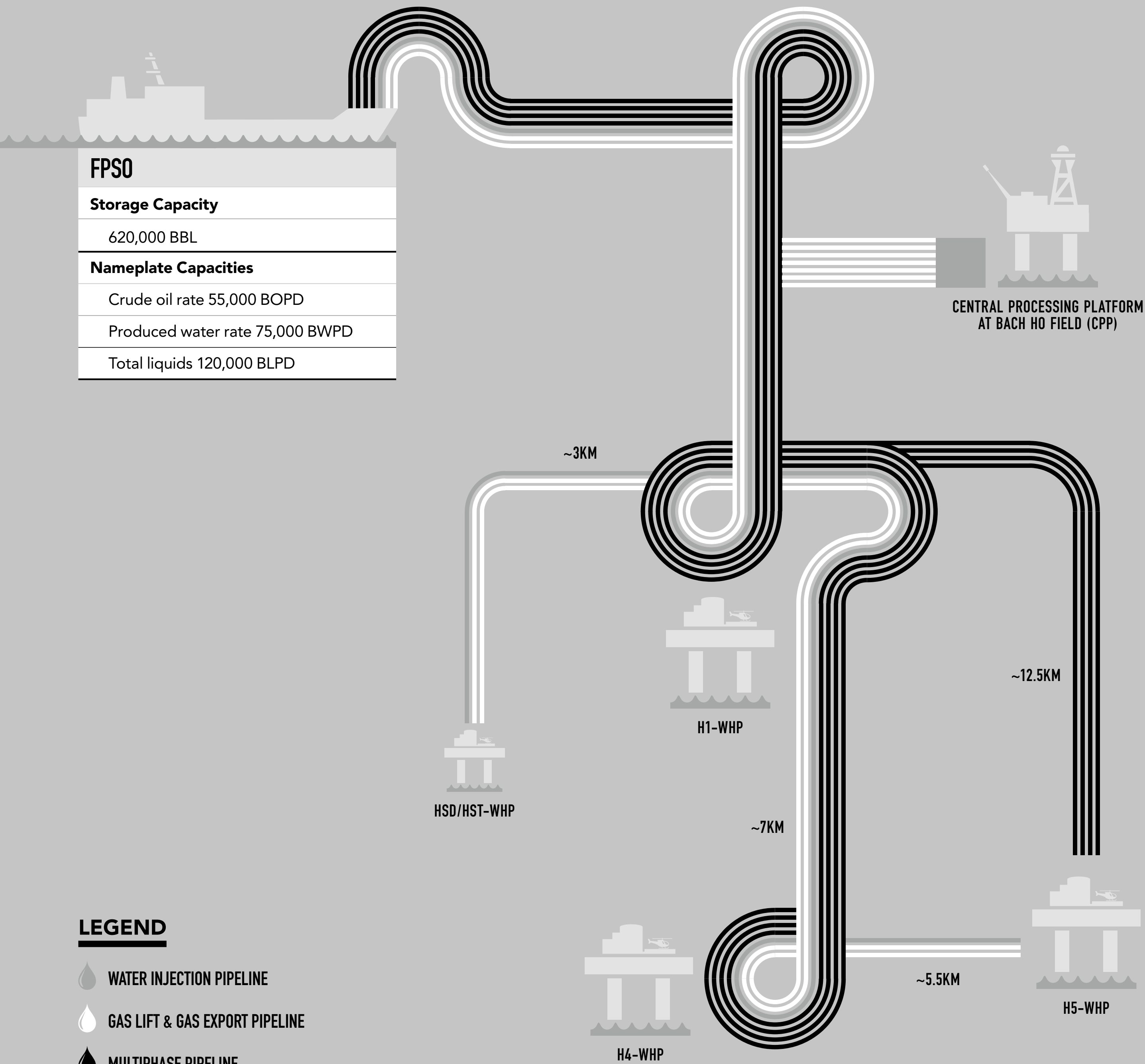
FIGURES IN BOEPD	FY 2015	FY 2014
TGT Production	**10,227**	11,538
Oil	**9,397**	10,464
Gas[1]	**830**	1,074
CNV Production	**1,749**	2,067
Oil	**1,204**	1,423
Gas[1]	**545**	644
Total Production	**11,976**	13,605
Oil	**10,601**	11,887
Gas[1]	**1,375**	1,718

1 Assumes oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.

TGT FACILITIES OVERVIEW

The TGT Field, which was discovered in 2005 and achieved first oil in 2011, is now producing from three platforms with 26 producing wells and one injector well.





FPSO
Storage Capacity
620,000 BBL
Nameplate Capacities
Crude oil rate 55,000 BOPD
Produced water rate 75,000 BWPD
Total liquids 120,000 BLPD

LEGEND

- WATER INJECTION PIPELINE
- GAS LIFT & GAS EXPORT PIPELINE
- MULTIPHASE PIPELINE

BLOCK 16-1
Field development/
production

BLOCK 9-2
Field development/
production

VINCENT DUIGNAN
GROUP EXPLORATION MANAGER AND GENERAL MANAGER - SOUTH EAST ASIA

> THE TGT FIELD HAS BEEN A REWARDING INVESTMENT FOR SOCO

BLOCK 16-1 – TGT FIELD

(30.5% working interest; operated by Hoang Long Joint Operating Company ("HLJOC"))

The TGT Field is located in the north eastern part of Block 16-1 offshore Vietnam and is operated by HLJOC. SOCO's interest in the Block was awarded in December 1999 and the first commercial discovery was made in 2005.

TGT is a simple structure, with complex production intervals, extending over approximately 20 km and with hydrocarbons located in at least five major fault blocks. The producing reservoir comprises a complex series of over 50 clastic reservoir intervals of Miocene and Oligocene age. Each reservoir interval requires individual reservoir management to optimise field recovery.

The TGT Field has been a rewarding investment for SOCO with its attractive economics and cost recovery terms, along with low operating costs, and a benign operating and geopolitical backdrop.

The first platform, H1-WHP, came on stream in August 2011, followed by the H4-WHP in July 2012. Crude oil from TGT is transported via subsea pipeline to a floating, production, storage and offloading vessel ("FPSO") where it is processed, stored and exported by tankers to regional oil refineries. Gas produced from the Field is transported by pipeline to the nearby Bach Ho facilities for processing and onward transportation to shore by pipeline to supply the Vietnamese domestic market.

TGT H5 Development

The third TGT platform, H5-WHP, was successfully brought onstream on 10 August 2015, more than one month ahead of schedule. The project was completed under budget and with a total of 2.4 million man-hours without a lost time incident.

The H5 Field Development Plan, comprising a six well drilling programme, had been approved in September 2014, at the same time as the H5-WHP jacket and drilling deck installation, which allowed drilling to commence from mid-September 2014 with the TGT-22P well.

The second and third wells, TGT-23P and TGT-24P, were completed in early January 2015, followed by the TGT-12X well, which appraised the previously undrilled H5N fault block. The fifth development well, TGT-25P, also appraised the deeper Oligocene section. The wells were then all completed and suspended ahead of the final hook up and completion of the development programme. Due to insufficient rig time, the H5S fault block appraisal well, TGT-14X, was deferred into the next drilling campaign.

H5 currently has production from all five wells drilled from the platform, the TGT-22P, TGT-23P, TGT-24P and TGT-25P producers and the TGT-12X-ST1 appraisal well. Two of the producer wells and the TGT-12X-ST1 well have been perforated in the lower Miocene reservoirs, and two in the Oligocene reservoir. Current H5 gross production is approximately 8,000 BOPD, which is lower than the 11-12,000 BOPD originally targeted. The Miocene wells are producing as expected, but the Oligocene wells are underperforming due to lower reservoir permeability than predicted. Work is ongoing to identify actions to optimise H5 performance from existing wells.

Analysis of well drilling results has indicated that the upper part of the Miocene reservoir is oil bearing, rather than gas bearing as originally believed. The H5 wells have not yet been perforated in this interval and there is significant additional H5 production potential in currently unperforated intervals. The scope of additional perforations is expected to be defined in the revised development plan discussed below.

TGT H4 In-field Development
In addition to the TGT H5 development wells, three in-field development wells, TGT-20P-ST1, TGT-21P and TGT-26P, were drilled during the year from the H4 platform.

The TGT-20P-ST1 well, an H4 in-fill producer, encountered completion problems in the targeted Oligocene section and was completed in the Miocene section instead. The subsequent TGT-26P well was therefore modified and deepened to encounter the Oligocene and replace the TGT-20P-ST1 as an Oligocene producer. The TGT-21P was drilled as an H3N in-fill producer. These wells have been completed and are producing as expected.

TGT Performance Evaluation and Prediction
Following the original building of the Geological Model and the Dynamic Simulation Model in 2014, SOCO retained ERC Equipoise to update both the Geological Model and the Dynamic Simulation Model of the TGT Field with the new wells from 2015 and the additional production history. This work involved a reworking of all the fundamental input geoscience data and encompassed almost a year's work of a multi-disciplinary team. This activity highlights the significant complexity and technical uncertainty of the field. In essence, the reworking added some degree of complexity to the previous model.

The reworked Dynamic Model has been history matched against the field production data to date and then a series of forecasts run to evaluate the ultimate oil volume recoverable given various levels of development drilling and pressure maintenance under various FPSO and alternative liquid handling options.

This work demonstrates a significant range of potential development scenarios depending on the level of development drilling, infrastructure optimisation and upgrade, as well as reservoir performance management to optimise field recovery. The output from the model has been reviewed by the reserve auditor and is being used to focus on the development programme choices required for the revised Full Field Development Plan ("FFDP").

TGT Reserve Assessment Report ("RAR")
The updated RAR was completed during the year and was approved by PetroVietnam. Formal presentation to the relevant Vietnamese authorities has been done and final approval from the Vietnamese Government is expected in Q2 2016.

Forward Plans
An FFDP for TGT has been updated during the year and is expected to be completed for submission by the HLJOC partners to the relevant Vietnamese authorities in Q2 2016. The updated FFDP will incorporate the development plans for the TGT Field beyond 2016 and is expected to include additional wells and facilities options to increase liquid handling capacity. However, the scope of the development programme in the updated FFDP will largely depend on the oil price outlook at the time and HLJOC partners' alignment on a development path and appetite to commit capital.

Evaluation of all options remains ongoing. This includes evaluating how production from TGT could be increased from the existing well stock by perforating additional horizons, optimising reservoir management by shutting off higher water-cut wells, as well as the consideration of infill well locations. At the same time, evaluation of small investment, late field life acceleration projects are also being considered.

Given the current climate, all the equipment and service contracts are under review to seek reduced operating and capital costs. We have also identified contracts where alternative commercial structures, which may be of benefit to both parties, could be negotiated in order to enhance the value of the Field.

For 2016, no firm production target has been agreed between the HLJOC partners pending agreement on the scope of the FFDP, as well as receipt of optimised 2016 production scenarios from the HLJOC utilising full reservoir potential from existing wells. Pending the FFDP, the HLJOC partners have agreed to purchase the long lead items for four wells plus those attributed to finishing drilling the TGT-14X appraisal well with the 2016 contingent capex budget covering the drilling costs for the wells, as well as the capital associated with a water handling facilities upgrade following FFDP approval.

BLOCK 9-2 – CNV FIELD

(25% working interest; operated by Hoan Vu Joint Operating Company ("HVJOC"))

The CNV Field is located in the western part of Block 9-2 offshore Vietnam and is operated by the HVJOC. SOCO's working interest production from CNV averaged 1,749 BOEPD in 2015 (2014: 2,067 BOEPD). In contrast to TGT, the CNV Field reservoir is fractured granitic basement which produces highly volatile oil with a high gas to oil ratio and exploitation is dependent on the fracture interconnectivity to deplete the reservoir efficiently. Accordingly, traditional reservoir properties and Stock Tank Oil Initially In Place ("STOIIP") calculations are not straightforward.

Hydrocarbons produced from CNV are transported via subsea pipeline to the Bach Ho Central Processing Platform ("BHCPP") where wet gas is separated from oil and transported via pipeline to an offshore gas facility for further distribution. The crude oil is stored on a floating, storage and offloading vessel prior to sale. On the BHCPP, dedicated test separation and metering facilities have been installed.

While the field has been performing steadily, the anticipated indications of injector-producer linkage were identified in the year. Originally, the CNV-7P well was identified as the main option to overcome this. With operational complications preventing the drilling of the CNV-7P well in 2014, the HVJOC has been reviewing alternative options to maintain production performance. With the need to reduce water injection and accept the subsequent reduction in reservoir pressure from lower water pressure maintenance, the HVJOC has reviewed alternatives to maximise the long term performance and recovery of the field.

The initiatives for the latter include conversion of the CNV-6P-ST1 injection well to a producer and modification of processing facilities on the Bach Ho platform to lower minimum tubing head pressure. The conversion of the former injector well to a producer is to take advantage of the movement from bottom-up "water-based" pressure maintenance to using the liberated gas in the reservoir as the "top-down" reservoir drive mechanism. The liberated gas displaces the oil from the upper parts of the reservoir and acts as a pressure drive from above. The approval to convert the well has been received and activities to do this are ongoing.

Discussions with the owner of the Bach Ho processing facilities are underway regarding the process facility modifications and work on the engineering design requirements has commenced.

Year-end proven and probable reserves for the CNV Field were increased after an over 80% upward revision of 3.0MMboe and after production of 0.6MMboe, ending the year at 6.7MMboe.

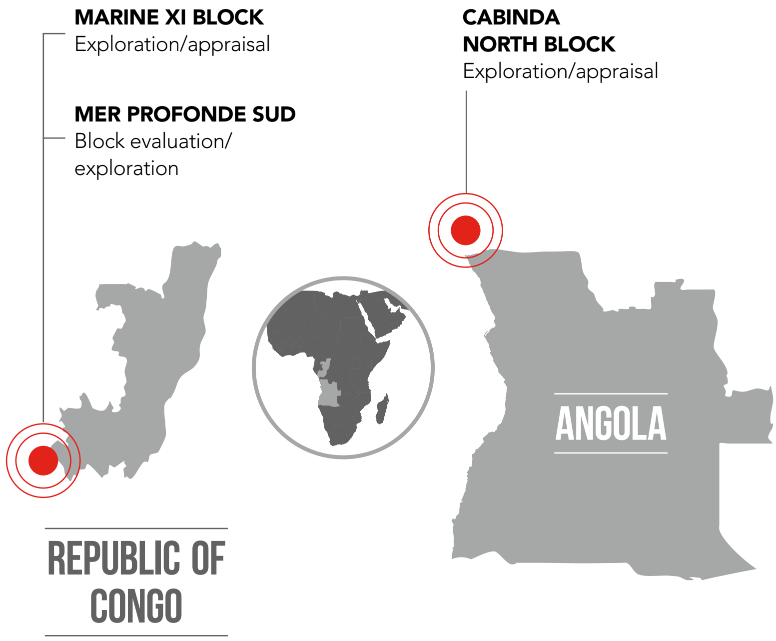
VIETNAM NEW VENTURES

On 29 July 2015, SOCO signed a Memorandum of Understanding with PetroVietnam and SOVICO Holdings regarding obtaining petroleum contracts on Blocks 125/126, offshore central Vietnam. Work is ongoing towards formalisation of a Production Sharing Agreement.

Blocks 125/126 are in moderate to deep water in the Phu Khanh Basin, to the north of the Cuu Long Basin, and have multiple structural and stratigraphic plays observed on the available seismic data. Interpretation of the available data indicates there is good potential for source, expulsion and migration of oil with numerous reservoir and seal intervals likely.

REVIEW OF OPERATIONS
CONTINUED

SERGE LESCAUT
GENERAL MANAGER, AFRICA REGION



REPUBLIC OF CONGO (BRAZZAVILLE)

SOCO holds its interests in the Marine XI Block, located offshore Congo (Brazzaville) in the shallow water Lower Congo Basin, through an 85% owned subsidiary, SOCO EPC. SOCO holds a 60% working interest in the Mer Profonde Sud Block, offshore Congo (Brazzaville) through its wholly owned subsidiary, SOCO Congo BEX Limited.

MARINE XI

(Operated, 40.39% working interest)

Results from the successful Lidongo X Marine 101 well, drilled in 2014, were analysed during the year to determine continuity with the nearby discovery on Marine XII. Reprocessing of the full 3D seismic data set over the Block was completed at year end. The seismic volume was much improved by the reprocessing, although mapping at the Djeno and Vandji levels remains challenging. A detailed interpretation and evaluation of the prospect inventory identified in the reprocessed seismic is ongoing.

SOCO continues its discussions with the Congo authorities regarding commercialisation options for the Lidongo discovery area. The Marine XI partners have prepared a Production Licence Application, which is in the process of being evaluated by the relevant authorities, as a first stage in securing the authorisation from the relevant authorities for formal discussions with the Marine XII partners concerning the continuity and extension of the nearby field.

Subject to finalising specific details, the Congolese authorities have agreed to a 12 month extension to the previous March 2016 licence expiry. This allows for completion of the evaluation and interpretation of the 2015 reprocessed seismic data. Once complete this will influence any further activity on Marine XI, outside the area under consideration for unitisation.

MER PROFONDE SUD ("MPS")

(Operated, 60% working interest)

Under a 2013 farm-in agreement, SOCO acquired operatorship of the MPS Block and agreed to drill one commitment exploration well in the remaining licence period, which was extended by agreement with the relevant authorities to 31 May 2016.

The Baobab Marine-1 well spudded on the RR Prospect on 5 February 2016. The well reached total measured depth of 3,275 metres on 25 February and intersected the stacked early Miocene channel complexes that were targeted. Although good quality sands were present, no hydrocarbons were encountered, suggesting lack of communication with the known oil source. The well was subsequently plugged and abandoned.

Although the cost of the well was fully carried by SOCO, the current climate for equipment and services allowed the well to be drilled at a significantly reduced cost to original expectations, with the final Authorisation for Expenditure ("AFE") being about one third of the original estimate and approximately 50% of the initial cost estimate. Execution management of the well meant that the overall cost of the well still came in below the final AFE. The well was also drilled with no lost time incidents.

ANGOLA

CABINDA NORTH BLOCK

(Non-operated, 17% working interest)

SOCO's 85% owned subsidiary, SOCO Cabinda Limited, holds a 17% participation interest in the Production Sharing Agreement for the Cabinda North Block, onshore the Angolan Cabinda enclave.

Whereas the licence was due to expire in 2015, the Angolan authorities issued a decree, gazetted on 21 April 2015, to extend the licence by three years. Discussions are ongoing among the partners and with the authorities to agree the new partnership, operator and activities during the licence extension period to April 2018.

DEMOCRATIC REPUBLIC OF CONGO (KINSHASA) ("DRC")

Following the end of our contractual obligations to the Government of the DRC, SOCO did not seek to renew the Block V licence. In 2015, SOCO finalised its relinquishment of the licence. This is in accordance with its public commitments made in 2014. The closure of the SOCO office in Kinshasa was completed by the end of the year. SOCO holds no licence interests in the DRC.

GROUP RESERVES AND CONTINGENT RESOURCES

An independent audit of management estimates of Reserves and Contingent Resources for TGT and CNV, as of 31 December 2015, was completed by Gaffney, Cline and Associates in March 2016.

TGT RESERVES AND CONTINGENT RESOURCES

The year-end 2015 TGT estimated reserves are based on the scope of already approved wells, with consideration given to a small number of likely near-term wells, optimal field management and increased liquid handling capacity of the FPSO. A commercial offer is being negotiated with the FPSO owner, which will allow access to additional liquid handling capacity for a small day rate increase. All volumes beyond this scope of approved development activities were classified as contingent.

The range of reserves and Contingent Resources volumes continue to capture management's view of the full potential of the TGT Field. The estimates are grounded in the results of the revised ERCE Dynamic Simulation Model and the current field performance and reflect the degree of uncertainty around the oil-in-place estimates.

The initial ERCE static and dynamic models, developed in 2013-14, estimated oil in place, reserves and resources based on a limited number of layers with a more simplified "averaging" of reservoir properties and using single oil-water-contacts across contiguous producing intervals. Increased computer processing power coupled with increased production history on a sand-by-sand basis has meant that the revised model now subdivides the original delineated producing intervals. Each subdivided layer has its own allocated reservoir properties and oil-water-contacts. Due to the shallow relief architecture of the reservoir sands this has a greater impact on the mid-case probabilistic STOIIP model and subsequent mid-case reserves and resources.

Also see Reserves Statistics on p87

TGT FIELD OIL-IN-PLACE ESTIMATES

Figures in MMbbl	P90	P50	P10
Stock Tank Oil Initially In Place	**376**	**603**	**943**

TGT FIELD ESTIMATED ULTIMATE RECOVERY INCEPTION TO YEAR END 2015

Figures in MMboe

RESERVES + PRODUCTION	1P	2P	3P
Oil	110.2	155.1	190.0
Gas [1]	8.3	11.0	14.5
Total	**118.5**	**166.1**	**204.5**
CONTINGENT RESOURCES	**1C**	**2C**	**3C**
Oil	15.0	45.0	110.0
Gas [1]	1.1	3.3	9.7
Total	**16.1**	**48.3**	**119.7**
TOTAL ULTIMATE RECOVERY	**1P & 1C**	**2P & 2C**	**3P & 3C**
Oil	125.2	200.1	300.0
Gas [1]	9.4	14.3	24.2
Total	**134.6**	**214.4**	**324.2**

1 Assumes oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.

This table has been derived by SOCO from the audited figures.

SOCO WORKING INTEREST RESERVES AND RESOURCES TGT FIELD AT 31 DECEMBER 2015

Figures in MMboe

RESERVES	1P	2P	3P
Oil	15.5	29.0	39.5
Gas [1]	0.8	1.6	2.7
Total	**16.3**	**30.6**	**42.2**
CONTINGENT RESOURCES	**1C**	**2C**	**3C**
Oil	4.5	13.0	31.8
Gas [1]	0.3	1.0	2.9
Total	**4.8**	**14.0**	**34.7**
SUM OF RESERVES AND CONTINGENT RESOURCES [2]	**1P & 1C**	**2P & 2C**	**3P & 3C**
Oil	20.0	42.0	71.3
Gas [1]	1.2	2.6	5.6
Total	**21.2**	**44.6**	**76.9**

1 Assumes oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.

2 The summation of reserves and Contingent Resources has been prepared by the Company.

REVIEW OF OPERATIONS CONTINUED

CNV RESERVES AND CONTINGENT RESOURCES

Re-evaluation of the field performance dynamics has led to the HVJOC Partners ceasing water injection and agreeing to convert the CNV-6P-ST1 injection well to production. This will change the drive mechanism from "bottom-up" water drive to "top-down" gas drive, as due to the volatile nature of the oil, gas will be liberated in the well bore. This gas will rise to the crest of the reservoir, expanding and therefore displacing oil into the wells. Extensive simulation has demonstrated the benefit of this approach. Volumes associated with the CNV-7P and future wells are included in Contingent Resources. The revised ERCE model yields an increase in both reserves and resources over 2014.

SOCO WORKING INTEREST RESERVES AND CONTINGENT RESOURCES CNV FIELD AT 31 DECEMBER 2015

Figures in MMboe

RESERVES	1P	2P	3P
Oil	4.0	4.9	5.6
Gas[1]	1.5	1.8	2.2
Total	**5.5**	**6.7**	**7.8**
CONTINGENT RESOURCES [2]	**1C**	**2C**	**3C**
Oil	-	6.1	6.6
Gas[1]	-	2.9	3.0
Total	-	**9.0**	**9.6**
SUM OF RESERVES AND CONTINGENT RESOURCES [3]	**1P & 1C**	**2P & 2C**	**3P & 3C**
Oil	4.0	11.0	12.2
Gas[1]	1.5	4.7	5.2
Total	**5.5**	**15.7**	**17.4**

1 Assumes oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.

2 3C Contingent Resources are unaudited and reflect Management's estimates.

3 The summation of reserves and Contingent Resources has been prepared by the Company.

VIODO RESERVES AND CONTINGENT RESOURCES

There are no plans for commercial standalone development of the Viodo Field in the Marine XI Block at this time. However, there remains potential to recognise additional Contingent Resources on the Marine XI Block from Lideka East, and from the Lidongo Discovery as it is progressed towards unitisation with the nearby Litchendjili Field, which has commenced production.

SOCO WORKING INTEREST CONTINGENT RESOURCES VIODO FIELD AT 31 DECEMBER 2015

Figures in MMbbl

CONTINGENT RESOURCES	2C
Oil	8.1
Gas	–
Total	**8.1**

Crude oil from TGT is transported via subsea pipeline to a floating, production, storage and offloading vessel ("FPSO") where it is processed, stored and exported by tankers to regional oil refineries.

FINANCIAL REVIEW

ROGER CAGLE

DEPUTY CEO AND CHIEF FINANCIAL OFFICER

The uncertainty and volatility brought about by the continuing oil price decline highlights the importance of financial flexibility and a disciplined approach to capital deployment. Our position of zero debt, a solid liquid cash position ($103.6m), coupled with low cash operating costs, gives us a solid financial base going into 2016. We continue to reduce costs in our operating and administrative environments whilst focussing on high margin assets. The cash operating costs of our production portfolio for 2015 were kept low at around $10 per barrel.

Operating cash flow of $80.3m (2014: $251.2m) reflects both the lower sales volumes and lower realised average oil price. Capital expenditures were down significantly to $87.5m (2014: $162.5m) predominantly due to completion of the TGT H5 development in Vietnam and a combination of reductions and deferrals in our exploration activity in Africa. Distributions to shareholders during 2015 of $51.1m (2014: $119.2m) bring the total capital returned in the Company's short history of making distributions to $383.6m.

The Group has sufficient cash flow and cash balances to meet its ongoing development and exploration expenditure, with capacity to take advantage of opportunities that may arise in this market. The 2016 firm capital spend is expected to be in the region of $54.0m, with $18.0m for Vietnam and $36.0m for Africa, which is primarily the cost to fulfil our final well commitment.

INCOME STATEMENT

OPERATING RESULTS

Revenue

Despite the continuation of the low oil price environment throughout 2015, the Group's financial results reflect resilient revenues of $214.8m (2014: $448.2m). The reduction in revenue year-on-year results from a modest decrease in production volumes, but is mainly attributed to the lower international oil price, with average realisations decreasing significantly from $102.91 per barrel to $54.10 per barrel in 2015 with no hedging effects.

The Group's working interest share (which is equivalent to its entitlement interest) of production during 2015 was 11,976 BOEPD, down from 13,605 BOEPD in 2014. All of the Company's production is from the Group's South East Asia assets in Vietnam.

Cost of Sales

Operating costs, as part of the overall cost of sales, were down significantly at $67.4m (2014: $93.7m). In part, this decrease of $26.3m is associated with lower royalties which have been driven from the lower oil price environment and lower volumes, but additionally a reduction in export duty with the majority of oil produced sold into the local market.

Production operating costs for TGT were largely unchanged at $37.9m (2014: $38.2m) with CNV seeing a 12% reduction to $4.4m (2014: $5.0m).

Royalties on oil sales from TGT and CNV totalled $16.2m (2014: $34.3m) consistent with lower revenue. Export duty arising on TGT oil sales amounted to $0.8m (2014: $7.6m), considerably down due to lower oil sales revenues and a larger proportion of cargoes being sold into the domestic market which are not subject to export duty. All CNV oil was sold into the domestic market as in the previous year.

Non-cash DD&A charges were nearly double at $99.0m (2014: $50.1m), reflecting the increased cost basis of the TGT development and the downward reserves revision documented in the 2014 Annual Report. This translated on a per barrel basis, to DD&A more than doubling from $10.12 per barrel in 2014 to $22.64 per barrel.

THE GROUP RETAINS A STRONG BALANCE SHEET WITH NO DEBT

Operating costs in 2015 on a per barrel basis (excluding DD&A, inventory movements and sales related duties and royalties) were around $10 per barrel (2014: $9 per barrel). The primary cause of the increase is related to the lower production volumes on the TGT field which has dedicated production and processing facilities on the FPSO vessel, the costs of which are predominately fixed.

Administrative Expenses
Administrative expenses continued to decline for the second year running, down to $10.0m for 2015, representing a 15% saving (2014: $11.8m) year-on-year. This decrease reflects our continued efforts to drive down non-essential overhead costs.

Exploration Costs
Costs to fulfil our MPS licence commitments and costs incurred to date of $34.2m together with new venture exploration of $1.4m and pre-licence costs of $0.8m were expensed in the period (2014: $79.5m).

Impairment of Property, Plant and Equipment
Despite the continued oil price decline no further impairment has been required in the period on either of our producing assets (2014: $60.5m and associated tax credit of $22.3m).

TAX

The tax expense decreased significantly in 2015 from $138.7 in 2014 to $42.0m, consistent with the lower profit in the year. The Group's effective tax rate approximates to the statutory tax rate in Vietnam of 50% during 2015 and 2014 after excluding non-deductible expenditure of $39.0m (2014: $36.3m) and exploration costs of $36.4m (2014: $79.5m).

LOSS FOR THE PERIOD

The Group posted a loss of $33.8m (2014: $14.0m profit) in the period after taking account of exploration expense and write offs of $36.4m (2014: $79.5m). There has been no impairment of our producing assets in the period (2014: $60.5m).

BALANCE SHEET

The Group retains a strong balance sheet with no debt (2014: $nil) and solid year-end cash, cash equivalents and liquid investments of $103.6m (2014: $166.4m). The decrease of $62.8m year-on-year reflects the operating cash contribution partially offsetting spending on general and administration costs, a capital expenditure programme of $87.5m and a $51.1m return to shareholders.

Intangible assets increased $2.4m during the year, primarily as a result of expenditures on our Africa interests.

Property, plant and equipment decreased by $29.5m over the year to $760.5m at year end. This was largely as a result of DD&A charges on both Vietnam fields at $99.0m exceeding the smaller capital additions during the period.

Other non-current receivables of $29.5m (2014: $24.6m) comprise abandonment security funds for TGT and CNV which have been established to ensure that sufficient funds exist to meet future abandonment obligations. The funds are operated by PetroVietnam and partners retain the legal rights to the funds pending commencement of abandonment operations.

Oil inventory was $3.1m at 31 December 2015, down from $6.1m at the 2014 year end. Trade and other receivables were down by $20.1m to $19.5m (2014: $39.6). The movements in oil inventory and trade receivables arise mainly due to the timing of oil sale liftings and the oil price realised.

The financial asset related to the expected earn-out payment of $52.7m from the disposal of the Group's Mongolia interest in 2005 was re-classified as a current asset, with the expectation of receipt within 12 months, at budgeted oil prices for 2016.

SOCO's cash, cash equivalents and liquid investments decreased over the year from $166.4m to $103.6m at 31 December 2015. During 2015, the Group returned $51.1m (2014: $119.2m) to shareholders (see below), funded exploration and development capital expenditure as described above, and made further contributions to two abandonment funds in Vietnam (see above). Despite these significant cash outflows, cash generated from production operations in Vietnam meant that cash, cash equivalents and liquid investments decreased by just $62.8m over the year.

The Group's trade and other payables decreased to $37.2m (2014: $43.9m) as at 31 December 2015, in part due to reduced capital activity in both Africa and Vietnam offset by the provision to fulfil our MPS licence commitments. Tax payables decreased from $11.6m at the end of last year to $7.8m this year end consistent with timing and volumes of liftings in Vietnam where tax is paid on each cargo lifted.

Deferred tax liabilities decreased to $183.7m (2014: $200.2m), mainly due to accelerated tax depreciation and timing differences associated with the Group's South East Asia segment. Long term provisions related to the Group's decommissioning obligations in South East Asia were $59.9m (2014: $51.1m).

FINANCIAL REVIEW
CONTINUED

CASH FLOW

Net cash flows from operating activities in 2015 mainly comprise the Group's continuing Vietnam operations and amounted to $80.3m (2014: $251.2m). The decrease is primarily due to the lower contribution from the reduction in oil price combined with a reduction in production volumes.

Capital expenditure for the year ending 31 December 2015 was $87.5m (2014: $162.5m). The lower capital spend in 2015 reflects the decision to contain spending to areas of positive impact to the bottom line and deferring non-essential expenditure. In line with our previous guidance we contained spending in Africa to mainly long lead items on the MPS well and seismic reprocessing on Marine XI, with capital spend dropping considerably year-on-year, from $77.1m in 2014 to $16.4m in 2015.

DISTRIBUTION TO SHAREHOLDERS

During the year, the Company paid a dividend of 10 pence per Ordinary Share (2014: 22 pence) amounting to $51.1m (2014: $119.2m).

The Directors are recommending a dividend of 2 pence per Ordinary Share subject to approval at the Annual General Meeting on 9 June 2016. In addition, assuming that prices remain at or above current levels and a reasonable adherence to budget, the Board expects to be able to make a further distribution during the second half of 2016.

KEY PERFORMANCE INDICATORS

SOCO uses a number of financial and non-financial KPIs against which it monitors its performance. Detailed KPI targets for the next year are set out in the annual budget. At each Board meeting these benchmarks are reviewed for progress against actual results and adjusted to accommodate changes in the operating environment including oil price fluctuations.

SOCO's KPIs are set out and discussed in the Chairman and Chief Executive's Statement on pages 6 to 9, the Review of Operations on pages 10 to 17, the KPI section in the Strategic Report on page 5 and the Corporate Social Responsibility Report on pages 24 to 33. All of the KPIs and their definitions are shown in the table on page 86 which is incorporated herein by reference and forms part of this Strategic Report.

OWN SHARES

The SOCO Employee Benefit Trust holds ordinary shares of the Company for the purpose of satisfying long term incentive awards for senior management. At the end of 2015, the Trust held 2,773,095 (2014: 3,294,111) Shares, representing 0.81% (2014: 0.97%) of the issued share capital (see Note 25 to the financial statements). In addition, as at 31 December 2015, the Company held 9,122,268 (2014: 9,122,268) treasury Shares, representing 2.67% (2014: 2.67%) of the issued share capital (see Note 25 to the financial statements).

GOING CONCERN

SOCO's business activities, its financial position, cash flows and liquidity position, together with an outlook of factors likely to affect the Group's future development, performance and position are discussed above and in the Strategic Report on pages 2 to 33. The Group has a strong financial position and based on future cash flow projections should comfortably be able to continue in operational existence for the foreseeable future. Consequently, the Directors believe that the Group is well placed to manage its financial and operating risks successfully and have prepared the accounts on a going concern basis as described in the Annual Report of the Directors on page 38.

"THE DIRECTORS RECOMMEND A DIVIDEND OF 2 PENCE PER ORDINARY SHARE"

RISK MANAGEMENT REPORT

Long term shareholder value is dependent on the success of the Group's activities, which are to search, evaluate and develop oil and gas resources. Exploration for, and development of, hydrocarbons is speculative and involves a significant degree of risk involving multiple factors. Critical to ensuring the ongoing success of the Company in applying its three core strategic objectives of recognising opportunity, capturing potential and realising value is the identification, assessment and mitigation of the various risk factors.

Consequently, SOCO has a formal process in place to identify and mitigate risks applicable to an upstream oil and gas business. The Directors have ultimate responsibility for risk management with the Audit and Risk Committee providing detailed oversight. The Board has designated the Deputy Chief Executive Officer as the executive responsible for the Company's risk management function. He is supported in this task by the Chief Operating Officer and the Group Exploration Manager.

There is an ongoing process to identify, monitor and mitigate risk throughout the year with any new risks or changes to existing risks considered at each Audit and Risk Committee meeting. Annually, the Audit and Risk Committee undertakes a rigorous and detailed risk assessment wherein the Group's risk profile, including the mitigation measures in place to reduce risk to acceptable levels, is considered. This risk assessment is then presented to the Directors for full Board approval.

Risk management and the principal risks and uncertainties facing the Group are discussed in Note 3 to the Financial Statements. The Group's risk management policies and procedures are further discussed in the Corporate Governance Report on pages 40 and 47 and in the Audit and Risk Committee Report on pages 48 to 49 where the significant issues related to the 2015 Financial Statements are also reported. Below is a summary of the key risks affecting SOCO and how we mitigate those risks to enable the Company to achieve its strategic objectives.

PR Principal Risks

PR OPERATIONAL RISK	MITIGATION
Inherent risks in conducting exploration, drilling, and construction operations in the upstream industry. The level of risk is potentially impacted by harsh geographical conditions and associated resource availability and costs.	SOCO seeks to mitigate its operational risks through the application of industry best practice procedures. Mitigation may also be achieved by transferring risk, for example, by entering into partnerships or farm-outs and by maintaining, at a minimum, standard industry best practice insurance. The Board of Directors does not believe that it is practical or prudent to obtain third-party insurance to cover all adverse circumstances it may encounter as a result of its oil and gas activities. However, the Board believes that SOCO's comprehensive property, control of well, casualty, liability and other policy cover conforms to industry best practice. As such, it provides substantial protection against typical industry operational risks. The Board believes it has struck an appropriate balance between exposure and coverage.

PR EMPOWERMENT RISK	MITIGATION
The Group's international portfolio comprises oil and gas ventures in widespread, often remote locations with government and industry partners. Conduct of operations requires the delegation of a degree of decision making to partners, contractors and locally based personnel.	As operator in a project, SOCO can directly influence operations and decision making. Where SOCO is a co-venturer it seeks to maximise its influence through active participation with management, including direct secondments and application of internal control best practice under a procedural framework.

PR RESERVES RISK	MITIGATION
As discussed in Note 4 to the financial statements, the Group uses standard recognised evaluation techniques to estimate its proven and probable oil and gas reserves. Such techniques have inherent uncertainties in their application. SOCO has projects with booked reserves in the early stages of production, development or non-conventional fracture basement reservoirs, upward or downward revisions to reserve estimates will be made when new and relevant information becomes available. Such revisions may impact the Group's financial position and results, in particular, in relation to DD&A costs and impairment provisions.	Reserve estimates are reviewed regularly by independent consultants. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.
Portfolio management through exploration, appraisal or acquisition may fail to yield reserves in commercial quantities sufficient to replace production.	The Group continues to evaluate projects in existing and potentially new areas of interest and will add exploration licences when the appropriate opportunities arise.

RISK MANAGEMENT REPORT CONTINUED

PR Principal Risks

PR HEALTH, SAFETY, ENVIRONMENT AND SOCIAL RISKS	MITIGATION
The Group operates in an industry sector with inherent high risks associated with HSES. Additionally, it operates in regions where there is a greater risk of economic or social instability and where local attitudes to risk differ compared with nations with more established or developed economies. Accordingly, the Group may be exposed to specific risks in relation to social and environmental factors as well as health and safety matters, including security.	SOCO aims to mitigate such risks by actively engaging with local communities and governments, using specialist consultants and by maintaining its HSES Management Systems, which provides the framework for managing HSES issues and to bring its policies into line with the World Bank IFC Performance Standards on Environment and Social Sustainability published in 2012. Further details of how SOCO addresses these risks can be found in the CSR Report on pages 24 to 33.

POLITICAL AND REGIONAL RISK	MITIGATION
Many of the Group's projects are in developing countries or countries with emerging free market systems where the regulatory environment may not be as mature as in more developed countries. There may be a high level of risk in relation to compliance with and interpretation of emerging hydrocarbon law, taxation and other regulations. Some of the Group's interests are in regions identified as potentially more susceptible to business interruptions due to the consequences of possible unrest.	SOCO seeks to minimise such risks by using in-country professional advisors and by engaging directly with the relevant authorities where appropriate. The Group assesses the risks of operating in these areas before beginning operations and has deemed these risks commercially acceptable. SOCO does not currently carry political risk insurance or associated business interruption insurance coverage to mitigate such risks. However, it periodically assesses the cost and benefit of both and future circumstances may lead the Group to acquire such insurance cover.

BUSINESS CONDUCT AND BRIBERY RISK	MITIGATION
SOCO operates both in an industry sector and in certain countries where the promotion of transparent procurement and investment policies is perceived as having a low priority and where customary practice may fall short of the standards expected by the UK Bribery Act.	The Group seeks to mitigate these risks by ensuring that it has appropriate procedures (including vendor due diligence) in place to eliminate bribery and that all employees, agents and other associated persons are made fully aware of the Group's policies and procedures with regard to ethical behaviour, business conduct and transparency. Annual training and compliance certifications by all associated persons refreshes and reinforces SOCO's Code of Business Conduct and Ethics. Running in parallel with the Group's general risk management process, the Audit and Risk Committee has established a detailed bribery risk assessment and mitigation reporting procedure. Bribery risks are monitored throughout the year along with implementation of procedures to mitigate any new risks identified. The Company has arrangements for "whistleblowing", whereby staff may, in confidence, raise concerns regarding improprieties, which would be addressed with appropriate follow-up action. To facilitate such reporting the Company maintains an Ethics Hotline Service using an independent, confidential telephone service that can be used by staff members and other stakeholders to report a suspected breach of SOCO's Code of Business Conduct and Ethics.

PR STAKEHOLDER AND REPUTATIONAL RISK	MITIGATION
The Group operates in locations where social and environmental matters may be highly sensitive both on the ground and as perceived globally. This can potentially lead to a reputational risk which may influence various Group stakeholders. Actions of international bodies may harm the objectives of the Company and its regional partners.	SOCO works closely with all of its stakeholders including local communities, governments and non-governmental organisations to ensure that, during operations, any disturbance is minimised and that on completion of the Group's activities the local population and environment will be left in, at least, as good a state as when SOCO first arrived. Additionally the Group provides opportunities for direct interfaces with shareholders and analysts at least three times a year and maintains a website to disseminate information widely and in a timely fashion.

PR COMMODITY PRICE RISK	MITIGATION
Exposure to fluctuations in crude oil prices may lead to reduced cash flows, impairment of assets or locked in losses in longer term contracts. The sustained decline in the oil price has significantly impacted the industry as a whole, including SOCO. The Group does not currently maintain any fixed price, long term marketing contracts. Production is sold on "spot" or near term contracts, with prices fixed at the time of a transfer of custody or on the basis of an average market price.	The Board may give consideration in certain circumstances to the appropriateness of entering into fixed price, long term marketing contracts. Although oil prices may fluctuate widely, it is the Group's policy not to hedge crude oil sales unless hedging is required to mitigate financial risks associated with debt financing of its assets or to meet its commitments. The budget and various sensitivity cases are regularly tested for downside scenarios and provide comfort that SOCO are able to meet its commitments. No price hedging mechanisms were in place during the year. Over time, during periods when the Group sees an opportunity to lock in attractive oil prices, it may engage in limited price hedging.

PR Principal Risks

FOREIGN CURRENCY RISK	MITIGATION
• Generally, it is the Company's policy to conduct and manage its business in US dollars. Cash balances in Group subsidiaries are primarily held in US dollars, but smaller amounts may be held in GB pounds or local currencies to meet immediate operating or administrative expenses, or to comply with local currency regulations. From time to time the Company may take short term hedging positions to protect the value of any cash balances it holds in non-US dollar currencies.	• The Group seeks to minimise the impact that debt financing has on its balance sheet by negotiating borrowings in matching currencies. The impact of a 10% movement in foreign exchange rates on the Group's foreign currency denominated net assets as at 31 December 2015 would not have been material (2014: not material) and would not have been material with respect to the Group's profit in 2015 (2014: not material).

PR LIQUIDITY AND CREDIT RISK	MITIGATION
• The Group carried significant cash balances throughout the year thereby decreasing its exposure to liquidity risk and increasing its exposure to credit risk. Additionally the Group's financial asset which is subject to credit risk is in respect of the Group's disposal of its Mongolia interest (see Note 17 to the financial statements) and a non-current receivable in respect of two accumulating abandonment funds in Vietnam.	• To mitigate these risks and to protect the Group's financial position, cash balances are generally invested in short term, non-equity instruments or liquidity funds, not generally exceeding three months forward. Investments are generally confined to money market or fixed term deposits in major financial institutions. The Group seeks to minimise credit risk by only maintaining balances with creditworthy third parties including major multinational oil companies subject to contractual terms in respect of trade receivables. The credit risk on liquid funds is limited as the Company only selects institutions with high credit ratings assigned by international credit rating agencies and endeavours to spread cash balances and liquid investments to multiple institutions. The level of deposits held by different institutions is regularly reviewed.

CONTRACTUAL RISK	MITIGATION
• The Group enters into various contractual arrangements in the ordinary course of its business. Such contracts may rely on provisional information that is subject to further negotiation at a later date. This may give rise to uncertainty regarding such information.	• The Group manages its commitments via the annual budget and regular forecasts, reporting against actuals on a monthly basis. Board delegated authority minimises the exposure to unauthorised commitments.

PR CAPITAL RISK MANAGEMENT	MITIGATION
• The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.	• The Group seeks to maintain a significant free cash balance to fund its operations and shareholder distribution policy. There is regular reporting to the Board. Farm out opportunities are considered where deemed appropriate to reduce exposure. There is daily reporting on cash balances and forecasts regularly prepared to monitor cash requirements. Discretionary expenditures are reviewed for potential deferral and cost reduction programmes are in place. Sensitivity cases are monitored on an ongoing basis as funds are spent and forecasts are updated to determine the amount and timing of any additional financing required. The Group maintains relationships and active dialogue with various financial institutions and may consider raising debt or equity finance at the appropriate time.

VIABILITY STATEMENT

In considering the viability of the Group, the Board has carried out robust assessments of the Group's risk profile, giving particular attention to the eight principal risks (see the Risk Management Report on pages 21 to 23). Whilst the Group is dependent on its main cash generating assets in Vietnam its geopolitical environment has remained stable over many years and the Group's revenue producing assets have licence rights extending well beyond the viability period.

With SOCO's strong balance sheet, and with no debt or current requirement to raise finance, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities as they fall due.

Our strategy and associated principal risks therefore underpin the Group's three year forecast and scenario testing. The three year forecast is built on an asset by asset basis using a bottom up model and is stress tested in robust downward scenarios. This period covers the Group's medium term capital plans and projections and has been selected by the Board as it provides management and the Board sufficient and realistic visibility of the future industry environment whilst capturing the Group's future expenditure commitments on its licences. In assessing the Group's viability over the next three years, it is recognised that all future assessments are subject to a level of uncertainty which increases with time and that future outcomes cannot be guaranteed.

CORPORATE SOCIAL RESPONSIBILITY REPORT

ANTONY MARIS
CHIEF OPERATING OFFICER

DEAR SHAREHOLDERS

Responsible sustainable management has never been as important as in the current economic climate. We understand the need to ensure that what we do not only adds value now but continues to add value in the long term.

VALUE CREATION THROUGH RESPONSIBLE BUSINESS

SOCO, through our portfolio of exploration and development projects, contributes to the world's energy needs and adds value through bringing social and economic benefits to the countries and communities in which we have a presence. It is our goal to ensure that we do so with no detriment to the environment, that the benefits we bring are long term; and, that we do so in a responsible and sustainable manner.

SOCO sets high standards driven by our fundamental business principles of honesty, trust, fairness, respect and responsibility. These principles drive our corporate social responsibility ("CSR") policies and practices and ensure that we protect not only our people but also the communities and the environments where we operate.

SOCO has continued to enhance its CSR efforts and awareness. Having aligned our Health, Safety, Environment and Social ("HSES") policies and SOCO HSES Management System with the International Finance Corporation (World Bank Group) Environmental and Social Performance Standards in 2014, we were able to implement these fully in our Africa operations in 2015.

SOCO has made a firm commitment not to explore, appraise or develop oil and gas in UNESCO designated World Heritage Sites. This reflects our ability to listen to our stakeholders and the strength of our intent to ensure we meet the high standards of environmental governance to which we aspire. 2015 saw us push ahead with our Human Rights Action Plan to strengthen our Human Rights commitments and the roll out of a standalone Human Rights Policy across our operations in Africa at the end of the year. We look forward to training our staff and contractors in this policy and seeing it rolled out across the Company in 2016.

SOCO continues to be proud of our industry leading safety track record with no operational fatalities or lost time incidents in 2015 across all of our operations. We continue to be proud of the positive imprint that we have achieved in our social investment programmes. Supporting and sustaining the health of the communities in which we operate is fundamental to our purpose and success and we shall continue to remain committed to sustained economic development in our areas of activity. Our stakeholder engagement programmes ensure that we continue to listen to our stakeholders and strive to continuously improve our approaches and systems to ensure a positive impact. Our CSR management, monitoring and reporting through 2016 will continue to enable SOCO to develop responsibly, whilst learning from and improving our HSES performance, creating a competitive advantage and delivering value for all stakeholders.

ANTONY MARIS
CHIEF OPERATING OFFICER

OUR CSR OBJECTIVES FOR SUSTAINABLE ECONOMIC DEVELOPMENT

OUR BUSINESS	To provide responsible and sustainable development.
OUR ETHICS	To conduct our business in an honest and ethical manner.
OUR PEOPLE	To ensure the health, safety, security and welfare of our employees and those with whom we work.
SOCIETY	To consult with and enhance the wellbeing of our host communities.
ENVIRONMENT	To protect the environment and conserve biodiversity.

IMPLEMENTATION AND PERFORMANCE STANDARDS

Our CSR objectives for sustainable economic development are translated into our HSES policies which are accessible to all of our employees and contractors through the SOCO HSES Management System ("SOCO HSES MS"). Our policies, along with the HSES MS Framework Summary giving an overview of the system, are publicly available to our stakeholders on our corporate website.

Our CSR objectives are implemented through SOCO HSES MS procedures which include the requirement to monitor and measure the progress in meeting these key criteria. The SOCO HSES MS plays a critical role in meeting our commitment for continuous improvement in the management of our operational risks. The SOCO HSES MS is consistent with the requirements of the internationally recognised standards ISO 14001 and OHSAS 18001. Going forward, we continue to review the procedures to ensure that as these standards are improved, we remain consistent with them.

Our HSES polices and SOCO HSES MS are aligned with the International Finance Corporation (World Bank Group) ("IFC World Bank Group") requirements and provide the framework for implementing the IFC World Bank Group Performance Standards (2012). They are now fully implemented through all projects for which SOCO is the designated Operator. During 2015, we added and updated our Biodiversity Policy to reflect our 2014 public commitment to not operate in any UNESCO World Heritage Site and our Social Policy to reflect our ethical and human rights commitments. In 2016, it is proposed that we will roll out our new Human Rights Policy across the Company and update the HSES Policies and SOCO HSES MS accordingly.

THE DEGREE OF OPERATORSHIP AND THE DEGREE OF INFLUENCE

SOCO partners with other businesses and with host governments typically through their national oil companies. This means that our sphere of influence varies by our degree of ownership, operatorship and influence and we tailor our approach to each individual project. Where we are the Operator and our influence is high, we can fully implement our sustainable business principles.

BLOCK (COUNTRY)	SOCO OWNERSHIP	SOCO ROLE	2015 FIELD ACTIVITY	DEGREE OF INFLUENCE
Mer Profonde Sud Congo (Brazzaville)	60.00%	Operator	None	**High:** We implement our approach to corporate social responsibility
Marine XI Congo (Brazzaville)	40.39%	Operator	None	**High:** We implement our approach to corporate social responsibility
Block 16-1 Vietnam	30.50%	Joint Operating Partner	Field Development and Production	**Moderate:** We seek to influence with our approach
Block 9-2 Vietnam	25.00%	Joint Operating Partner	Field Development and Production	**Moderate:** We seek to influence with our approach
Cabinda North Block Angola	17.00%	Non-Operator	None	**Low:** We seek to make our views heard and ensure that minimum standards are met

CORPORATE SOCIAL RESPONSIBILITY REPORT CONTINUED

OUR BUSINESS – TO PROVIDE RESPONSIBLE AND SUSTAINABLE DEVELOPMENT

SOCO is an upstream, international oil and gas exploration and production company. We are a participating partner in five oil licence interests in Vietnam, Congo (Brazzaville) and Angola. Our core business is to add shareholder value by recognising opportunity, capturing potential and realising value. We do this by:

- Gaining access to investment opportunities in projects or regions early on in the project life cycle where there is potential to create significant upside through our participation;
- Applying our managerial, technical and commercial expertise to progress the project through its formative stages or through periods of difficulty; and
- Locking in the investment returns once our capacity to add value begins to diminish.

From the initial decision to invest, through to the management and divestment of operations, we implement an approach to bring economic rewards to our shareholders and stakeholders, safely and responsibly. This involves the application of our technical, managerial and commercial expertise to create jobs in local communities; provide training and technical assistance; stimulate the local economy; enhance the capacity of host governments; pay relevant taxes and governmental fees; generate revenues from hydrocarbon production; and create returns for our shareholders.

SOCO partners with other businesses and with host governments typically through their national oil companies. This means that our sphere of influence varies by our degree of ownership, operatorship and influence and we tailor our approach to each individual project. Where we are the Operator and our influence is high, we can fully implement our sustainable business principles.

We have fully implemented our HSES polices and SOCO HSES MS in Congo (Brazzaville) where we are Operator of the Marine XI and Mer Profonde Sud Blocks. Where we are a minority owner and non-operator, we seek to influence our partners to integrate responsible and sustainable development aligned with our values and objectives into the project.

In 2015, SOCO reviewed the HSES management system of the Hoang Long and Hoan Vu Joint Operating Companies ("HLHVJOC") in Vietnam (where they are joint-operator of Blocks 9-2 and 16-1). During 2016, we will follow this by discussing with HLHVJOC any areas where greater alignment with our policies should be sought. We will also view the HSES policies applicable to planned activity, if any, for which SOCO would be a non-operating partner.

We assess the capabilities of our contractors to meet technical as well as HSES specifications for our activities. Our procedures capture, record and review lessons learned from our operational activities. We have bridging documents in place with all of our primary contractors for all operations.

TRANSPARENCY

Responsible sustainable development requires transparency. SOCO has transparent relationships with its stakeholders, host governments, local communities, partners, employees, shareholders, NGOs, contractors and the media. SOCO supports the principles of the Extractive Industries Transparency Initiative ("EITI") which promotes the transparent reporting by governments of tax and royalty revenues in the mineral resource extraction sector and report accordingly across all our operations. SOCO is an EITI Reporting Company in Congo (Brazzaville) and participated in EITI's validation mechanism for Congo (Brazzaville) leading up to it becoming an EITI Compliant Country. SOCO's data are validated by external auditors prior to submission to EITI.

SOCO also supports the Reports on Payments to Government Regulations 2014, effective from 1 January 2015, and will present the details of tax and royalty payments made to governments around the world by SOCO and its subsidiaries in this reporting cycle on our website.

OUR BUSINESS – KEY OBJECTIVE DEVELOPMENTS FOR 2015 AND PLANS FOR 2016

Objective: To provide responsible and sustainable development

Meaning: We endeavour to make a net positive contribution through balancing the needs for energy security; economic development; social improvement; protection of the environment and shareholder returns.

IMPLEMENTATION 2015	OUTCOME 2015	ONGOING PLANS 2016
Alignment of SOCO HSES Policies and SOCO HSES MS with IFC World Bank Group Performance Standards.	Revised SOCO HSES MS has been rolled out across SOCO Africa region and refined in the process.	• Continue to implement the SOCO HSES MS across SOCO's operated projects.
Continue to implement 2014 HSES MS across SOCO's operated projects.	A review was undertaken of HLHVJOC's HSES management system.	• Provide input to HLHVJOC's HSES management system if a significant deviation from SOCO HSES policies is identified.
Undertake review of HLHVJOCs' HSES MS.	Whilst formal sponsorship was not pursued, SOCO has published a statement of support of EITI on its website and has continued reporting into EITI in the EITI compliant countries.	• Undertake cost benefit analysis of the shortlisted sustainability initiatives, certification under quality assurance standards and best practice reporting standards.
Sponsor the Extractives Industries Transparency Initiative.	The potential for membership of leading industry sustainability initiatives, certification under quality assurance standards and adoption of best practice reporting standards was reviewed.	• Undertake a review of the HSES policies relevant to its non-operated projects when activity is scheduled.
Explore potential for membership of leading industry sustainability initiatives, certification under quality assurance standards and adoption of best practice reporting standards.	Reporting of KPIs and targets for Group business data has been in line with industry best practices.	• Report KPIs and targets for Group business data reporting in-line with industry best practices.
Report KPIs and targets for Group business data reporting in line with industry best practices.		

OUR ETHICS – TO CONDUCT OUR BUSINESS IN AN HONEST AND ETHICAL MANNER

SOCO is an ethical company. This means we are committed to creating value for shareholders while maintaining integrity and high ethical standards in all of our business dealings. We are guided by our Code of Business Conduct and Ethics (the "Code") which is regularly reviewed to reflect the changing regulatory environment. The Audit and Risk Committee assists the Board in monitoring the Company's ethical business conduct and promoting continual improvement by challenging the organisation to be compliant with the Code and its supporting policies.

We comply with all locally applicable legal, regulatory and licence requirements in the countries where we do business. In addition, our alignment with the IFC World Bank Group Performance Standards facilitates the introduction or promotion of international best practice levels amongst our business partners and host governments. SOCO co-operates fully with governmental and regulatory bodies. We do not engage in party politics or make donations to political parties or candidates.

SOCO's Whistleblowing Policy reflects the protection afforded under UK employment law. No reports were made to the Company's independent whistleblowing hotline service in 2015, which is accessible by all of our staff. During the year, we carried out training aimed at raising awareness of the Whistleblowing Policy. In 2016, we will promote further awareness and will upgrade the accessibility of the whistleblowing hotline service.

Subsequent to an internal legal review of our policies and procedures during the year, and with the introduction of the SOCO Human Rights Policy and the introduction in the UK of the Modern Slavery Act 2015, SOCO has commissioned a review of the SOCO HSES MS to ensure it adopts all the necessary ethical and human rights processes throughout its policies and procedures in 2016.

OUR ETHICS – KEY OBJECTIVE DEVELOPMENTS FOR 2015 AND PLANS FOR 2016

Objective: To conduct our business in an honest and ethical manner

Meaning: Employees conduct themselves in an appropriate manner avoiding conflicts of interest, allegations of bribery or compromise. The Company complies with all applicable laws in local countries and conducts business in an ethical way.

IMPLEMENTATION 2015	OUTCOME 2015	ONGOING PLANS 2016
Strengthen procedures for transparency and accountability with staff and contractors. Continue anti-bribery training and testing across the organisation. Conclude refresh of the Whistleblowing Policy and provide training. Receive Self Declaration Statements from operations staff on an annual basis. Continue supply chain due diligence. Report KPIs and targets for Group ethical data in line with industry best practices.	Completed the review of the Social Policy. Completed review of Code of Business Conduct and Ethics and Guidelines for Implementation. Ongoing supply chain due diligence. Completed whistleblowing policy review and provided further training. Continued anti-bribery training and testing. Received Self Declaration Statements from operations staff. Honoured contracts and obligations with host governments and local stakeholders with integrity. Reporting of KPIs and targets for Group business data has been in line with industry best practices.	• Review of SOCO HSES MS in regard to revised Code of Conduct, Human Rights Policy and Modern Slavery Act 2015. • Receive Self Declaration Statements from operations staff on an annual basis. • Continue anti-bribery training and testing on, at a minimum, an annual basis. • Report KPIs and targets for group ethical data in-line with industry best practices.

CORPORATE SOCIAL RESPONSIBILITY REPORT CONTINUED

OUR PEOPLE – TO ENSURE THE HEALTH, SAFETY, SECURITY AND WELFARE OF OUR EMPLOYEES AND OF ALL THOSE WHO WORK WITH US

Safety is of paramount importance throughout operations at SOCO. The Health, Safety and Environment ("HSE") Policy is implemented through the SOCO HSES MS supporting a planned approach for identifying, analysing and managing occupational risks and confirming that our personnel and our contractors have the appropriate competency. Selection criteria for our contractors and suppliers include HSES competency and performance. Our contractor management procedures and bridging documents ensure the appropriate management and coordination of activities to provide the safe environment we expect. HSES performance is monitored and any incidents recorded and investigated, throughout all of our operations on a continual basis.

We undertook focused health and safety training for our Congo (Brazzaville) operations in preparation for the 2016 drilling campaign. All scheduled HSE audits took place in 2015. No operations related fatalities occurred in 2015. No operations related Lost Time Injuries ("LTIs") were reported across any of SOCO's operations. A non-operations related LTI was reported onshore in Pointe Noire, Congo (Brazzaville) when a staff member sustained a cut to his hand at a staff house, and as a consequence, missed work for ten days.

OUTSTANDING SAFETY RECORD IN VIETNAM: 20 YEARS LTI FREE

In Vietnam, our joint operations achieved the remarkable milestone of 20 years of continuously safe operations during which more than 20.5 million man-hours were worked, 2.3 million during 2015, with no LTI. The HLHVJOC has been awarded a Merit of the Vietnamese General Confederation of Labour for its safety performance. Continuing HSE training, drills, workshops and inspections are conducted to ensure this high standard is maintained.

EQUAL OPPORTUNITIES

SOCO is an equal opportunities employer and embraces diversity and promotes a workplace culture where each person is treated with fairness and respect. Our staff welfare is important to us and we are committed to providing a work environment where our employees can grow both personally and professionally. As an indication of the loyalty that SOCO garners, our corporate employees have an average tenure of 7.8 years. The lean size of the corporate organisation facilitates daily direct interaction and multi-disciplinary dialogue amongst personnel and Executives. There were no reported incidents of discrimination in 2015 and no use was made of our internal grievance processes.

GENDER ANALYSIS

		2015	2014	2013
Directors	Female	2	2	2
	Male	10	10	10
Senior Managers	Female	1	1	–
	Male	1	1	1
Employees	Female	8	8	7
	Male	8	9	9

OUR PEOPLE – KEY OBJECTIVE DEVELOPMENTS FOR 2015 AND PLANS FOR 2016

Objective: To ensure the health, safety, security and welfare of our employees and of those with whom we work

Meaning: Effective health, safety, security and welfare management. Working conditions and welfare in terms of human rights management is an imperative.

IMPLEMENTATION 2015	OUTCOME 2015	ONGOING PLANS 2016
Alignment of SOCO HSES Policies and SOCO HSES MS with IFC World Bank Group Performance Standards. Development of new procedures and enhancement of existing procedures. Conduct HSE audits and inspections according to plan. Access to a grievance mechanism for all contractors. Conduct and enhance HSES training. Report KPIs and targets for Group HSE data in line with industry best practices.	Revised SOCO HSES MS has been rolled out across SOCO Africa region. Review of procurement procedure and delivery of a supply chain management workshop. HSE audits and work place inspections undertaken with monthly reporting. A grievance mechanism was available to all contractors. Continued HSE training in Congo (Brazzaville). Reporting of KPIs and targets for Group HSE data has been in line with industry best practices.	• Conduct HSE audits and inspections according to plan. • Ensure all contractors have access to a grievance mechanism. • Continue HSE training for 2016. • Report KPIs and targets for group HSE data in-line with industry best practices.

SOCIETY – TO ENHANCE THE WELLBEING OF OUR HOST COMMUNITIES

SOCO is committed to supporting the wellbeing of the local communities amongst whom we operate and developing local capacity. We aim to achieve a positive social impact where we operate, through developing new skills, creating jobs and stimulating the local job market in developing countries.

SOCO has continued to strengthen its social performance. The Company continues to fulfil its stakeholder consultation commitments through meaningful and transparent engagement and implements a project focused grievance mechanism process. We have carried out social governance training to our staff in Congo (Brazzaville) and continued to provide training and knowledge share to our local consultants and representatives of the Ministry of Environment. Human Rights remain a focus area and we are strengthening our Security Management Procedures in Congo (Brazzaville).

HUMAN RIGHTS

In 2015, SOCO placed Human Rights high on the agenda, further strengthening our commitment to the fundamental principles of human rights throughout its business processes and workforce, also reaching out into its supply chain, affected communities and other stakeholders. The Company produced a standalone Human Rights Policy which is being piloted in Congo (Brazzaville) with the intention of being rolled out across the Company in 2016. The Human Rights Policy aligns SOCO with the Voluntary Principles of Human Rights and the UN Guiding Principles on Business and Human Rights. The SOCO HSES MS has been reviewed to ensure that it aligns with the new company policy and the Company updated its Corporate New Entry Procedure accordingly. This enhances the level of environmental and social due diligence that SOCO shall undertake prior to entering into any new projects or partnerships, further strengthening our environmental and social governance.

We also undertook training in our procurement procedures in Congo (Brazzaville) strengthening our environmental and social governance down the supply chain. There were no reported violations of our social responsibility and security policies as they relate to human rights in 2015 and no use was made of our stakeholder grievance processes.

INDIGENOUS PEOPLE

SOCO's four operated and joint operated projects are located offshore in the Congo Basin (Marine XI and Mer Profonde Sud Blocks) and offshore Vietnam, and accordingly, the risk of a potential impact on indigenous people groups is small. Under the Corporate New Entry Procedure, all new ventures are assessed for the risk of impact on indigenous people groups and if a risk is found to exist, the SOCO HSES MS would both require and facilitate the implementation of policy and procedure that builds upon our stated commitment to honour and respect the indigenous rights of people within our host communities.

The process for our social investment project selection is driven by our CSR strategic objectives, the category of project and the country of operation given the local regulatory context and the degree of influence we have in our projects. We have prioritised where applicable the support of projects which meet our objectives and this commitment lies across all the countries in which we have operations.

In Congo (Brazzaville), we have greater influence over the projects, given the ownership structure, and accordingly are in a position to suggest to Government, following consultation, what the structure of projects could be to achieve a positive impact for the host communities in which we operate. In Vietnam, the HLHVJOC leads these projects and we contribute according to the stipulated requirements at the outset of the JV relationship.

SOCIETY – KEY OBJECTIVE DEVELOPMENTS FOR 2015 AND PLANS FOR 2016

Objective: To enhance the wellbeing of our host communities
Meaning: Building local capacity, during the exploration or development phases of a project, to ensure a positive imprint and legacy. Investing in social projects for the long term benefit of local communities.

IMPLEMENTATION 2015	OUTCOME 2015	ONGOING PLANS 2016
Alignment of SOCO HSES Policies and SOCO HSES MS with IFC World Bank Group Performance Standards. Implementation of a Human Rights Policy and staff training. Strengthened stakeholder engagement procedures. Strengthen grievance mechanism process. Strengthen social reporting. Regular voluntary charitable donations. Voluntary social and infrastructure improvement projects. Report KPIs and targets for Group social data in line with industry best practices.	**Congo (Brazzaville):** Provided training to local consultants and representatives of the Ministry of Environment in ESIA. Established standalone human rights policy in line with industry best practices. Conducted stakeholder engagement according to SOCO HSES MS policies for each new ESIA. Implemented project level grievance mechanism procedures. Supply of solar panels for power supply of well and facilities at Loango (Kouilou). Rehabilitation of the covered playground and sanitation at CEG Tchicaya. Renovation of the kitchens in a nursing home in Brazzaville. **Vietnam:** Vungtau Orphanage: scholarship, books and equipment. SCC Charity Cyclo Challenge: school building, and student scholarships. Vinh Bao General hospital: Donated S-View imaging system and Fujifilm dry-pix printer. Financial support for medical treatment for employees' families. Financial support to the disabled people of Hatinh province: medical treatment, vocational education and job application support. Light Your Hope Scholarship fundraising for students with financial difficulties. Ho Chi Minh City Children Association: Fundraising for educational support. Green Summer Campaign: Road construction. British Business Group Vietnam Football tournament 2015: Fundraising for various charity projects. Reporting of KPIs and targets for Group social data has been in line with industry best practices.	• Implement SOCO Human Rights Policy for Congo (Brazzaville) and then roll out across all of SOCO operations. • Provide training to all staff on SOCO Human Rights Policy. • Conduct Human Rights Due Diligence exercise. • Continue with community projects in all regions we operate to enhance education, health or the environment. • Report KPIs and targets for group social data in line with industry best practices.

CORPORATE SOCIAL RESPONSIBILITY REPORT CONTINUED

ENVIRONMENT – TO PROTECT THE ENVIRONMENT AND CONSERVE BIODIVERSITY

SOCO is committed to conducting all business activities in a responsible manner to ensure the protection of the environment and to conserve biodiversity. SOCO has made a firm commitment to not operate in a UNESCO designated World Heritage Area and has updated the Company's Biodiversity and Conservation Policy to reflect this. The Company has revised its Corporate New Entry Procedure strengthening the pre-entry environmental and social governance risk assessment requirements and implementing the revised Biodiversity and Conservation Policy.

SOCO shall continue to maintain a low impact on the environment through continuous monitoring, training and awareness raising and responsive action. The Company continues to collect all environmental emissions data on a monthly basis. There were no environmental regulatory non-compliances reported and no oil spills reported in the Africa region. There were no environmental regulatory non-compliances reported and no oil spills reported in Vietnam.

SOCO undertook an Energy Saving Opportunities Scheme Audit ("ESOS") at its corporate headquarters in compliance with the new UK ESOS Regulations 2014.

SOCO monitors and reports Greenhouse Gas Emissions ("GHG") for all of its operations under the Carbon Disclosure Project ("CDP"). Our target was to improve our 2014 score of 75% and indeed in 2015, SOCO achieved 93% for the 2014 emissions disclosure. Our target is to further improve this score for 2016. We aim to achieve this through improving the management of GHG by identifying realistic initiatives and targets for emissions reduction across all of our operations.

ENVIRONMENT – KEY OBJECTIVE DEVELOPMENTS FOR 2015 AND PLANS FOR 2016

Objective: To protect the environment and conserve biodiversity
Meaning: To protect the environment and minimise our footprint, manage natural resources and protect and enhance biodiversity.

IMPLEMENTATION 2015	OUTCOME 2015	ONGOING PLANS 2016
Alignment of SOCO HSES Policies and SOCO HSES MS with IFC World Bank Group Performance Standards, including a Biodiversity and Conservation Policy.	An environmental risk assessment and biodiversity risk assessment was conducted according to SOCO HSES MS for each new ESIA.	• Implement the revised Biodiversity and Conservation Policy.
Enhancement of existing procedures.	A new Biodiversity and Conservation Policy was implemented and was further revised in 2015 to reflect the Company 2014 commitment to not operate in UNESCO World Heritage Sites.	• Implement the revised Corporate New Entry Procedure for each new project or new joint venture.
Environmental awareness training.	The Corporate New Entry Procedure was revised.	• Investigate improvement of GHG emissions management by identifying realistic initiatives and targets for emissions reduction across all operations.
Reporting of environmental data.	All environmental data regularly reported according to procedure.	• Report KPIs and targets for group environmental data in line with industry best practices.
Undertaking and completion of HSE audits.	Reporting of KPIs and targets for Group environmental data has been in line with industry best practices.	
Undertaking and completion emergency response drills.		
Report KPIs and targets for Group environmental data in line with industry best practices.		

KEY PERFORMANCE INDICATORS

SOCO measures the Key Performance Indicators ("KPIs") it believes are useful in assessing the Group's performance against strategic priorities, HSES polices, and business plans. These metrics are kept under periodic review and are regularly tested for relevance against strategy and policy. SOCO tracks both financial and non-financial metrics to facilitate better management of long-term performance and the delivery of sustainable responsible business plans.

Operating safety is of paramount importance to the Company. SOCO has set KPIs which measure the:

- Employee tenure
- Lost time injuries
- Emissions
- Frequency rate of fatal accidents – SOCO's firm ambition is to maintain this number at zero.
- Number of oil spills of over 100 litres - SOCO is committed to maintaining this KPI at zero acknowledging the serious impact that such an incident would have upon the natural habitat as well as upon the business.
- Quantity of solid hazardous and non-hazardous waste, which has become an industry standard disclosure.
- Number of HSE regulatory non-compliances with the target of zero. This KPI reflects the Company's excellent HSE record to date and the intention of the management to maintain this high standard.

EXECUTIVE DIRECTOR REMUNERATION

Executive Director Remuneration is directly linked to SOCO's performance. To help ensure that the focus of the Board and management is aligned with the interests of our shareholders, certain of these measures are reflected in the annual bonus element of executive remuneration. Directors' performance-related pay is decided by a balanced scorecard of financial and non-financial objectives, as described in the Directors' Remuneration Report on pages 50 to 59.

NON-FINANCIAL KEY PERFORMANCE INDICATORS (SUSTAINABILITY)

	TARGET	2015	2014
Employee tenure (years)	-	8	8
Lost time injury frequency rate	Zero	0.4	0.3
Fatal accident frequency rate	Zero	0	0
Emissions (million tonnes of CO_2 equivalent) (based on equity share)	-	0.10	0.11
Oil spills	Zero	0	0
Solid non-hazardous waste (tonnes)	Set per project	327.8	498.4
Solid hazardous waste (tonnes)	Set per project	207.8	401.3
HSE regulatory non compliances	Zero	0	0

KPI See Additional Information – Key Performance Indicators on page 86 for all KPIs reported and their definitions.

CORPORATE SOCIAL RESPONSIBILITY REPORT
CONTINUED

GREENHOUSE GAS ("GHG") REPORTING

SOCO, as part of its annual HSES monitoring programme, reports the emissions of GHGs that have been generated as a result of its exploration and production activities, on an annual basis. This has been undertaken to meet both the requirement under the Companies Act 2006 for UK-listed companies to carry out mandatory carbon emissions reporting and the internal requirement under the SOCO HSES MS to report GHG emissions annually. In addition, SOCO voluntarily reports its GHG emissions and their management to the Carbon Disclosure Project ("CDP").

GHGS REPORTED

SOCO counts emissions of carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O), lall of which are produced during combustion. For simplicity, the results of all three have been reported as a single parameter – carbon dioxide equivalent (CO_2e).

The other three greenhouse gases categorised under Section 92 of the UK Climate Change Act, hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF_6), are not closely associated with the petroleum industry. The total emission of these gases is therefore expected to be small and has not been calculated.

EMISSIONS SCOPE

Reported Scope One direct emissions comprise direct GHG releases from combustion activities (for example, gas flaring operations and fuel gas/diesel use to generate power or for vehicle use). Reported Scope Two indirect emissions comprise those arising from generation of electricity supplied by the national grid in the UK and Congo (Brazzaville). No Scope Three emissions (indirect emissions created in the value chain) are reported.

REPORTING BOUNDARY

SOCO reports GHG emissions from its operated projects (Mer Profonde Sud), joint-operated projects (Block 9-2 and Block 16-1), and associated corporate/administrative activities on an overall and equity share basis. The former is the total emissions generated by those projects. The latter is calculated pro-rata to SOCO's ownership interest (equity share).

No GHG emissions are reported for SOCO's non-operated project (Cabinda North Block) as there were no activities carried out on this licence during 2015. In addition SOCO manage this non-operated project from the Pointe Noire office which is included in the Congo (Brazzaville) data.

TONNES (T) OF CO_2E FOR 2015 OPERATIONS

COUNTRY	REPORTED OPERATIONS	OPERATIONAL PHASE	CO_2E (T) OVERALL	CO_2E (T) BASED ON EQUITY SHARE[b]	NORMALISED EMISSION CO_2 E (T) PER BARREL OIL PRODUCED[a] OVERALL
UK	Corporate office	Administration (electricity usage)	25	25	n/a
Congo (Brazzaville)	Mer Profonde Sud	Exploration/Appraisal	–	–	n/a
	Corporate	Administration	108	37	n/a
Vietnam	Block 9-2 CNV field	Field development/production	21,251	5,312	8.36×10^{-3}
	Block 16-1 TGT field	Field development /production	311,688	95,064	2.57×10^{-2}
Total			**333,072**	**100,438**	**2.31×10^{-2}**

[a] Normalised emission is calculated, per field, and at country level, based on equity share, and gross /net BOEPD produced in 2015 in CNV (7,000 BOEPD gross and 1,750 BOEPD net) and TGT (33,443 BOEPD gross and 10,200 BOEPD net) fields.
[b] Under equity share, SOCO reports a share of the emissions from partnerships pro-rata its ownership interest

BASE YEAR ADJUSTMENTS AND 2015 RESULTS

2013 was the first year for which a full emissions estimate was made and reported to the CDP in 2014. The verified emissions from 2013, reported in 2014, therefore form the base year against which emissions trends over time are reported.

Our GHG reporting in 2015 has provided a re-calculation of base year emissions, which takes into account updates to the approach taken to set the organisation boundary, along with improvements and updates to certain emissions factors used to calculate GHG emissions from activities in 2014. This re-calculation of the base year is in line with CDP guidance and was undertaken to ensure that GHG reporting reflects genuine emissions' trends over time. The 2013 base year re-calculations have been included in the verification process, during which no material errors were identified.

2015 saw a decrease in emissions produced, reflecting the level of operational activity during the year. Operational activity during 2015 included field development drilling campaigns and ongoing production operations on both the CNV and TGT fields, offshore Vietnam. There were no field operations conducted in Congo (Brazzaville) in 2015.

Overall GHG emissions during 2015 were 333,072 tonnes of CO_2e, representing a 9.8% decrease compared with the overall 2014 emissions. Based on equity share, which in 2015 included activity from three projects compared with four in 2014, SOCO's GHG emissions in 2015 were 100,438 tonnes of CO_2e, representing a 9% decrease. For producing assets, SOCO's GHG emissions were 0.0231 tonnes of CO_2e per barrel of oil produced in 2015, a 9.7% increase from 2014 due in the main part to the development drilling and installation of the H5 platform in the TGT field.

COLLECTION AND VERIFICATION

Activity data pertaining to GHG emissions from SOCO's Africa projects were collected by the SOCO HSES manager, assisted by RPS Energy. In Vietnam, data were collected and reported to SOCO by the HLHVJOCs. RPS Energy assisted SOCO with data collation and GHG emissions calculations.

Verification was undertaken by a different division of RPS, RPS Planning & Development, which has maintained appropriate independence from both SOCO and RPS Energy during verification using its established approach to internal conflict management.

CDP REPORTING 2015

The CDP reports the 'climate change performance' of the Company from the CDP annual questionnaire. SOCO scored 93% for its emissions disclosure (2014:75%) which is above the industry group average of 83%. SOCO scored D (2014:C) in the performance band, which is in line with its peers but below the average for the industry group. In 2016, SOCO will continue to identify, quantify and monitor its emissions, and will work towards improving this performance by identifying realistic initiatives and targets for emissions reduction across all our operations.

APPROVAL OF THE STRATEGIC REPORT

This report was approved by the Board of Directors on 16 March 2016 and is signed on its behalf by

Cynthia Cagle

CYNTHIA CAGLE

COMPANY SECRETARY
16 MARCH 2016

ABOUT THE BOARD

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KEY

Committees
A Audit and Risk
R Remuneration
N Nominations

Membership
Committee chair
Committee member
Committee advisor

1. RUI DE SOUSA

Non-Executive Chairman, 60
Appointed: July 1999
Rui de Sousa has approximately 35 years' experience in the energy sector. He was formerly a director of Gazprombank-Invest (Lebanon) SAL, the Chairman of Carbon Resource Management Ltd. and the President of Quantic Mining. Rui is currently a director of Quantic Limited and Chairman of Blackdown Resources.

2. ED STORY

President and Chief Executive Officer, 72
Appointed: April 1997
Ed Story was one of the founding directors of SOCO International plc and serves as President and Chief Executive Officer. Under his leadership, SOCO acquired its principal assets in Vietnam and, by building strong relationships with its partners, has progressed the assets from initial exploration through to being one of the largest producing fields in Vietnam. Ed has over 45 years' experience in the oil and gas industry, beginning with Exxon Corporation, where he held various positions including seven years resident in the Far East. He was formerly the Vice President and Chief Financial Officer of The Superior Oil Company, a co-founder and Vice Chairman of Conquest Exploration Company and a co-founder and President of Snyder Oil Corporation's international subsidiary, which merged its controlled holdings into Cairn Energy, thereby creating the leading South Asian oil and gas company in the UK Independent sector. Ed was a non-executive director of Cairn Energy PLC until 2008 and is currently a non-executive director of Cairn India Limited.

3. ROGER CAGLE

Deputy Chief Executive Officer and Chief Financial Officer, 68
Appointed: April 1997
Roger Cagle was one of the founding directors of SOCO International plc and serves as Deputy CEO and Chief Financial Officer. Under his financial directorship, SOCO has raised over $230m in equity, returned over $430m to its shareholders through share buybacks and cash returns and has been debt free since 2013, after fully redeeming $250m of 4.5% convertible bonds. Roger has over 40 years of experience in the oil and gas industry including succeeding positions of responsibility with Exxon Corporation and senior management roles with The Superior Oil Company. He was formerly the Chief Financial Officer of Conquest Exploration Company and the Chief Financial Officer of Snyder Oil Corporation's international subsidiary.

4. CYNTHIA CAGLE

Vice President and Company Secretary, 61
Appointed: December 2012
Cynthia Cagle was one of the founding executives of SOCO International plc and serves as Vice-President – Accounting and Company Secretary. Cynthia has been instrumental in each of SOCO's key transactions contributing to its current business model, including the initial IPO and the acquisition and value realisation of its UK, Russia, Mongolia, Tunisia, Yemen and Thailand assets. Cynthia has over 35 years' experience in the oil and gas industry. Prior to joining SOCO, Cynthia gained her industry experience through senior accounting positions in Snyder Oil Corporation's international subsidiary, Conquest Exploration Company and The Superior Oil Company, and additional financial experience with Texas Commerce Bancshares.

5. ROB GRAY

Non-Executive and Senior Independent Director, 62
Appointed: December 2013
Rob Gray has been an advisor to the natural resources sector for more than 30 years. Rob qualified as a solicitor in 1981 at Allen & Overy and then went on to help establish James Capel & Co. Petroleum Services, a successful advisory and Mergers & Acquisitions practice. Rob's experience includes thirteen years at Deutsche Bank where he was latterly a Senior Advisor having been Chairman of UK Investment Banking for five years and formerly Global Head of Natural Resources. Rob was previously a Director and Head of the Natural Resource Group at Robert Fleming & Co. Ltd. for four years, a group which he established. Between 2000 and 2010, Rob was an Advisory Board Member for Heerema Marine Contractors. Rob is also one of a number of industry advisors to Bluewater Energy. Rob was a co-founder of RegEnersys, a natural resources investment entity and is currently the principal of ReVysion LLP.

6. OLIVIER BARBAROUX

Non-Executive Director, 60
Appointed: July 1999
Olivier Barbaroux has over 25 years' experience in the energy and utilities sector. He was the Chairman and Chief Executive Officer of Dalkia and a member of the Executive Committee of Veolia Environment until 2011. Formerly, he was the Managing Director of Compagnie Générale des Eaux, President and Chief Operating Officer of Vivendi Water S.A., the Head of the Energy Sector of Paribas and the Chief Executive Officer of the oil and gas production and exploration company Coparex International.

7. ROBERT CATHERY

Non-Executive Director, 71
Appointed: June 2001
Robert Cathery has over 45 years of stockbroking experience. He was formerly the co-founder and non-executive of Salamander Energy PLC. He was also formerly the Managing Director and Head of Oil and Gas at Canaccord Capital (Europe) Limited, Head of Corporate Sales at SG Securities (London) Ltd., director of Vickers da Costa and director of Schroders Securities. Robert is also currently a non-executive and a founding director of Central Asia Metals Limited.

8. ETTORE CONTINI

Non-Executive Director, 41
Appointed: December 2001
Ettore Contini was formerly a director of Energia E Servize SpA and an asset manager in the private banking division of Banca del Gottardo. Ettore is currently also a director of Eurowatt-Commerce.

9. MARIANNE DARYABEGUI

Non-Executive Director, 51
Appointed: October 2013
Marianne Daryabegui is currently the Managing Director of the Corporate Finance Oil and Gas Team at BNP Paribas in Paris, France. Marianne has extensive experience in oil and gas corporate transactions, including structured financing and reserve based lending facilities, and has advised a wide number of oil companies across the sector. Prior to joining the Oil and Gas Team in 2006, Marianne worked for eight years in BNP Paribas' Energy Commodities Export Project Department where she headed the Commodity Structure Finance team for the Middle East, North and West Africa. Prior to joining BNP Paribas, Marianne spent eight years at TOTAL, working amongst other activities on upstream acquisitions and divestments in Europe and Africa. Marianne has a Masters degree in Finance and Capital Markets from Sciences Po University, Paris and a Masters in Tax and Corporate Law.

10. ANTÓNIO MONTEIRO

Non-Executive Director, 72
Appointed: June 2009
Ambassador António Monteiro has over 45 years of experience with the Portuguese Ministry of Foreign Affairs, including as Foreign Minister of Portugal, and with international organisations, including as UN High Representative for Elections in Côte d'Ivoire and as a member of the UN Secretary-General's Panel on the Referenda in the Sudan. He was formerly the Ambassador of Portugal to France and the Permanent Representative of Portugal to the United Nations, where posts included being President of the Security Council and of the Security Council's Committee established by Resolution 661 (1990). António is currently also Chairman of the Board of Directors of the Portuguese Bank Millenium BCP (Banco Comercial Português), a non-executive member of the Board of the Angolan Bank BPA (Banco Privado Atlântico), a non-executive member of the Board of the Spanish bank Sabadell, and Chairman of the Advisory Council of Gulbenkian's Foundation Program for Development Assistance.

11. JOHN NORTON

Non-Executive Director, 78
Appointed: April 1997
John Norton is a Chartered Accountant by profession and was a partner at Arthur Andersen, heading the oil and gas practice in Europe, the Middle East and Africa, until his retirement in 1995. John was formerly also a member of the Oil Industry Accounting Committee and a director of the Arab-British Chamber of Commerce.

12. MIKE WATTS

Non-Executive Director, 60
Appointed: August 2009
Dr Mike Watts has over 35 years' experience in the oil and gas industry. He was formerly the Deputy Chief Executive of Cairn Energy PLC and the Chief Executive Officer and Managing Director of the Amsterdam listed Holland Sea Search, which was acquired by Cairn Energy PLC in 1995, and has held senior technical and management roles with Premier, Burmah and Shell. Mike is also currently Joint Chief Executive Officer and co-founder of Magna Energy Ltd.

ANNUAL REPORT OF THE DIRECTORS

CYNTHIA CAGLE

VICE PRESIDENT AND COMPANY SECRETARY

The Directors present their annual report, along with the audited Financial Statements of the Group for the year ended 31 December 2015. Information on pages 34 to 35 and 40 to 59 is incorporated herein by reference and forms part of this Directors' report.

DEVELOPMENTS FOLLOWING THE 2015 REPORTING PERIOD

An indication of the likely future developments in the business of the Group is included in the Strategic Report on pages 2 to 33. Details of significant events since the balance sheet date are contained in Note 33 to the Financial Statements.

RESULTS AND DIVIDENDS

The audited Financial Statements for the year ended 31 December 2015 are set out on pages 64 to 85. The Board has recommended a final dividend of 2 pence per Ordinary Share, which amounts to approximately $9.5m, and which if approved at the AGM will be paid on 17 June 2016 to shareholders on the register at the close of business on 27 May 2016. During the year, the Company announced a final dividend for 2014 of 10 pence per Ordinary Share amounting to $51.1m, which was approved by shareholders on 10 June 2015 and paid on 19 June 2015.

DIRECTORS

The business of the Company is managed by the Directors who may exercise all powers of the Company subject to the Articles of Association ("Articles") and law. The Directors who held office during the year, and the dates of their current service contracts or letters of appointment, which are available for inspection, are listed in the table on page 37. All Directors held office throughout the year. The Non-Executive Directors' appointments are terminable at the will of the parties. Executive Directors' contracts are terminable by either party on giving one year's notice.

In accordance with the provisions of the 2014 UK Corporate Governance Code, all Directors will retire at the forthcoming AGM. Mr John Norton and Mr Robert Cathery, two of the Company's long serving Non-Executive Directors, have informed the Company that they will not seek reappointment. The other Directors, being eligible, offer themselves for reappointment. Relevant details of the Directors, which include their Committee memberships, are set out on pages 34 to 35. SOCO provides liability insurance for its Directors and officers. The annual cost of the cover is not material to the Group. The Company's Articles allow it to provide an indemnity for the benefit of its Directors, which is a qualifying indemnity provision for the purpose of section 233 of the Companies Act 2006 ("2006 Act").

CONTRIBUTIONS

The Group's policies prohibit political donations.

SHARE CAPITAL

Details of changes to share capital in the period are set out in Note 24 to the Financial Statements.

At the 2015 AGM, shareholders approved a buy back contract pursuant to which, for the aggregate consideration of one pence, the Company purchased all of the deferred shares arising from its 2014 return of cash structure. In accordance with the Articles, following such buy back the deferred shares were cancelled. Further information can be found in Note 24 to the Financial Statements.

The Company therefore, currently has one class of shares in issue, ordinary shares of £0.05 each all of which are fully paid.

Each ordinary share in issue carries equal rights including one vote per share on a poll at general meetings of the Company, subject to the terms of the Articles and law. Shares held in treasury carry no such rights for so long as they are held in treasury. Votes may be exercised by shareholders attending or otherwise duly represented at general meetings. Deadlines for the exercise of voting rights by proxy on a poll at a general meeting are detailed in the notice of meeting and proxy cards issued in connection with the relevant meeting. Voting rights relating to the ordinary shares held by the SOCO Employee Benefit Trust are not exercised. The Articles may only be amended by a resolution of the shareholders.

No shareholder, unless the Board decides otherwise, is entitled to attend or to vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if he or she or any person with an interest in ordinary shares has been sent a notice under section 793 of the 2006 Act (which confers upon public companies the power to require information with respect to interests in their voting shares) and he or she or any interested person failed to supply the Company with the information requested within 14 days after delivery of that notice. The Board may also decide that no dividend is payable in respect of those default shares and that no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is earlier. The Directors may refuse to register any transfer of any share which is not a fully-paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority regards as preventing dealings in shares of that class from taking place on an open or proper basis. The Directors may likewise refuse any transfer of a share in favour of more than four persons jointly.

The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws); and pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require approval of the Company to deal in the Company's shares.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights. Resolutions will be proposed at the 2016 AGM, as is customary, to authorise the Directors to exercise all powers to allot shares and approve a limited disapplication of pre-emption rights. In line with institutional shareholder guidance, and in particular with the Pre-emption Group's Statement of Principles published on 12 March 2015 (the "Pre-emption Principles"), the authority sought for disapplication of pre-emption rights will be increased from 5% to 10% on the basis that the additional authority is only intended to be used in accordance with the Pre-Emption Principles. Further information regarding these resolutions is set out in the circular to shareholders. A resolution will also be proposed at the 2016 AGM, as is also customary, to renew the Directors' existing authority to make market purchases of the Company's ordinary share capital, and to limit such authority to purchases of up to approximately 10% of the Company's issued ordinary share capital at 16 March 2016. Shares purchased under this authority may either be cancelled or held as treasury shares.

AUDITOR

A resolution to reappoint Deloitte LLP as the Company's auditors will be proposed by the Directors at the forthcoming AGM. Deloitte also provide non-audit services to the Group, which are set out in Note 9 to the Financial Statements. All non-audit services are approved by the Audit and Risk Committee. The Directors are currently satisfied, and will continue to ensure, that this range of services is delivered in compliance with the relevant ethical guidance of the accountancy profession and does not impair the judgement or independence of the auditors. Further details of the Group policy on non-audit services are set out in the Audit and Risk Committee Report on pages 48 to 49.

The Directors at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Each Director has taken all steps that they ought to have taken as a Director, having made such enquiries of fellow Directors and the auditors and taken such other steps as are required under their duties as a Director, to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the 2006 Act.

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2015, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules ("DTR5") of the voting rights as a shareholder of the Company, as set out in the table on page 39.

GREENHOUSE GAS EMISSIONS REPORTING

Reporting on emission sources, as required under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, is included in the Corporate Social Responsibility Report on pages 24 to 33.

DIRECTORS HOLDING OFFICE DURING 2015

DIRECTOR	DATE OF CONTRACT
Rui C de Sousa Chairman	12.07.99
Robert G Gray* Senior Independent Director	09.12.13
Olivier M G Barbaroux*	12.07.99
Roger D Cagle	14.05.97
Cynthia B Cagle**	14.05.97
Robert M Cathery*	19.06.01
Ettore P M Contini	11.12.01
Marianne Daryabegui*	01.10.13
António V Monteiro*	10.06.09
John C Norton*	14.05.97
Edward T Story	14.05.97
Michael J Watts*	21.09.09

* Denotes those determined by the Board to be independent Non-Executive Directors as described in the Corporate Governance Report on pages 40 to 47.
**Appointed to the Board 05.12.12.

REQUIREMENTS OF THE LISTING RULES

The following table provides references to where the information required by the listing rule 9.8.4R is disclosed:

LISTING RULE REQUIREMENT	
A statement of the amount of interest capitalised by the group during the period under review with an indication of the amount and treatment of any related tax relief.	Not applicable
Any information required by LR 9.2.18 R (Publication of unaudited financial information).	Not applicable
Details of any long term incentive schemes as required by LR 9.4.3 R.	Directors' Remuneration Report page 50 to 59
Details of any arrangements under which a director of the company has waived or agreed to waive any emoluments from the company or any subsidiary undertaking. Where a director has agreed to waive future emoluments, details of such waiver together with those relating to emoluments which were waived during the period under review.	No such waivers
Details required in the case of any allotment for cash of equity securities made during the period under review otherwise than to the holders of the company's equity shares in proportion to their holdings of such equity shares and which has not been specifically authorised by the company's shareholders.	No such share allotments
Where a listed company has listed shares in issue and is a subsidiary undertaking of another company, details of the participation by the parent undertaking in any placing made during the period under review.	Not applicable
Details of any contract of significance subsisting during the period under review: (a) to which the listed company, or one of its subsidiary undertakings, is a party and in which a director of the listed company is or was materially interested; and (b) between the listed company, or one of its subsidiary undertakings, and a controlling shareholder.	Note 32 page 85
Details of contracts for the provision of services to the company or any of its subsidiary undertakings by the controlling shareholder.	Not applicable
Details of any arrangement under which a shareholder has waived or agreed to waive any dividends, where a shareholder has agreed to waive future dividends, details of such waiver together with those relating to dividends which are payable during the period under review.	Note 25 page 81
Board statement in respect of relationship agreement with the controlling shareholder.	Not applicable

GOING CONCERN

It should be recognised that any consideration of the foreseeable future involves making a judgement, at a particular point in time, about future events which are inherently uncertain. Nevertheless, at the time of preparation of these accounts and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue operating for the foreseeable future. For this reason, and taking into consideration the additional factors in the Strategic Report on pages 2 to 33 including the Financial Review on pages 18 to 20, they continue to adopt the going concern basis in preparing the accounts.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the annual report and the Financial Statements in accordance with applicable United Kingdom law and IFRS as adopted by the European Union both for the Group and the Company.

The Directors are required to prepare Financial Statements for each financial year that give a true and fair view of the financial position of the Company and of the Group and the financial performance and cash flows of the Group for that period. In preparing those accounts the Directors are required to select suitable accounting policies and then apply them consistently; present information and accounting policies in a manner that provides relevant, reliable and comparable information; and state that the Company and the Group have complied with applicable accounting standards, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the accounts comply with relevant legislation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SUBSTANTIAL SHAREHOLDINGS

As at 31 December 2015, the Company had been notified, in accordance with DTR5, of the following voting rights as a shareholder of the Company.

NAME OF HOLDER	NUMBER OF ORDINARY SHARES	% OF VOTING RIGHTS AND ISSUED SHARE CAPITAL
Liquid Business Ltd[1]	28,780,000	8.67
Blue Albacore Business Ltd	27,615,840	8.32
Globe Deals Ltd	27,444,382	8.27
Chemsa Ltd	24,136,925	7.27
Edward T Story[2]	13,423,964	4.04

1 Liquid Business Ltd is a connected person to Mr E Contini, a Non-Executive Director of the Company. An additional 220,000 Shares are held personally by Mr E Contini. For further information see the Directors' Interests table on page 56.
2 11,748,964 Shares are held personally by Mr E Story, an Executive Director of the Company. 1,675,000 Shares are held through The Story Family Trust, a connected person to Mr E Story. For further information see the Directors' Interests table on page 56.

During the period between 31 December 2015 and 16 March 2016, the Company did not receive any notifications under DTR5.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that, to the best of each person's knowledge:

(a) the Financial Statements set out on pages 64 to 85, which have been prepared in accordance with applicable United Kingdom law and IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company and the Group taken as a whole;

(b) this Directors' Report along with the Strategic Report, including each of the management reports forming part of these reports, includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that they face; and

(c) the annual report and the Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for the shareholders to assess the Group's performance, business model and strategy.

By order of the Board

Cynthia Cagle

Cynthia Cagle
Company Secretary
16 March 2016

CORPORATE GOVERNANCE REPORT

RUI DE SOUSA
CHAIRMAN

DEAR SHAREHOLDERS

The current volatile oil price environment that we and our peers in the oil and gas sector continue to face, presents us with both the opportunity and the necessity to show leadership in the area of strong corporate governance, its application and its development. We have applied the principles of the 2014 UK Corporate Governance Code ("the Code") throughout the year and welcome these continuing developments.

Board leadership
As Chairman, I remain focused on leading the Board in the effective delivery of our strategy for the long term success of the Company. Key to our achieving that success is ensuring that we consistently demonstrate a high standard of honest and ethical conduct, provide protection for the health and safety of our people and respect the environment in which we work. During 2015, we communicated these values, as well as our strategy, through open dialogue with our stakeholders which is very important to me in my role as Chairman.

My Board colleagues and I believe that the application of strong corporate governance remains crucial to ensuring that appropriate stewardship is preserved. Noting both the amendments to the Code in 2014 and the challenging economics facing our sector, we have been particularly attentive to ensuring that we have appropriate governance that supports:

- Robust systems for risk management and internal controls to facilitate the sustainability of the Company;
- Transparent and progressive remuneration policies;
- An effective balance of skills, diversity and independence amongst the Board, and
- Meaningful engagement with stakeholders, including our shareholders.

Risk Management
Our processes for identifying, monitoring and mitigating risks are ongoing throughout the year. The Audit and Risk Committee, on behalf of the Board, leads the review of the Group's risk management and internal control systems. On at least an annual basis, the review involves a vigorous and robust assessment of the principal risks facing the Group, a review of the risks that may threaten the Company's business model, future performance, solvency and liquidity and the mitigation measures in place to reduce risk to levels that the Committee and the full Board deem acceptable. New risks or changes to existing risks are considered at each Audit and Risk Committee meeting during the year.

The Company's principal risks and how those risks are being managed or mitigated, including how the Directors have assessed the Company's prospects, solvency and liquidity, are discussed in the Risk Management Report on pages 21 to 23 and Note 4 to the Financial Statements.

Remuneration Policy
Our remuneration policies remain subject to frequent and focussed scrutiny by the Remuneration Committee on behalf of the Board. Scrutiny includes the consideration of evolving market practice, relevant guidance, shareholder views and due regard to the current economic climate. Our objective, which is aligned with the Code, is for our remuneration policies to deliver and promote long term benefit to the Company though compensation packages that include both fixed and variable pay arrangements. Our executive remuneration packages have significant performance related elements linking appropriate rewards for greater achievements linked to the Company's business strategy. In the current sector downturn we have sought an even greater prominence of equity in these arrangements. In compliance with the Code, all variable pay arrangements are subject to provisions which enable the Committee to reduce vesting or recover value delivered if certain circumstances occur. Our current Remuneration Policy was approved by shareholders at the 2014 annual general meeting ("AGM"), with over 98% votes in favour.

Further details can be found in The Directors' Remuneration Report on pages 50 to 59, which includes a summary of the Remuneration Policy and the Annual Report on Remuneration.

Stakeholder Engagement

I continue to listen closely to our stakeholders both through direct engagement and through shareholder voting at our AGMs. During 2015, opportunities to engage with stakeholders included, in addition to being available to our shareholders and analysts at general meetings and results presentations, a number of meetings with institutional shareholders to facilitate a deeper mutual understanding of the Group's activities and the priorities of those shareholders.

I was delighted that the AGM proxy voting demonstrated strong shareholder approval. While this was a clear expression of support, my Board colleagues and myself have remained alert to issues and concerns conveyed through our direct engagement with shareholders and their representatives.

Board Tenure, Independence, Diversity, Succession and Effectiveness

I continue to believe that the Company benefits from those long-serving Directors who are uniquely qualified to lead the Board through their knowledge and proven competencies. However, at the same time, I am continually attentive to ensuring that the length of tenure of our Non-Executive Directors has not affected their ability to bring independent judgement to bear in the discharge of his or her duties. As a standing agenda item, the Nominations Committee, on behalf of the Board, and of which I am the Chairman, discusses succession planning and appropriate timing for additional Non-Executive appointments. The benefits of Board refreshment are evident from the contributions from the two most recent non-executive appointments made in 2013, when Mr Rob Gray and Ms Marianne Daryabegui joined the Board.

During 2015, the Committee initiated a dedicated programme to review the balance of the Board which is ongoing. The objective is refreshment and succession planning that promotes a balance of independence and diversity along with qualities that result in an exceptional balance of skills and experience on the Board.

Reflective both of this process and personal circumstances, Mr John Norton, who has served as both Chairman and a member of the Audit and Risk Committee, and Mr Robert Cathery, who has served as a member of the Audit and Risk, Nominations and Remuneration Committees, will both retire at the next AGM. John and Bob's invaluable contributions have perfectly exemplified the benefits to SOCO of having long –tenured directors. Having served since 1997 and 2001, respectively, John and Bob have consistently received shareholder support for their reappointment at each AGM, in addition to the full support of their Board colleagues who have all noted their extensive knowledge of the Company's history, the strength of their independence in character and their valuable expertise, particularly in the financial and capital markets arenas.

I continue to place considerable importance on our annual assessment of the Board's effectiveness. For the fifth successive year an external facilitator has assisted us in the evaluation process. My Board colleagues and I agree that this has contributed to open and frank discussion in the interest of improving the Board's processes, leadership and effectiveness. This year the external facilitator focussed scrutiny on strategy, corporate social responsibility, succession planning and Director independence. The results of the evaluation revealed a Board that is in agreement over the Company's policies and procedures in these areas and identified key matters for attention in the coming year.

The following pages provide further detail of how we fulfil our commitment to good corporate governance, and in particular those principles related to the role and effectiveness of the Board.

Rui de Sousa
Chairman

CORPORATE GOVERNANCE REPORT CONTINUED

The Company is committed to the principles contained in the UK Corporate Governance Code (the "Code") that was issued in 2014 by the Financial Reporting Council and for which the Board is accountable to shareholders.

The Company has applied the principles set out in the Code, including both the Main Principles and supporting principles, by complying with the Code as described within this report, the Directors' Remuneration Report and the Audit and Risk Committee Report.

STATEMENT OF COMPLIANCE WITH THE CODE

Throughout the year ended 31 December 2015, the Company has complied with the provisions set out in the Code.

BOARD ROLES

The role of the Board is to provide entrepreneurial leadership and to develop strategy, values and standards while maintaining prudent and effective controls to assess and manage risk.

The Board is responsible for ensuring that the Company meets its obligations to its stakeholders and has adequate resources to meet its strategic objectives.

The Board of Directors, whose names and biographical details are set out on pages 34 to 35, comprises eleven Directors in addition to the Chairman. After an assessment process set out in more detail below, seven of these eleven, including the Senior Independent Director, have been identified on page 37 as independent Non-Executive Directors, after giving full consideration to those circumstances that the Code states may appear relevant. Notwithstanding this, the Board is satisfied that each of the Company's Directors strictly abides by their legal and ethical duties owed to the Company to act objectively and in the best interests of the Company and its shareholders as a whole.

Chairman and Chief Executive Officer

In accordance with the Code, the roles of the Chairman and Chief Executive Officer are separated and their responsibilities are clearly established, set out in writing and agreed by the Board. The Chairman and the Chief Executive collectively are responsible for the leadership of the Company.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda. The Chairman leads the constructive challenge of the Executives' strategy through open and probing discussion and by ensuring that the Non-Executive Directors are fully apprised of all the aspects of the business.

The Chief Executive Officer is responsible for leading the executives and ensuring their effectiveness in the running of the Company's business and implementing strategy and policy. Together the Chairman and Chief Executive Officer are responsible for promoting the highest standards of integrity and probity.

Executive Directors

The Executive Directors are responsible for implementing the Board's agreed strategy through the development of an appropriate business plan and for implementing decisions approved by the Board in accordance with their relevant authority. The division of responsibilities between the Executive Directors is set by the Board.

The Executive Directors provide the leadership of the senior managers in the day-to-day running of the Group's business. They manage the Group's risk programmes including the environmental, health, safety and social performance of the business. They must ensure the Company has adequate financial and human resources to meet its objectives. They are responsible for reporting the Group's performance and strategic direction to the Board and for providing accurate, timely and clear information to enable the Board to make sound decisions.

Non-Executive Directors

The Non-Executive Directors undertake a supervisory role. They contribute to the development of strategic proposals through constructive probing based on review and analysis that applies their particular skill set, experience and knowledge. The Non-Executive Directors are responsible for reviewing management's performance. They ensure that the systems in place provide adequate and effective financial, operational and compliance controls and risk management. Each Non-Executive Director must be satisfied that he or she has sufficient information for the discharge of his or her duties, which may be achieved through dialogue with management, training where appropriate to update their knowledge or skills and consultation with independent professional advisors as required.

Senior Independent Director

The Senior Independent Director provides an independent leadership role to the Board. The Senior Independent Director is available to the Chairman to discuss and develop ideas to maximise the Board's effectiveness. He is also an intermediary to other Directors to ensure that each individual's views are fully considered in reaching unitary consensus on Board matters. The Senior Independent Director meets at least annually, without the Chairman present, with the other Non-Executive Directors. This is to help facilitate a full and open discussion of matters including appraisal of the Board's effectiveness and the performance of the Chairman. The Senior Independent Director is available to shareholders, as described more fully under Relations with Shareholders below.

Company Secretary

The Company Secretary is appointed by the Board. She is responsible for facilitating the communications and processes of the Board, both within the Board and its committees and with management, in compliance with Board procedures and governance guidelines.

The Company Secretary facilitates the induction programme for new Directors upon their appointment. This is tailored to the new Director's individual qualifications and experience. The Company Secretary provides advice and service as may be required in the ongoing discharge of the Directors' duties, including ensuring that the Company provides the necessary resources for access to independent advice and any individual professional training and development needs agreed with each Director.

Additionally, she ensures that briefing sessions are provided in the course of regular Board meetings and Committee meetings on relevant issues as deemed appropriate, including in relation to corporate governance and social responsibility as well as new and evolving statutory and other compliance matters.

BOARD COMPOSITION AND STRUCTURE

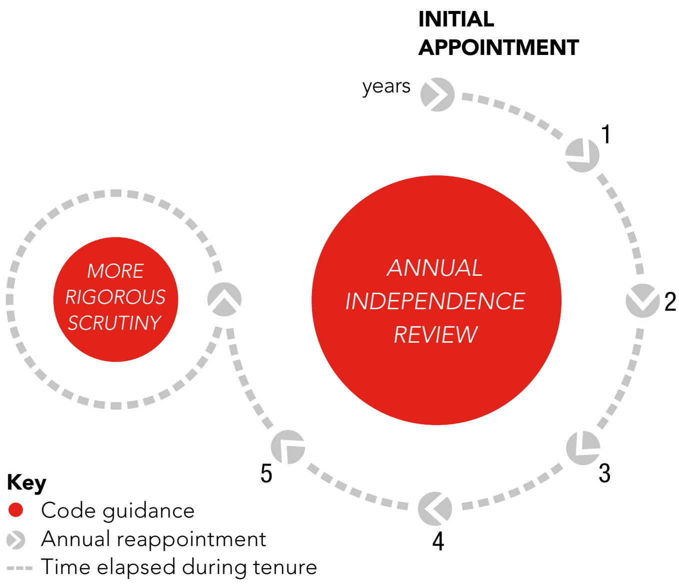
Diversity

At SOCO, diversity of approach, knowledge and skills is embraced and promoted. Since 2012, the Board has appointed three directors, two of whom are women thereby providing the benefit of gender diversity while, in the case of Ms Cynthia Cagle, additionally increasing Executive representation with sector, finance and governance experience. The appointment of Ms Marianne Daryabegui as a Non-Executive Director, and Mr Rob Gray as the Senior Independent Director, in 2013 also increased Non-Executive representation and the proportion of independent Directors, as well as providing additional expertise in international finance, banking, corporate finance, industry experience and strategic thinking. The 2015 externally facilitated Board evaluations affirmed the benefits that have been gained from the Board's existing diversity of skills, experience, approach and gender, and the Board seeks to further enhance these qualities. This is discussed further under the Nominations Committee section on page 45 and in the Succession and Appointments section on page 44.

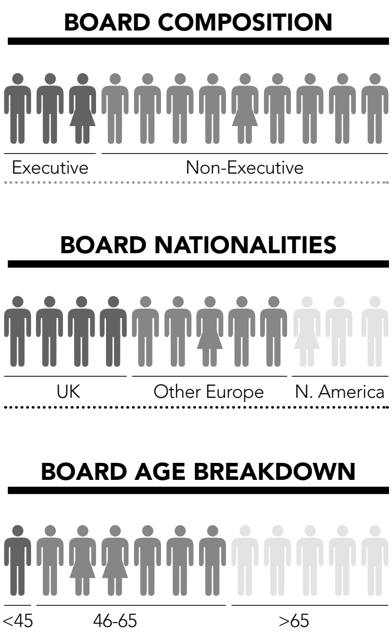
After assessment of the competencies required, the Board is satisfied that the current Non-Executive Directors comprise an appropriate balance of knowledge, skills, independence and experience. Throughout 2015, the Board had 17% female representation and will continue to manage its composition in future recruiting, acknowledging the government target of 25% female representation on boards as well as independence, individual merit, experience and complementary Board skills. The Company has additionally sought to maximise the benefits of independence, refreshment and continuity in constituting each of its Committees.

BOARD INDEPENDENCE

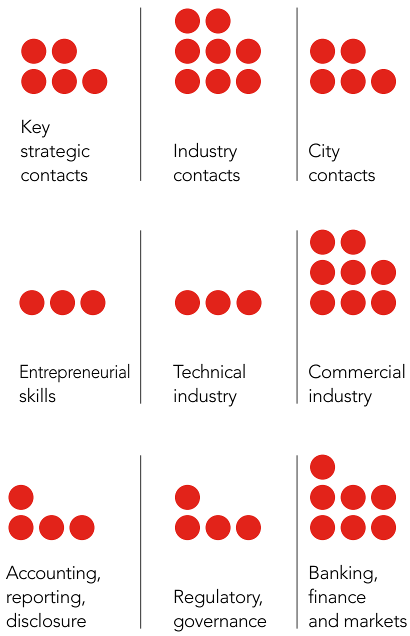
In accordance with the UK Corporate Governance Code (Code), all Directors are subject to annual independence reviews and election by shareholders



BOARD DIVERSITY



NON-EXECUTIVE DIRECTORS' KNOWLEDGE SKILLS AND EXPERIENCE



Tenure

The Company manages a portfolio of long term, complex projects and considers a Non-Executive Director's most appropriate term of office as generally longer than that envisioned in Code guidelines. The Company continues to benefit from having long-serving Directors who are uniquely qualified to contribute leadership through detailed knowledge of the Company's business and with the proven commitment, experience and competence to effectively advise and oversee the Company's management on behalf of the shareholders.

Nevertheless, the Board embraces the underlying principles of the Code provisions regarding tenure and Board refreshment. It is important to the Board that the length of tenure of our Non-Executive Directors has not affected their ability to bring independent judgement to bear in the discharge of his or her duties. Accordingly, this matter continues to be a priority as the Board seeks to strike an appropriate balance between the benefits of continuity of experience and succession.

To ensure that its Directors are focused on a long term approach, the Company does not impose fixed term limits as this would result in a loss of experience and knowledge without assuring increased independence. Accordingly, the Board's assessment of independence is of prime importance to ensure that retention of experience does not result in a failure to retain a sufficient contingent of independent Directors.

Independence

The 2015 externally facilitated Board evaluation continues to confirm the Board's position concerning independence. This emphasises that an individual's independence cannot be determined arbitrarily on the basis of a set period of time or by a set period of concurrent tenure with an Executive Director. Each of the Non-Executive Directors' tenure has run concurrently with the Chief Executive and Deputy Chief Executive, both of whom have been in office from the Company's initial listing.

The independence of each Non-Executive Director is assessed at least annually. Independence is a priority matter for scrutiny in the externally facilitated Board evaluation, as described more fully in the Nominations Committee section of this report. To be identified as independent, a Director must be determined by Board colleagues to be independent both in character and in judgement and free from any relationships or circumstances, including in particular those set out in the Code, which are likely to affect, or could appear to affect, his or her judgement.

Particular scrutiny is applied in assessing the continued independence of Directors having served over nine years. Attention is given to ensuring that interactions with Executive Directors have not in any way eroded their independence and that their allegiance

CORPORATE GOVERNANCE REPORT CONTINUED

remains clearly aligned with shareholders. Board refreshment and tenure are considered together, and weighed for relevant benefit in the foreseeable circumstances, given further that the Board should not be enlarged to a size that is unwieldy.

In conducting its assessment of Non-Executive Director independence, the Board referred to guidance setting out criteria deemed relevant to determining whether a Director continues to exhibit those qualities and behaviours it considers essential to be considered independent. Consideration was also given to the results of individual evaluation and continued satisfactory performance as well as each Director's ability to allocate sufficient time to discharge his or her respective Board and Committee responsibilities.

Following assessment, Mr Rob Gray, Ms Marianne Daryabegui, Ambassador António Monteiro and Dr Mike Watts were determined to be independent. After particular scrutiny, Mr John Norton, Mr Olivier Barbaroux and Mr Robert Cathery, each having served on the Board for more than nine years, were also determined to be independent.

Each of these Directors continues to display an appropriate independence from Executive Directors. They each continue to express their individual viewpoints, debate issues and objectively scrutinise and challenge management. Each seeks clarification and amplification as deemed required, including through direct access to the Group's employees and external advisors. After careful consideration of the relevant factors, the Board has determined that the tenure of these Directors has not affected their independence or their ability to bring judgement to bear in the discharge of their duties as Board and Committee members. The Board considers that the varied and relevant experience of its independent Directors combined provide an exceptional balance of skills and experience required for the business.

Succession and Appointments

As a standing agenda item, the Nominations Committee, on behalf of the Board, discusses succession planning and appropriate timing for additional Non-Executive appointments. The benefits of Board refreshment are evident from the contribution of the two most recent non-executive appointments made in 2013, when Mr Rob Gray and Ms Marianne Daryabegui joined the Board. During 2015, the Committee initiated a dedicated programme to review the balance of the Board which is ongoing. The objective is refreshment and succession planning that reflects a balance of tenure, independence, diversity, skills and experience within an appropriately sized Board.

Board appointments are made in consideration of objective criteria which are developed in the assessment of Board competencies and attributes. Appointments are made through a formal process led by the Nominations Committee, which is set out in more detail in the Nominations Committee section opposite.

Following a new appointment, the Company Secretary facilitates a process of induction and assimilation determined appropriate to the appointee's particular role and experience.

Reappointment

In accordance with the Code, all Directors are subject to annual election by shareholders. Reappointment of each Director is recommended in consideration of the results of individual evaluation and demonstrated continued satisfactory performance, commitment and effectiveness. Consideration is given to the broad capabilities represented on the Board and the ability of these to meet the unique challenges facing the Company. Consideration is additionally given to the balance of the Board's composition and the need for diversity and refreshment. A Non-Executive Director whose term has exceeded six years is subject to particularly rigorous review.

The process for considering reappointments is described more fully in the Nominations Committee section opposite. Following this process, the Board recommends the reappointment of those retiring Directors who have offered themselves for reappointment. The Chairman, having given consideration to the results of the Board's formal evaluation process and other relevant factors, is satisfied that the Non-Executive Directors continue to demonstrate the appropriate commitment level and to be effective in fulfilment of the responsibilities of the role.

2015 MEETING ATTENDANCE BY DIRECTORS (IN THEIR CAPACITY AS DIRECTORS)

	BOARD MEETING	AUDIT AND RISK COMMITTEE MEETING	REMUNERATION COMMITTEE MEETING	NOMINATIONS COMMITTEE MEETING	ANNUAL GENERAL MEETING
R de Sousa	●●●●			●●●●	●
O Barbaroux	●●●●				●
R Cagle	●●●●				●
C Cagle	●●●●				●
R Cathery	●●●●				●
E Contini	●●●○				●
R Gray	●●●●	●●●●	●●		○
M Daryabegui	●●●●	●●●●	●●	●●●●	●
A Monteiro	●●●●	●●●●	●●	●●●●	●
J Norton	●●●●				●
E Story	●●●●			●●●●	●
M Watts	●●●●	●●●●	●●	●●●●	●

● Denotes scheduled meeting attended ○ Denotes scheduled meeting not attended

BOARD STRUCTURE AND PROCESS

The Board determines the Company's business strategy and provides the entrepreneurial leadership required to ensure that its strategic aims can be achieved. The Board operates within a formal framework of decision making designed to reserve matters of establishing the strategy, business plan and nature or scope of the Company's business to the Board. Under this framework, authority for implementing the strategy and decisions taken by the Board is largely delegated to the Executive Directors and management within a system of internal controls designed to enable the risks of the Group to be managed effectively. Additionally, the Board has established clear objectives for the Company's economic, social and environmental conduct to promote the highest level of integrity and honesty in meeting its obligations to its stakeholders.

SOCO's Board membership comprises a broad range of skills, knowledge and experience, which is critical to the success of the Company. The Board functions as a unitary body, within which Directors assume certain roles to ensure the Board as a whole fulfils its responsibilities. These roles, including committee memberships, are designed to maximise the effective contribution of each of the Non-Executive Directors to the Board, its committees and to the Executive Directors, while ensuring that an appropriate balance is maintained. The composition of the Board and its committees is in accordance with Code guidelines. On at least an annual basis, the Non-Executive Directors meet without the Executives present and, led by the Senior Independent Director, meet without the Chairman present. Such meetings are conducted in the spirit of good governance and process, and are intended to ensure a forum for open dialogue without disruption of Board unity.

Attendance

The Board typically has four scheduled meetings a year and holds additional meetings as necessary. During 2015, the Board held four scheduled meetings as deemed required for the effective discharge of its duties during the period. There was full attendance of Directors at scheduled Board meetings and full attendance of members at the Audit and Risk, Remuneration and Nominations Committees as set out in the table below, with the exception of Mr Ettore Contini who was unable to attend one Board meeting due to illness.

Committees

The Board has established three Committees, as described below, each having formal terms of reference ("TOR") approved by the Board which set out its delegated role and authority. The TOR, which are available on the Company's website (www.socointernational.com), are set in consideration of the provisions of the Code and are reviewed from time to time in the context of evolving guidance. Committee memberships are reviewed in order to ensure optimum utilisation of competencies on the Board while maintaining a balance between the benefits of refreshment and continuity. Each Director's specific Committee memberships, including acting as Chairman, are set out on pages 34 to 35. Attendance at scheduled committee meetings by all members serving during the period is set out in the table on page 44. While only Committee members are entitled to attend meetings and vote, Directors in advisory roles are generally invited to attend and other Directors may be invited to attend from time to time to ensure that the Committees' responsibilities are undertaken with access to the Board's full breadth of knowledge and experience. The Company Secretary ensures that the Company additionally provides such resources as the Committees require in the discharge of their duties.

Audit and Risk Committee

The Audit and Risk Committee is chaired by Dr Mike Watts. Dr Watts, with extensive exploration and technical expertise in the sector, is a strong leader for the Committee's oversight of the Group's business risks, and in particular those which could have a significant impact on the financial statements. The Committee additionally comprises Mr Rob Gray, who is the Senior Independent Non-Executive Director, and independent Non-Executive Directors Ms Marianne Daryabegui and Ambassador António Monteiro. The qualifications of each member are set out on pages 34 to 35. The Board is satisfied that the collective experience of the members provides relevant financial and risk management experience and the complement of skills required for the effective discharge of its functions. Mr Olivier Barbaroux and Mr John Norton are Advisors to the Committee and contribute valuable and relevant experience. In particular, Mr Norton has extensive experience as a Chartered Accountant with specific focus in the oil and gas sector, and is supremely qualified to advise the Committee in the oversight of the external audit.

The Audit and Risk Committee meets at least three times a year. The Executive Directors, the Chief Operating Officer and a representative of the external auditors are normally invited to attend meetings. Other Directors are invited to attend as determined appropriate or beneficial. At least once a year the Committee meets with the external auditors without executive Board members present.

The Committee held four meetings in 2015, all of which were attended by executive management and three of which were attended by the external auditors. A private session, without the Executives present, was held during the year. Additionally, a number of other informal meetings and communications took place between the Chairman, various Committee members, external auditors and the Company's executives and employees.

As part of the externally facilitated Board Evaluation process, the Committee considered its performance and continued effectiveness. The Committee performed a review of its TOR as part of this process. A separate Report of the Audit and Risk Committee is set out on pages 48 to 49 and provides details of the role and activities of the committee and its relationship with the external auditors.

Nominations Committee

The Nominations Committee is chaired by Mr Rui de Sousa, the Non-Executive Chairman of the Company. Mr Ed Story, the Chief Executive Officer, serves as a Committee member along with independent Non-Executive Directors Dr Mike Watts, Ambassador António Monteiro and Ms Marianne Daryabegui. In addition, Mr John Norton, Mr Olivier Barbaroux and Mr Robert Cathery act as Advisors to the Nominations Committee.

The Committee meets at least once a year. Its primary responsibilities include making recommendations to the Board regarding the appointment and reappointment of Directors and Committee memberships. It is responsible for review and recommendations regarding overall Board structure and composition, succession planning and establishing an ongoing process for evaluating the Board and its members. Further details of the discharge of these responsibilities are set out below in addition to sections above regarding in particular board balance, independence, diversity, succession and appointments.

The Committee held four meetings in 2015. Other Non-Executive Directors were in attendance by invitation at a portion of these meetings. A number of informal meetings and communications took place between the Chairman, various Committee and Board members and the Company's executives and employees. Additionally, the Chairman led discussions of certain Committee matters in view of the full Board to expedite unitary decision making.

During the year the Committee reviewed the Board's structure, size and composition, including a profile of the skills, knowledge, experience and diversity represented on the Board. This was utilised to facilitate the Board's review of Director independence, including tenure in particular. The Committee made recommendations to the Board concerning plans for succession reflecting the successful induction and assimilation of recent appointments and continued refreshment while taking into account the skills, experience and diversity needed on the Board to best meet the specific challenges and opportunities facing the Company. The results of these reviews were in turn utilised in developing the Committee's recommendations regarding potential Board appointments as well as for continuation in office and reappointment of retiring Directors.

CORPORATE GOVERNANCE REPORT CONTINUED

"SINCE 2011, THE ANNUAL BOARD EVALUATIONS HAVE BEEN EXTERNALLY FACILITATED"

After giving consideration to Board structure and composition, evaluations, time commitments, length of service, individual contributions, refreshment and the requirements of the Board, the Committee recommended the reappointment of each of the retiring Directors who have put themselves forward for re-election in 2016.

Process for Board Appointments
During 2015, the Committee initiated a dedicated programme to review the balance of the Board which is ongoing. The Board has a policy in place for succession planning, which addresses its approach to maintaining a balanced Board, including the benefits of diversity. The Committee has a process in place for identifying and nominating candidates to fill vacancies which may arise from time to time, including ensuring that Board membership is sufficiently refreshed and retains an appropriate balance of skills and experience. The Committee develops an appropriate description of the role, estimated time commitment and the capabilities and attributes which would complement the composition of the Board and its Committees. The Company's succession planning has been aimed at increasing Board balance in both independence and diversity as a priority. Directors are encouraged to be attentive to identifying candidates who meet one or both of these objectives. The Committee would normally expect to utilise an independent external advisor to facilitate any search or justify why it did not do so. In any circumstance, a diverse list of candidates would be compiled and a rigorous review process undertaken, involving other Board members as deemed appropriate. Committee recommendations, which are to be made on merit set against objective criteria and with due regard for the benefits of diversity, would be submitted for full Board approval. The Company Secretary facilitates induction upon appointment.

Board Evaluation
Since 2011, the Committee's annual Board evaluations have been externally facilitated. During 2015, the Committee led the Board in evaluating its own performance and that of its Committees and individual Directors, such evaluation externally facilitated in confidence by Nautilus Management Limited, an independent firm that has provided secretariat and governance advice to the Company. The evaluation entailed both questionnaires and interviews. The external facilitator sought evaluation of the Board and its effectiveness as a whole, but with an emphasis on the critical issues that the Board is likely to face in the next three to five years and with increased scrutiny in areas including strategy and corporate social responsibility, Director independence and succession planning. Directors were also asked to comment on the operation and performance of the Audit and Risk, Nominations and Remuneration Committees.

The process was undertaken to enhance the quality of the Board and to improve its procedures through identifying and addressing strengths and weaknesses. The Chairman led discussions with the Committee and the full Board regarding the results, which included a commitment by the Board to continue a primary focus on delivering the corporate strategy in the context of the sector downturn. The Board confirmed its commitment to a rigorous process for the assessment of independence and remains satisfied that it has led to an appropriate designation of independent Directors.

The Board was satisfied with the benefits of refreshment provided through recruitment that increased Board balance in independence and diversity in late 2013, and maintains a focus on succession planning. Additionally, the Directors believe the Board has developed a better awareness of governance matters. A number of areas were identified for focus in the coming year including ensuring that strategy continues to evolve and adapt in response to the low oil price environment. The importance of maintaining an atmosphere of open discussion and challenge was stressed by all Directors, encouraging informal discussion between meetings. Additionally, the evaluation results were utilised to assess Director effectiveness, time commitments of Non-Executive Directors and training and development needs of each Director, which were reviewed by the Chairman. The Committee performed a review of its TOR as part of this process.

Remuneration Committee
The Remuneration Committee is chaired by Ambassador António Monteiro and additionally comprises Mr Rob Gray, who is the Senior Independent Director, and independent Non-Executive Directors Ms Marianne Daryabegui and Dr Mike Watts. In addition, Mr Olivier Barbaroux and Mr Robert Cathery act as Advisors. The qualifications of each of the members are set out on pages 34 to 35.

The Committee held two meetings in 2015 and has held one meeting to date in 2016. The Committee additionally held informal meetings with management and advisors.

As part of the externally facilitated Board Evaluation process described above, the Committee considered its performance and continued effectiveness. The Committee performed a review of its TOR as part of this process.

The Committee is responsible for setting the remuneration of the Chairman and the Executive Directors, and is responsible for appointing any consultants it may engage in carrying out its duties. Details of the Committee's activities, policies and objectives are set out in the Directors' Remuneration Report on pages 50 to 59.

CONFLICTS OF INTEREST

Directors have the power to authorise, where appropriate, a situation where a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. Such authority is in accordance with section 175 of the Companies Act 2006. Procedures are in place for ensuring that the Board's powers of authorisation are operated effectively. Directors are required to notify the Company of any conflicts of interest or potential conflicts of interest that may arise, before they arise either in relation to the Director concerned or their connected persons. The decision to authorise each situation is considered separately on its particular facts. Only Directors who have no interest in the matter are able to take the relevant decision and must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will impose such limits or conditions as they deem appropriate when giving authorisation or when an actual conflict arises. These may include provisions relating to confidential information, attendance at Board meetings and availability of Board papers, along with other measures as determined appropriate. The Board reviews its conflict authorisations at least annually.

ACCOUNTABILITY AND AUDIT

Directors' and Auditors' Responsibilities
The responsibilities of the Directors and auditors are set out in the Annual Report of the Directors on pages 36 to 39 and in the Independent Auditor's Report on pages 60 to 63.

Going Concern
The Group's financial statements have been prepared on a going concern basis as described in the Financial Review on page 20 and the Annual Report of the Directors on page 38.

Risk Management and Internal Control
The Directors are responsible for establishing, maintaining and reviewing the effectiveness of a sound system of internal control which is designed to provide reasonable assurance regarding the reliability of financial information and to safeguard the shareholders' investment and the assets of the Company and Group. Given the inherent limitations in any system of internal control, even a sound system can only provide reasonable assurance, and not absolute assurance, that the Company will not be hindered in achieving its business objectives or be protected against material misstatement or loss. The Board has put in place formally defined lines of responsibility and delegation of authority and has delegated to executive management the implementation of material internal control systems. Documented policies and procedures are in place for key systems and processes and the authority of the Directors is required for key matters.

A comprehensive budgeting process is in place for all items of expenditure and an annual budget is approved by the Board. Actual results are reported against budget on a regular basis. Revised forecasts for the year and longer term financial projections are produced regularly throughout the year.

The Board has the primary responsibility for identifying the major business risks facing the Company and Group and developing appropriate policies to manage those risks. The risk management approach is used to focus attention on the Group's most significant areas of risk and to determine key control objectives. The Board has established a continuous process, which has been in place throughout the year to the date of this report for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which is constantly evolving to meet the demands of a dynamic environment.

The effectiveness of the Group's system of internal control, including financial, operational and compliance controls and risk management, including management of environment, social and governance risks, is regularly reviewed by the Directors. The review is based principally on discussions with management and on reviewing reports provided by management to consider whether significant risks are identified, evaluated, managed and controlled, but also may include independent interaction with employees or third parties. Particular scrutiny is applied to the review of controls applicable to new or evolving areas of risks as they are identified.

The Board considers whether appropriate actions are taken promptly to correct any significant weaknesses identified, and if more extensive monitoring may be required. The Board confirms that such actions as deemed necessary and appropriate have been, or are being, taken to remedy any significant failings or weaknesses identified in its review. The Board seeks to ensure that internal control and risk management processes, including dealing with any identified areas of improvement, are embedded within the business.

The Board has performed a specific assessment for the purpose of this Annual Report and Accounts, which considers all significant aspects of internal control arising during the period, and is satisfied with the process employed and the results thereof. The Audit and Risk Committee spearheads the Board in discharging its review responsibilities. Audit and Risk Committee membership comprises highly experienced professionals with complementary areas of expertise in the oil and gas sector and each Committee member makes an important contribution to the assurance process. Members undertake specific review processes in his or her area of financial and audit, technical and operating, diplomatic and commercial expertise and reports the results of his or her review to the full Committee and to the Board.

Internal Audit Function
Although the Company does not currently have a separate in-house internal audit function, the Directors review at least annually the need to establish such a function. The Company's current staff size limits the ability to form an effective internal audit function and, accordingly, the Company outsources its internal audit requirements in order to ensure there is an appropriate level of independence and access to the diversity of expertise required to deliver a full range of internal audit activities. The Company has identified independent advisors who can fulfil immediate internal audit needs that may arise.

Relations with Shareholders
The Executive Directors are responsible for ensuring that effective communication is maintained with key stakeholders and partners, including establishing an appropriate level of contact with major shareholders and ensuring that their views are communicated to the Board. The Non-Executive Directors are responsible for taking sufficient steps to understand these views, including any issues or concerns.

SOCO maintains an open and active dialogue with shareholders. The Company maintains a website wherein important information can be posted and disseminated promptly to a wide audience and through which shareholders can electronically interface with executive management. At a minimum, the Company provides three personal communication forums annually – the AGM, the presentation of Annual Results and the presentation of Interim Results whereby shareholders can directly interface with Company executive management. Notice of the AGM is circulated to all shareholders at least 20 working days, and for other general meetings at least 14 working days, prior to the meeting, and resolutions are proposed for each substantially separate issue. The result of proxy voting is announced after votes are taken on a show of hands. Directors including the Chairmen of the Audit and Risk, Remuneration and Nominations Committees are available to answer shareholder questions and to respond to any specific queries.

The Company has assigned a senior executive the responsibility for investor relations and has employed an outside agency, both to provide assistance in the dissemination of information to shareholders and the general public and to solicit active feedback as to the effectiveness of such efforts. Additionally, the Company maintains an ongoing, active dialogue with institutional shareholders, specifically and proactively seeking opportunities for face-to-face meetings at least twice a year, coincident with half-year and full-year results, between fund managers and Company executive management. In 2015, the Company continued its dialogue with shareholders and other stakeholders regarding its corporate and social responsibility policies and procedures.

Brokers' reports are discussed at scheduled Board meetings and public relations and analysts' reports are distributed to the full Board. Non-Executive Directors are made available to communicate with SOCO's major institutional shareholders, and particularly to be responsive when additional communication from the Chairman, Senior Independent Director or other Non-Executive Directors has been requested. The Chairman regularly interfaces with other principal shareholders. The Board considers whether additional communication may be appropriate or desirable. In particular, the delegated role of the Senior Independent Director includes being available to shareholders if they have concerns which cannot be fully or appropriately addressed by the Chairman or the Executive Directors.

REPORT OF THE AUDIT AND RISK COMMITTEE

MIKE WATTS

AUDIT AND RISK COMMITTEE CHAIRMAN

DEAR SHAREHOLDERS

RESPONSIBILITIES OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee's primary responsibilities include reviewing the effectiveness of the Company's and the Group's systems of internal control, risk management, overseeing the selection of and relationship with external auditors and the review and monitoring of the integrity of Financial Statements. The Committee is responsible for review of the Group's major financial, operational and corporate responsibility risk management processes, including Environmental, Social and Governance risk. The effectiveness of these processes is monitored on a continuous basis and a formal assessment is conducted at least annually. The Committee has been delegated the responsibility for advising the full Board on compliance with the 2014 UK Corporate Governance Code (the "Code"), including its risk management and internal control requirements, as well as compliance with evolving guidance on corporate governance issues generally. Additionally, the Committee reports to the Board on whether, taken as a whole, the annual report and accounts are fair, balanced and understandable and provide information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee's activities undertaken in the discharge of its duties are regularly reported to the Board.

MATTERS REPORTED TO THE BOARD

External Auditors – Assurance Services

The Committee reviewed and approved the terms and scope of the audit engagement, the audit plan and the results of the audit with the external auditors, including the scope of services associated with audit-related regulatory reporting services. An assessment of the effectiveness of the audit process was made, giving consideration to reports from the auditors on their internal quality procedures. Additionally, auditor independence and objectivity were assessed, giving consideration to the auditors' confirmation that their independence is not impaired, the overall extent of non-audit services provided by the external auditors (as described below) and the past service of the auditors who were first appointed, following a tendering process, in 2002. Fees payable to the auditors were reviewed and approved by the Committee and are set out in Note 9 to the Financial Statements.

Noting the Code's guidance regarding external audit tendering and rotation, a competitive tender process is required at least once every ten years, SOCO will conduct a competitive tender process no later than for the 2023 year-end audit. The Committee will consider the appropriate timeframe within which to conduct such a tender process in light of the regulatory requirements as well as auditor performance and independence.

There are no contractual obligations which restrict the Committee's choice of external auditor. The Committee also considered the likelihood of a withdrawal of the auditor from the market and noted that there are no contractual obligations which would restrict the choice of external auditors. The Board concurred with the Committee's recommendation for the reappointment of Deloitte LLP as the Company's auditors for 2016, which will be proposed to shareholders at the forthcoming AGM.

External Auditors – Non-Audit Services

The external auditors are appointed primarily to carry out the statutory audit and their continued independence and objectivity is fundamental to that role. In view of their knowledge of the business, there may be occasions when the external auditors are best placed to undertake other services on behalf of the Group. The Audit and Risk Committee has a policy which sets out those non-audit services which the external auditors may provide and those which are prohibited. Within that policy, any non-audit service must be approved by the Committee. Before approving a non-audit service, consideration is given to whether the nature of the service, materiality of the fees, or the level of reliance to be placed on it by SOCO would create, or appear to create, a threat to independence. If it is determined that such a threat might arise, approval will not be granted unless the Audit and Risk Committee is satisfied that appropriate safeguards are applied to ensure independence and that objectivity is not impaired. The auditor is prohibited from providing any services which result in certain circumstances that have been deemed to present such a threat, including auditing their own work, taking management decisions for the Group or creating either a mutuality or conflict of interest. The Company has taken steps to develop resources and relationships in order to establish availability of alternate advisors for financial and other matters. Additionally, prior to the replacement of the auditors as remuneration advisors, the Committee closely monitored the terms of the previous arrangement under which the Remuneration Committee, with approval of the Audit and Risk Committee, independently appointed them as advisors. The advisors' terms of reference restrict the provision of certain services in order to maintain auditor independence and the scope and value of services to the Group is under continuous review.

The Committee approved the non-audit services provided by the external auditors in 2015, having concluded such services were compatible with auditor independence and were consistent with relevant ethical guidance. Details of non-audit services are set out in Note 9 to the Financial Statements.

Risk Assessment

The Committee undertook a robust and detailed risk assessment whereby it reviewed existing risks and identified new risks as appropriate. The likelihood and significance of each risk was considered along with associated mitigating factors and was reported to the Board. Any new risks or changes to existing risks were monitored throughout the year and considered at each Audit and Risk Committee meeting. As part of this process, the Committee maintains a detailed bribery risk assessment and mitigation procedure designed to ensure that the Company has appropriate procedures in place to eliminate bribery and that all employees, agents and other associated persons are made fully aware of the Group's policies and procedures. The Committee has reviewed and is satisfied with the Company's arrangements for "whistleblowing", whereby staff may raise concerns regarding improprieties in confidence, which would be addressed with appropriate follow-up action. To facilitate such reporting the Company maintains an Ethics Hotline Service using an independent, confidential telephone service that can be used by staff members and other stakeholders to report a suspected breach of SOCO's Code of Business Conduct and Ethics. The Committee reviews these arrangements annually.

Internal Controls and Risk Management Systems
On behalf of the Board, the Committee has reviewed the effectiveness of the Company's internal controls and risk management systems, including consideration of an internal audit function, which is more fully described in the Risk Management and Internal Control section of the Corporate Governance Report on page 47. The Committee has reviewed and approved the related compliance statements set out therein. The Committee has additionally reviewed and approved the statements regarding compliance with the Code. The Committee reviewed and discussed with management and the auditors the Company's relevant financial information prior to recommendation for Board approval. This included in particular the financial statements and other material information presented in the annual and half year reports. The Committee considered the significant financial reporting issues, accounting policies and judgements impacting the financial statements, and the clarity of disclosures. The Committee conducted a review of its Terms of Reference for continued appropriateness.

Fair, Balanced and Understandable
The Committee advised the Board whether the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Directors have confirmed this in their Responsibility Statement set out in the Annual Report of the Directors on page 39.

Significant Issues Related to the 2015 Financial Statements
For the year ended 31 December 2015 the Audit and Risk Committee identified the significant issues that should be considered in relation to the Financial Statements, being areas which may be subject to heightened risk of material misstatement.

Impairment of Exploration and Evaluation Assets
During 2015, the Group's intangible exploration and evaluation assets comprised mainly its Africa licences as described in the Review of Operations on page 14.

The Committee considered the Group's intangible exploration and evaluation assets individually for any indicators of impairment including those indicators set out in IFRS 6 Exploration for and Evaluation of Mineral Resources.

Impairment triggers were identified on the MPS licence area in Congo, which was tested for impairment. The estimated costs to fulfil the licence commitments have been provided for in accordance with IAS 37. This treatment was discussed and agreed by the Committee and the auditors. The licence is due to expire on 31 May 2016 following the drilling and abandonment of our commitment well in March 2016. In addition, the capitalised inception-to-date costs have been written off to the income statement in 2015 (see Note 14 to the Financial Statements). A number of other costs associated with searching for new acreage were written off in accordance with the Group's accounting policy on oil and gas exploration and evaluation (see Notes 2h and 14 to the Financial Statements).

The Group's remaining exploration and evaluation properties that continue to be classified as intangible assets on the balance sheet as at 31 December 2015 comprise Africa assets in Marine XI and Cabinda licences and New Ventures costs on Blocks 125/126 in Vietnam.

On Marine XI, discussions continue with the Congo authorities regarding commercialisation for the Lidongo discovery area and partners have prepared a Production Licence Application. Seismic reprocessing over the whole area was completed in December 2015 and interpretation is ongoing (see page 14 of the Operations Report).

The Cabinda licence has been extended to April 2018 and discussions are ongoing with partners and the authorities to agree the new partnership, operator and activities for the licence extension period.

The Committee discussed the Group's remaining exploration and evaluation asset with both management and the auditors and concur with the treatment adopted.

Oil and Gas Reserves
The Group's estimates of oil and gas reserves have a significant impact on the financial statements, in particular in relation to DD&A and impairment. Oil and gas reserves, as discussed in the Risk Management Report on page 21, are calculated using standard evaluation techniques which have inherent uncertainties in their application.

The Committee has discussed with management and the auditors the results of third party (ERCE) reserve assessments and the audit conducted by our reserves auditor Gaffney Cline and Associates, which are discussed further in the Review of Operations on pages 13 and 15 to 16. These results have also been scrutinised by management, taking into account the current stage of the field's development, to satisfy itself that reserve estimates are appropriate, that the related DD&A calculations are correct and that appropriate impairment testing has been conducted (see below). Management also reviewed its estimate of future costs (including decommissioning costs) associated with producing the reserves. Reserves estimates are inherently uncertain, especially in the early stages of a field's life, and are routinely revised over the producing lives of oil and gas fields as new information becomes available and as economic conditions evolve. The Committee acknowledges that such revisions may impact the Group's future financial position and results, in particular in relation to DD&A and impairment testing of oil and gas property, plant and equipment (see below).

Impairment of Producing Assets Classified as Property, Plant and Equipment ("PP&E")
The Committee considered the Group's oil and gas producing assets that are classified as PP&E on the balance sheet individually for impairment with reference to indicators in IAS 36 Impairment of Assets. During 2015, the Group's PP&E oil and gas assets comprised its two Vietnam licences, the ongoing activities of which are described in the Review of Operations on page 10 to 17. Having given consideration to the current oil price environment, management determined that there were indicators of impairment. The assets were thoroughly tested through economic modelling using a range of assumptions. Both assets were determined to have a fair value equal to or in excess of its book carrying value. The CNV asset fair value was also tested for an impairment reversal as in 2014 an impairment provision was recorded in the books. Management concluded, and the Committee agreed, that testing did not support an impairment reversal on CNV at this time. The Committee has discussed the Group's PP&E assets and associated impairment testing with both management and the auditors and concur with the treatment adopted, further details of which can be found in Note 15 to the Financial Statements.

Financial Asset
At budgeted oil prices for 2016 and based on ongoing correspondence with the counter party, we project that the deferred payment of $52.7m associated with the 2005 sale of our Mongolian interests to be fully paid out in the next 12 months.

M Watts

Mike Watts
Audit and Risk Committee Chairman

DIRECTORS' REMUNERATION REPORT

ANTÓNIO MONTEIRO

REMUNERATION COMMITTEE CHAIRMAN

DEAR SHAREHOLDERS

On behalf of the Board, we are pleased to present the Directors' Remuneration Report for the financial year ended 31 December 2015. This report has been prepared in accordance with section 421 of Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) and is set out in two parts:

- The *Directors' Policy Table*. The full policy report was approved by shareholders at the 2014 Annual General Meeting ("AGM") and is set out in its entirety on the Company's website.
- The *Annual Report on Remuneration* which provides details on how Directors were paid in 2015 and the link between remuneration and SOCO's performance. This section of the report also outlines how we intend to implement the remuneration policy in 2016. This section of the report will be subject to an advisory shareholder vote at the 2016 AGM.

How performance was reflected in the pay of our Executive Directors
As reported throughout the Strategic Report, the severe downturn in the macro environment following the dramatic fall in the oil price in the latter part of 2014 has impacted profits, cash flows, reserves classifications and asset values across the sector as a whole, including the Company and its shareholders. This creates unique and difficult challenges for our entire staff, including our Executive Directors, in their efforts to successfully shape the business for resilience in a persisting low oil price environment, identify and take advantage of real opportunities as they arise, and deliver sustainable growth as the oil price recovers. The Committee intends for its pay packages to strike an appropriate balance between incentivising and rewarding these efforts, while maximising shareholder alignment and preserving resource in a highly stressed economic climate. We have sought to achieve this through a greater prominence of equity in our Executive pay packages in 2015, whereby:

- Salaries remained frozen at the 2013 level.
- No cash incentives have been awarded since 2013.
- Incentive awards were considered in the normal policy ranges, predicated on delivery entirely through equity.
  - *Annual bonus awards* – Performance was assessed against weighted criteria set at the beginning of the year, which were principally aimed at successfully leading the Company through the severe industry downturn, led to an indicative 90% payout level. The Committee moderated this indicative level in two respects; firstly, it reduced the level to 75% of maximum and, secondly, the Committee again determined that the annual bonus should be delivered entirely in deferred SOCO shares vesting after two additional years of continued service, so that any final bonus payout will be impacted by share price movements in line with the shareholder experience through the deferral period.
  - *Long term incentive awards* – Awards were made in line with prior years under the approved policy, vesting over a three year performance period, but additionally subject to a further two year holding period. As a result, any potential value will only be realised after a 5-year period and will be impacted by success in delivering the long term business strategy.
- Testing of LTIP performance criteria against the comparator group revealed SOCO's total shareholder return to be among the highest through the industry downturn in the three year period through December 2015, resulting in 96% vesting in accordance with the criteria attached to the award in 2012. Although they were not awarded subject to retention, the Executive Directors voluntarily committed to a further two year retention period.

Full details on incentive payments for performance achieved to December 2015 are provided in the Annual Report on Remuneration.

Key decisions around remuneration for 2016
We are not proposing any changes to our policy, and believe that it continues to be well placed to align Executive Directors with our overarching strategic objective of building and recognising value for our shareholders, with an appropriate level of flexibility to give due regard to a volatile economic climate.

No increases are being proposed in 2016, leaving Executive Directors' salaries frozen at the 2013 level for another year.

Further to the publication in 2014 of the updated UK Corporate Governance Code, we have implemented malus and clawback provisions on all variable pay arrangements for Executive Directors. Additionally, long term incentives awarded in respect of 2015 and subsequently are subject to a two year holding period following the three year performance period.

In addition, to reflect developments in best practice, we have increased the Share Ownership Guideline from 100% of salary to 200%.

Policy renewal
Under the relevant legislation, our policy will be subject to renewal at the 2017 AGM. During 2016, we shall consider what, if any, changes may be appropriate before proposing a new policy at that AGM. We take an active interest in shareholder views and will seek appropriate input on their views when considering the new policy.

We were pleased that our remuneration policy received strong support from shareholders, with over 98% of votes cast in favour of the resolution.

In response to feedback from shareholders, we improved the level of detail and clarity in last year's disclosure of performance targets assessed for annual bonus pay-outs. We have sought further enhancement this year, consistent with our commitment to provide retrospective disclosure. We have also taken the decision to appoint FIT Remuneration Consultant LLP to replace Deloitte LLP as our independent advisor, in the interest of best practice corporate governance and the reduction of non-audit services which we obtain from our auditors.

We look forward to receiving your support at the upcoming AGM.

António Monteiro
Remuneration Committee Chairman

POLICY TABLE (UNAUDITED)

The policy table below summarises the remuneration policy which is effective from 12 June 2014 following shareholder approval at the 2014 AGM. The whole policy report, which is available on the Company's website, is intended to apply for three years. However, the Committee monitors the remuneration policy on a continuing basis including consideration of evolving market practice and relevant guidance; shareholder views and results of previous voting; policies applied to the wider employee base; and with due regard to the current economic climate. Should the Committee resolve that the remuneration policy should be revised; such revisions will be subject to a binding shareholder vote.

POLICY TABLE FOR EXECUTIVE DIRECTORS

FIXED PAY

BASE SALARY

Purpose and link to strategy: **Core element of remuneration set at a sufficient level to attract and retain people of the necessary calibre to shape and execute the Company's strategy.**

OPERATION

- Contractual fixed cash amount paid monthly.
- Particular care is given in fixing the appropriate salary level considering that incentive pay is generally set at a fraction or multiple of base salary.
- The Committee takes into account a number of factors when setting salaries, including (but not limited to):
  - Size and scope of individual's responsibilities
  - Skills and experience of the individual
  - Performance of the Company and the individual
  - Appropriate market data
  - Pay and conditions elsewhere in SOCO.
- Base salaries are normally reviewed annually.
- Results of benchmarking exercises are monitored for indications of potential unwarranted upward ratcheting.

MAXIMUM

- Although the Committee do not consider it appropriate to set a maximum salary level, any salary adjustments will normally be in line with those of the wider workforce.
- The Committee retains discretion to award higher increases in certain circumstances such as increased scope and responsibility of the role, or in the case of new Executive Directors who are positioned on a lower salary initially, as they gain experience over time.

BENEFITS

Purpose and link to strategy: **To provide Executive Directors with market competitive benefits consistent with the role.**

OPERATION

- Executive Directors receive benefits which may include (but are not limited to) medical care and insurance, permanent health insurance, life assurance cover, critical illness cover, travel benefits, expatriate benefits, car benefits and relocation expenses.

MAXIMUM

- Although the Committee do not consider it appropriate to set a maximum benefits level, benefits are positioned at an appropriate market level for the nature and location of the role.

PENSION

Purpose and link to strategy: **To provide retirement benefits consistent with the role.**

OPERATION

- Pension benefits are delivered through contributions to SOCO's money purchase plan up to relevant plan limits and / or a cash supplement.

MAXIMUM

- 20% of base salary per annum.

DIRECTORS' REMUNERATION REPORT CONTINUED

VARIABLE PAY

ANNUAL BONUS

Purpose and link to strategy: **Incentivises and rewards for the delivery of the strategic plan on an annual basis.**

OPERATION

- Payments are based on performance in the relevant financial year.
- At the beginning of the year, the Committee sets objectives which it considers are critical to the delivery of the business strategy.
- Performance against these key strategic objectives is assessed by the Committee at the end of the year.
- The Committee retains the discretion to amend the bonus payout (negatively or positively) to ensure it reflects the performance of either the individual or the Company.
- Payments up to 100% of salary are normally made in cash.
- Any bonus above 100% of salary will normally be deferred into awards of SOCO shares which vest after at least two years.

MAXIMUM

- 150% of base salary per annum, including cash and deferred components at the discretion of the Committee.

PERFORMANCE FRAMEWORK

- The annual bonus is based on individual and corporate performance during the year.
- Corporate goals are set annually and may include monitored measures for particular projects; portfolio objectives; corporate strategic goals; safety, social and environmental measures; financial measures and other measures as may be deemed appropriate and relevant to the period for delivery of the business strategy.
- If the Committee determines that a minimum level of performance has not been achieved, no bonus will be payable. Thereafter the bonus will begin paying out, up to the maximum of 150% of salary.
- The Committee determines the appropriate weighting of the metrics each year.

LTIP

Purpose and link to strategy: **Incentivises and rewards for the Company's strategic plan of building shareholder value.**

OPERATION

- Typically a contingent award of shares is made annually in December, in the course of the annual review cycle.
- Vesting of the awards is dependent on the achievement of performance targets, which are typically measured over a three year performance period.

MAXIMUM

- Usually 200% of base salary per annum.
- In circumstances which the Committee determines to be exceptional, annual awards of up to 400% of base salary per annum may be made.
- The maximum limit set out above applies to the total grants made each year under both the LTIP and share option plan per annum.

PERFORMANCE FRAMEWORK

- Awards vest based on performance against financial, operational and / or share price measures, as set by the Committee, which are aligned with the long term strategic objectives of SOCO.
- No less than 50% of the award will be based on share price measures. The remainder will be based on financial, operational or share price measures.
- If an event occurs which causes the Committee to consider that a waiver of, or amendment to, the performance conditions would be a fairer measure of performance and there has been a sustained improvement in financial performance, the performance conditions may be waived or amended.
- For 'threshold' levels of performance, 25% of the award vests. 100% of the award will vest for maximum performance. Pro-rating applies between these points and between ranking positions.

SHARE OPTION PLAN

Purpose and link to strategy: **Incentivises and rewards for the Company's strategic plan of building shareholder value.**

OPERATION

- Although Executive Directors are not currently granted market value options under the plan, flexibility is being maintained to do so if determined appropriate.
- Operation of the plan for Executive Directors would generally be consistent with the principles for operation of the LTIP set out above.
- Options may be exercised between three and ten years following grant, subject to the satisfaction of the relevant performance conditions.

MAXIMUM

- If determined appropriate, awards may be made in lieu of awards under the LTIP.
- The maximum limit set out in the LTIP section above applies to the total grants made under both the LTIP and share option plan per annum.

PERFORMANCE FRAMEWORK

- Awards vest based on performance against performance conditions as the Committee determine to be appropriate at that time.
- Taking into account the interests of shareholders, the Committee may vary the performance conditions in certain circumstances following the grant of an award so as to achieve their original purpose, but not to make their achievement any more or less difficult to satisfy.
- For 'threshold' levels of performance, 25% of the award vests. 100% of the award will vest for maximum performance.

SHAREHOLDING GUIDELINES

Purpose and link to strategy: **Further increases alignment between Executive Directors and shareholders.**

OPERATION

- The Board has a policy requiring Executive Directors to build a minimum shareholding in SOCO shares equivalent to 100% of salary.

ANNUAL REPORT ON REMUNERATION (AUDITED)

SINGLE TOTAL FIGURE OF REMUNERATION

The table below sets out the total remuneration in respect of qualifying services for both Executive and Non-Executive Directors for the financial year 2015. It also provides comparative figures for 2014:

	2015							2014						
	FEES/ SALARY $000'S	BENEFITS[1] $000'S	CASH BONUS $000'S	DEFERRED[2] BONUS $000'S	LTIP[3] $000'S	PENSION $000'S	TOTAL $000'S	FEES/ SALARY $000'S	BENEFITS[1] $000'S	CASH BONUS $000'S	DEFERRED[2] BONUS $000'S	LTIP[3] $000'S	PENSION $000'S	TOTAL $000'S
EXECUTIVE														
E Story	**924**	**151**	–	**1,040**	**738**	**139**	**2,992**	924	148	–	1,111	1,589	139	3,911
R Cagle	**693**	**94**	–	**780**	**553**	**104**	**2,224**	693	101	–	833	1,191	104	2,922
C Cagle[4]	**473**	**76**	–	**532**	**377**	**71**	**1,529**	473	84	–	568	544	71	1,740
NON-EXECUTIVE[5]														
R de Sousa	**290**	–	–	–	–	–	**290**	313	–	–	–	–	–	313
O Barbaroux	**76**	–	–	–	–	–	**76**	82	–	–	–	–	–	82
R Cathery	**76**	–	–	–	–	–	**76**	82	–	–	–	–	–	82
E Contini	**76**	–	–	–	–	–	**76**	82	–	–	–	–	–	82
M Daryabegui	**76**	–	–	–	–	–	**76**	82	–	–	–	–	–	82
R Gray	**92**	–	–	–	–	–	**92**	99	–	–	–	–	–	99
A Monteiro	**84**	–	–	–	–	–	**84**	91	–	–	–	–	–	91
J Norton	**76**	–	–	–	–	–	**76**	84	–	–	–	–	–	84
M Watts	**84**	–	–	–	–	–	**84**	91	–	–	–	–	–	91
Total	**3,020**	**321**	–	**2,352**	**1,668**	**314**	**7,675**	3,096	333	–	2,512	3,324	314	9,579

[1] The benefits received by Executive Directors include private medical insurance, permanent health insurance, life assurance cover, critical illness cover, travel and expatriate benefits and car benefits.
[2] The near term average exchange rate at date of award of 1.50 (2014: 1.56) has been used to convert share price from GB pounds to US dollars.
[3] The near term average exchange rate at the end of the performance period of 1.51 has been used to convert share price from GB pounds to US dollars. The same exchange rate has been used for both 2015 and 2014 to ensure consistency between periods.
[4] C Cagle was appointed to the Board on 5 December 2012. Therefore her remuneration in respect of qualifying services set out for LTIPs vesting in 2014 reflects the period from the date of appointment to the end of the LTIP performance period.
[5] Non-Executive Directors' fees are set in GB pounds and are reported in US dollars at the annual average exchange rate.

The aggregate emoluments of all Directors during the year was $5.9 million.

NOTES TO THE SINGLE FIGURE TABLE

Annual Bonus
As outlined in the Chairman's letter, in light of the impact of the recent challenging oil price environment on the Company's shareholders, the Committee determined for the second year to set aside cash bonus awards to Executive Directors. The annual bonus was delivered entirely in deferred SOCO shares vesting after two additional years of continued service, so that any final bonus payout will be impacted by share price movements in line with the shareholder experience through the deferral period. This exceeds the approved policy whereby deferral is generally only applied to any bonus earned over 100% of salary.

The 2014 Annual Report provided guidance on the performance measures that would be emphasised for 2015. These included goals associated with production targets, progressing the Vietnam development and appraisal programmes, advancing an independent reserves report, progressing the portfolio, delivering the corporate strategy, ESG goals and stewardship of the Company's resources in this challenging economic environment.

DIRECTORS' REMUNERATION REPORT CONTINUED

The table below sets out retrospective disclosure of performance achievement assessed against the weighted performance measures, which are consistent with those set out in the guidance provided.

2015 ANNUAL BONUS MEASURES AND OUTTURNS

SOUTHEAST ASIA (70% WEIGHTING)	OUTTURN 63% (0% – 70%)
Production	Target of 10% above budget met; at the top of the original forecast range.
TGT H5 Development Programme:	Target start-up date exceeded by over a month, at 25% below JOC original budget, with an excellent HSE record including 2.4 million man hours without a Lost Time Incident.
Independent field assessments	Objective to update and enhance geological and dynamic simulation models using third party expertise was completed, providing a tool for evaluating scenarios to optimise field recovery. Outputs have been audited and partners engaged. TGT reserve estimates have been prepared by third party experts and have undergone a reserves audit. A reserves audit was also completed on CNV.
TGT Development Approvals	Updated RAR was completed, approved by partners/PetroVietnam, and prepared for presentation to authorities. The timetable for full development approval will benefit from results of the updated field modelling.
New Venture	Objective to progress a new licence interest was met with an MOU executed over Vietnam Blocks 125/126. Terms are negotiated in consideration of a downturn strategy with a new strategic regional partner.
AFRICA (15% WEIGHTING)	OUTTURN 13% (0% – 15%)
Regional	A rationalisation of costs and value was addressed with a $60m capital expenditure reduction from 2014 to 2015 through deferrals and cost savings across the portfolio. Satellite offices were closed, personnel and service costs reduced.
Marine XI	Commercialisation was progressed with the production licence application completed and submitted, as required to initiate formal discussions over continuity with the nearby field. A one year licence extension has been agreed, pending formal approval.
Cabinda North	A new operator has been agreed, a three year licence extension was approved and the drilling programme deferred.
Mer Profonde Sud	Licence extension approved to defer commitment well into 2016, taking advantage of reduced service costs. Commitment well planned at an estimated $15-20m reduced cost to original expectation.
Democratic Republic of Congo	Withdrawal from Block V finalised with agreement of the relevant authorities; commitments fulfilled, including social projects.
CORPORATE (15% WEIGHTING)	OUTTURN 14% (0% – 15%)
Strategy and shareholder return	Returned $51.1m to shareholders in June 2015. Allocated capital to core projects; negotiated reductions on key service contracts; reduced head office staff; closed separate satellite office; closed year with no debt and cash balance $13m above budget.
ESG	Performance against ESG objectives is set out in the CSR report.

ACHIEVED	OUTTURN 90% (0% – 100%)

DISCRETIONARY ADJUSTMENT	CASH 0% · DEFERRED SHARES 75% (100%)

After a discretionary downward adjustment of 15%, the weightings resulted in a deferred bonus award at 75% of maximum for each Director. The Committee was satisfied with the results of the assessment, on the basis of delivery entirely as mandatory deferred shares under the terms of the deferred share bonus plan ("DSBP").

The table opposite sets out the annual bonuses awarded to Executive Directors in respect of performance in 2015 following the assessment process described above:

2015 ANNUAL BONUS

	CASH $000S	DEFERRED SHARES $000S	% OF MAXIMUM
E Story	–	1,040	75%
R Cagle	–	780	75%
C Cagle	–	532	75%

Details of these DSBP awards in the form of conditional share awards made in respect of the year to Executive Directors are summarised in the table below. These awards are normally subject to continued service over a two year vesting period, and will otherwise lapse in accordance with plan rules related to cessation of employment.

	DATE OF GRANT	NUMBER OF SHARES GRANTED	FACE VALUE[1] (£000S)	NORMAL VESTING DATE
E Story	08.01.16	487,300	693	08.01.18
R Cagle	08.01.16	365,500	520	08.01.18
C Cagle	08.01.16	249,300	355	08.01.18

[1] Face value is calculated using the last closing share price on the date of the awards of £1.4225. The near term average exchange rate of 1.50 preceding the date of grant has been used to convert share price from GB pound to calculate US dollar face value and % of salary at date of award.

LTIP Awards Vesting in Respect of 2015
The LTIP value shown in the single figure table relates to the LTIP award granted in December 2012, which vested in January 2016 following testing of SOCO's relative TSR performance for the three year period ended 5 December 2015 against a group of comparator companies. Although they were not awarded subject to a holding period, the Executive Directors voluntarily committed to a further two year holding period.

The table below sets out an overview of SOCO's relative TSR performance over the relevant performance period and the level of vesting achieved in respect of 2015 as a result:

		PERFORMANCE AGAINST COMPARATOR GROUP
Vesting schedule	**25% vesting**	Median (50th percentile)
	100% vesting	Upper 16th (88th percentile)
Actual vesting	**96%**	**83rd percentile**

LTIP AWARDS GRANTED IN RESPECT OF 2015

Traditionally, LTIP awards have been made in December each year. The awards in respect of 2015 were made in January 2016 so no grants were actually made during 2015. In the interests of transparency, the grants made in 2016 in the form of conditional share awards to Executive Directors in respect of 2015 are summarised in the table below.

	DATE OF GRANT	NUMBER OF SHARES GRANTED	FACE VALUE[1] (£000S)	FACE VALUE[1] (% OF SALARY)	THRESHOLD VESTING (% OF FACE VALUE)	END OF PERFORMANCE PERIOD
E Story	08.01.16	823,000	1,171	190%	25%	08.01.19
R Cagle	08.01.16	617,350	878	190%	25%	08.01.19
C Cagle	08.01.16	421,000	599	190%	25%	08.01.19

[1] Face value is calculated using the last closing share price of £1.4225 preceding the date of grant. The near term average exchange rate of 1.50 preceding the date of grant has been used to convert share price from GB pound to calculate US dollar face value and % of salary at date of award.

These awards will be subject to SOCO's relative TSR performance over a three year period against a group of comparator companies set out in the table below. 25% of the awards will vest for median performance, with full vesting for performance at the 88th percentile. Pro-rating applies between these points and between ranking positions. Following vesting, shares are subject to a further two-year holding period.

DIRECTORS' REMUNERATION REPORT CONTINUED

2015 TSR COMPARATOR GROUP			
Bowleven	Gulf Keystone	Ophir Energy	Santos
Cairn Energy	JKX Petroleum	Oryx Petroleum	Seplat Petroleum
DNO International	Lundin Petroleum	Petroceltic	Sterling Energy
Enquest	Maurel & Prom	Premier Oil	Transglobe
Faroe Petroleum	Newfield Exploration	Regal Petroleum	Tullow Oil
Genel Energy	Niko Resources	Rockhopper	Vaalco

DIRECTORS' INTERESTS AS AT 31 DECEMBER 2015

The Board has a policy requiring Executive Directors to build a minimum shareholding, which for 2015 has been increased from 100% of their annual salary to 200%. Additionally, LTIP awards granted in respect of 2015 require a two year holding period following vesting. This is intended to emphasise a commitment to the alignment of Executive Directors with shareholders and a focus on long term stewardship. The current Executive Directors have held, and continue to build, a meaningful shareholding since founding the Company in 1997. The table below sets out the Directors' interests as at 31 December 2015:

	SHAREHOLDING REQUIREMENT		BENEFICIALLY OWNED SHARES	AWARDS SUBJECT TO PERFORMANCE CONDITIONS	AWARDS VESTED	AWARDS SUBJECT TO SERVICE CONDITIONS
	(% of salary)	Achieved (Yes/No)				
EXECUTIVE						
E Story[1]	200%	Yes	13,423,964	1,157,377	–	301,989
R Cagle[2,4]	200%	Yes	5,258,266	868,574	–	226,624
C Cagle[3,4]	200%	Yes	3,028,178	592,687	–	154,420
NON–EXECUTIVE						
R de Sousa[5]	–	–	9,648,324	–	–	–
O Barbaroux	–	–	88,000	–	–	–
R Cathery	–	–	450,000	–	–	–
E Contini[6]	–	–	29,000,000	–	–	–
M Daryabegui	–	–	30,232	–	–	–
R Gray	–	–	–	–	–	–
A Monteiro	–	–	–	–	–	–
J Norton[7]	–	–	475,000	–	–	–
M Watts	–	–	115,533	–	–	–

1 11,748,964 Shares are held personally by Mr E Story. 1,675,000 Shares are held through The Story Family Trust, a connected person to Mr E Story.
2 337,681 Shares are held personally by Mr R Cagle. 4,920,585 Shares are held through C Minor Ltd, a connected person to Mr R Cagle.
3 224,139 Shares are held personally by Ms C Cagle. 2,804,039 Shares are held through C Major Ltd, a connected person to Ms C Cagle.
4 Mr R Cagle and Ms C Cagle are connected persons to each other, and are jointly interested in their combined total holdings. Additionally, as they both act as Directors of the Roger and Cynthia Cagle Family Foundation Limited (the "Charity"), it is considered to be a connected person of Mr R Cagle and Ms C Cagle and they are deemed to have a non-beneficial interest in 1,148,129 Shares held by the Charity.
5 550,000 Shares are held personally by Mr de Sousa. 8,708,820 Shares are held through Palamos Ltd and 389,504 Shares are held by Quantic Limited, both being connected persons to Mr de Sousa.
6 220,000 Shares are held personally by Mr E Contini. 28,780,000 Shares are held through Liquid Business Ltd, a connected person to Mr Contini.
7 410,000 Shares are held personally by Mr J Norton. 65,000 Shares are held by Mr Norton's spouse.

As the deferred bonus and LTIP awards made in respect of 2015 post-date 31 December 2015, they are excluded from the above table. Details of those awards are included on page 55.

While the Executive Directors, as potential beneficiaries, are technically deemed to have an interest in all ordinary shares held by the SOCO Employee Benefit Trust ("Trust"), the table above only includes those ordinary shares held by the Trust which are potentially transferable to the Directors and their families pursuant to Options which have been granted to them under the Company's incentive schemes. Details of the Trust and its holdings are set out in Note 25 to the financial statements.

There have been no changes to the Directors' interests subsequent to 31 December 2015 other than as described in the notes to the table above.

ANNUAL REPORT ON REMUNERATION (UNAUDITED SECTION)

SHARE AWARDS OUTSTANDING AT 31 DECEMBER 2015

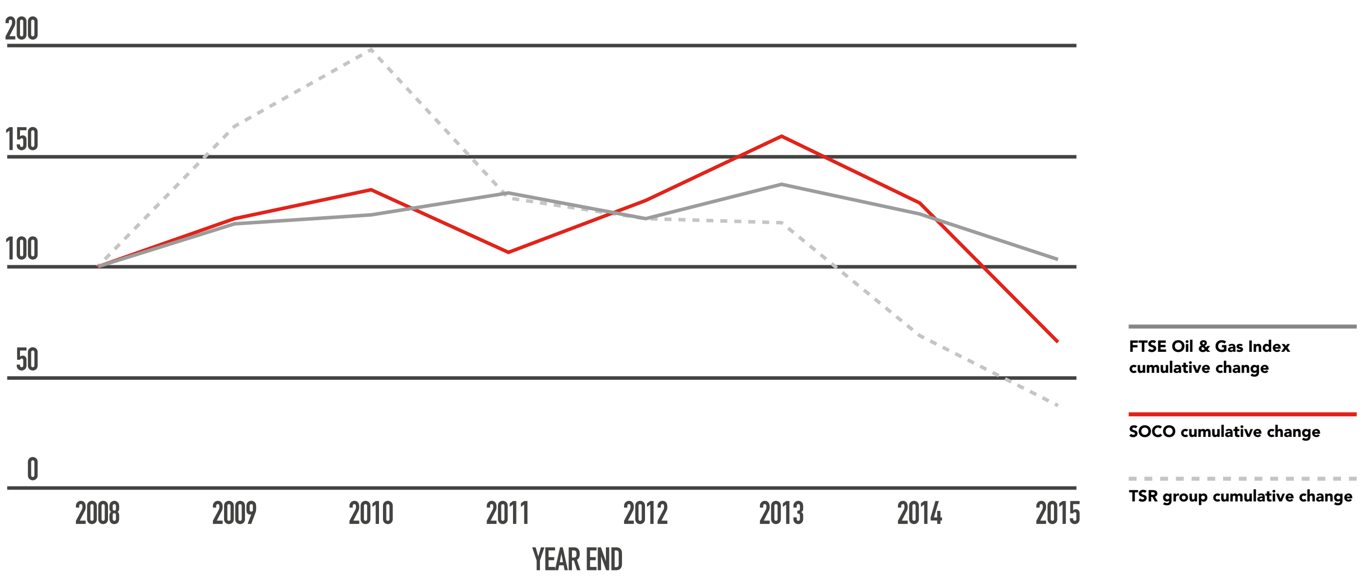
	TYPE OF AWARD	AS AT 1 JAN 2015	GRANTED/ AWARDED [1]	ADJUSTED [2]	RELEASED [4]	LAPSED	AS AT 31 DEC 2015	DATE POTENTIALLY VESTED [3,4]	EXPIRY DATE
E Story	LTIP	401,090	–	–	401,090	–	–	–	–
	LTIP	356,317	–	19,264	–	–	375,581	5.12.15	–
	LTIP	288,697	–	15,608	–	–	304,305	6.12.16	–
	LTIP	453,000	–	24,491	–	–	477,491	15.12.17	–
	DSBP	286,500	–	15,489	–	–	301,989	15.12.16	–
R Cagle	LTIP	300,817	–	–	300,817	–	–	–	–
	LTIP	267,237	–	14,448		–	281,685	5.12.15	–
	LTIP	216,787	–	11,720	–	–	228,507	6.12.16	–
	LTIP	340,000	–	18,382	–	–	358,382	15.12.17	–
	DSBP	215,000	–	11,624	–	–	226,624	15.12.16	–
C Cagle	LTIP	205,208	–	–	205,208	–	–	–	–
	LTIP	182,238	–	9,852	–	–	192,090	5.12.15	–
	LTIP	148,050	–	8,004	–	–	156,054	6.12.16	–
	LTIP	232,000	–	12,543	–	–	244,543	15.12.17	–
	DSBP	146,500	–	7,920	–	–	154,420	15.12.16	–

[1] Although made following the year-end, awards in respect of 2015 made in January 2016 are set out on page 55.
[2] Outstanding awards under the Company's share schemes were adjusted for dividend equivalents in accordance with plan rules (see Note 28 to the financial statements).
[3] LTIP awards vest subject to SOCO's relative TSR performance against a group of comparator companies as set out in the table above and subject to a further holding requirement. DSBP awards vest subject to continued service over a two year vesting period. No awards vested during the year.
[4] Awards potentially vesting in 2015, vested in January 2016 and are included in the single figure table in respect of 2015 as described on page 53. Awards reported as released in 2015, vested during 2014 and were also reported as having vested in respect of 2014 and included in the 2014 single figure table. The awards were released to E Story, R Cagle and C Cagle in March 2015 over ordinary shares at a market price of £1.586 resulting in a gain on release of £0.6 million, £0.5 million and £0.3 million, respectively.

HISTORICAL TSR PERFORMANCE AND CEO OUTCOMES

The chart below illustrates SOCO's seven year TSR performance against the FTSE Oil & Gas Index being a broad market index which is sector specific. Note that this does not represent either the comparator group or time period against which performance is assessed under the LTIP. In addition to these lines required by regulation, a line showing a synthetic index of constituents of the TSR comparator group has been included.

Total Shareholder Return (£)



DIRECTORS' REMUNERATION REPORT CONTINUED

CEO outcomes

The table below shows the total remuneration paid to the CEO over the same seven year period. In addition, the annual bonus and LTIP payouts are set out in respect of each year as a percentage of the maximum:

	2009	2010	2011	2012	2013	2014	2015
CEO single figure of remuneration ($000s)[1]	2,032	1,511	2,457	3,166	3,348	3,911	**2,992**
Annual bonus payout (% of maximum)							
Cash	50%	25%	100%	100%	100%	–	**–**
Deferred shares	–	–	–	–	–	80%	**75%**
LTIP vesting (% of maximum)	59%	34%	53%	71%	66%	100%	**96%**

[1] The current year annual average exchange rate has been applied to convert GB pounds to US dollars for all periods to ensure consistency between periods.

PERCENTAGE CHANGE IN REMUNERATION OF THE CEO

The table below illustrates the percentage change in salary, benefits and annual bonus for the CEO and all other employees.

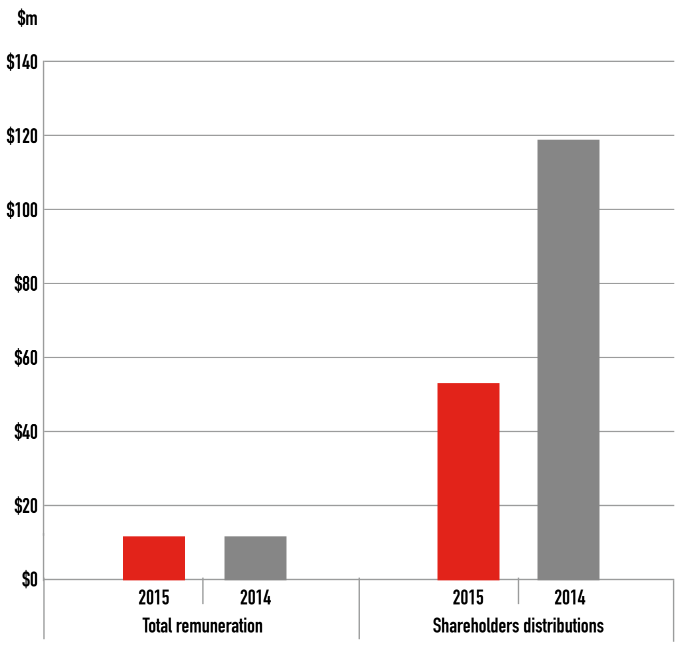
	% CHANGE IN BASE SALARY (2015/2014)	% CHANGE IN BENEFITS (2015/2014)[1]	% CHANGE IN ANNUAL BONUS (2015/2014)[2]
CEO	0%	10%	-6%
All other employees	2%	14%	-6%

[1] There have been no changes to the Company's benefits packages during the year. Variances reflect other factors, including increased programme costs, employee demographics and the level to which available allowances are taken up in a given year.

[2] The CEO's bonus is awarded in respect of the calendar year. Bonuses awarded to all other employees include a combination of awards in respect of the calendar year and in respect of the fiscal year ending 31 March 2015.

RELATIVE IMPORTANCE OF SPEND ON PAY

The chart below illustrates the year on year change in total remuneration as per Note 10 to the financial statements compared to the change in shareholder returns, which would include capital returns, dividends and share buybacks.



EXTERNAL APPOINTMENTS

With prior approval of the Board, Executive Directors are allowed to accept non-executive appointments on other boards and to retain the associated directors' fees. Under this policy, Mr Ed Story serves on the board of Cairn India Limited for which he retained associated fees for 2015 in the amount of $96,000 (2014: $92,000).

IMPLEMENTATION FOR 2016

Base salary

Executive Directors' salaries have not been increased for 2016.

	2016 BASE SALARY $000s	2015 BASE SALARY $000s	% INCREASE FROM 2015
E Story	924	924	0%
R Cagle	693	693	0%
C Cagle	473	473	0%

Benefits

For 2016, benefits available to Executive Directors will be consistent with those set out in the policy and provided in 2015 as described above.

Annual bonus

It is intended that annual bonus awards will be considered for Executive Directors in December 2016. In accordance with the policy, the maximum total bonus opportunity is 150% of salary, including cash and deferred components.To provide alignment with best practice and the performance of SOCO over the longer term, any bonus earned over 100% of salary will be deferred into SOCO shares to be held for two years. Normally, delivering these shares will be contingent on continued employment. Annual bonus payments will continue to be dependent on individual and corporate targets linked to SOCO's strategic plan. Due to commercial sensitivity, we are not disclosing details of bonus targets prospectively, but in line with our current practice, we will provide retrospective disclosure on achievement against measures following the year-end. However, we can broadly indicate that performance measures for 2016 will emphasise goals associated with production targets, progressing the Vietnam development and appraisal programmes with our partners, progressing the portfolio, delivering the corporate strategy, ESG goals and stewardship of the Company's resources in this challenging economic environment.

The Committee retains discretion over the amount of bonus paid out to ensure that appropriate consideration is given to the relative importance of the achievements in the year and the actual contribution of these towards furthering the Company's strategic plan.

LTIP
It is intended that grants will be made to Executive Directors in December 2016 in line with the policy set out above. The Committee's selection of performance criteria is kept under review to ensure the long term measures used remain appropriate to SOCO's circumstances and strategy, and most effectively support the delivery of value creation over time. For awards to be made in 2016, not less than 50% of the award will be dependent on a share price based measure, with the remainder dependent on either a share price based or financial measure.

Malus and clawback provisions
In compliance with the updated UK Corporate Governance Code issued in 2014, all variable pay arrangements are subject to provisions which enable the Committee to reduce vesting, or recover value delivered if certain circumstances occur. These circumstances include where an individual has engaged in an activity amounting to serious misconduct, fraud or leading to a misstatement of the Company's financial results (as determined by the Committee).

Pension
For 2016, a pension benefit at 15% of salary will be provided through contributions to SOCO's money purchase plan up to plan limits and a cash supplement.

Non-Executive Director Remuneration
Non-Executive Director fees have not been increased for 2016.

	FEE FROM 1 JANUARY 2016	FEE FROM 1 JANUARY 2015
Chairman of the Company	£190,000	£190,000
Non-Executive Director	£50,000	£50,000
Additional fee: Senior Independent Director	£10,000	£10,000
Additional fee: Chairman of Audit and Risk Committee	£5,000	£5,000
Additional fee: Chairman of Remuneration Committee	£5,000	£5,000

The fees have been set within the aggregate limits set out in the Company's Articles of Association and approved by shareholders. Non-Executive Directors are not eligible for participation in the Company's incentive or pension schemes.

CONSIDERATION BY COMMITTEE OF MATTERS RELATING TO EXECUTIVE DIRECTORS' REMUNERATION

The Directors who were members of the Remuneration Committee when matters relating to Directors' remuneration for the year were being considered included Ambassador António Monteiro, Ms Marianne Daryabegui, Mr Rob Gray and Dr Mike Watts.

The Committee received assistance from Mr Ed Story (CEO) and Ms Cynthia Cagle (Company Secretary), except when matters relating to their own remuneration were being discussed. The Committee received assistance from the other Non-Executives, including those in particular who are identified as advisors to the Committee on page 34.

In January 2016, the Committee appointed FIT Remuneration Consultants LLP ("FIT") who will act as its remuneration advisor prospectively. FIT has begun preparatory work on a transitional basis. Fees of £11,500 were paid to Deloitte LLP for advice provided to the Committee during 2015. Deloitte, who were originally retained independently by the Committee following a tender process, also provide audit services to the Group, as set out in Note 9 to the financial statements. Accordingly, the Committee have taken the decision to appoint a new independent advisor in the interest of best practice corporate governance.

The Committee remained satisfied that the remuneration advice received from Deloitte, who has voluntarily signed up to the Remuneration Consultants' Code of Conduct, has been independent. Throughout the period, Deloitte's terms of reference restrict the provision of certain services in order to maintain auditor independence. The scope and value of services to the Group is under continuous review to ensure it is not material to the assessment of independence. Advice is developed with use of established methodologies and the advisors are not involved in the decision making process. Advisory partners and staff have no involvement in audit, and are not involved in the preparation of audited information.

When setting the policy for Executive Directors' remuneration, the Committee takes into account pay conditions elsewhere in the Company and, as appropriate, any external market reference points.

The Committee reviews all aspects of remuneration on an annual basis and with respect to individual and corporate performance during the year. Benchmarking is generally conducted on at least a three year cycle or upon an indication of a change in market ranges. During this exercise, the Group's size and complexity and relative positioning within those ranges are taken into account in the context of the Executive Directors' critical value to the Company and demonstrated performance over time. Results of benchmarking exercises are monitored for indications of potential unwarranted upward ratcheting. The last benchmarking exercise was undertaken in 2013.

SHAREHOLDER VOTING

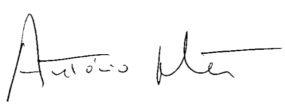
The remuneration policy and the Directors' remuneration report received the following votes from shareholders at the last AGM at which each respective resolution was moved:

	REMUNERATION POLICY		REMUNERATION REPORT	
	VOTES	%	VOTES	%
Votes in favour	156,162,798	98.4%	182,425,865	91.9%
Votes against	2,497,723	1.6%	16,125,815	8.1%
Total Votes	158,660,521	100%	198,551,680	100%
Votes Withheld	22,800,060	–	889,179	–

SHAREHOLDER DILUTION

SOCO monitors the number of shares issued under employee share plans and their impact on dilution limits. These will not exceed the limits set by The Investment Association in respect of all share plans (10% in any rolling ten year period) and executive share plans (5% in any rolling ten year period).

This report was approved by the Board of Directors and signed on its behalf by:



António Monteiro
Remuneration Committee Chairman
16 March 2016

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOCO INTERNATIONAL PLC

OPINION ON FINANCIAL STATEMENTS OF SOCO INTERNATIONAL PLC

IN OUR OPINION:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Statement of Changes in Equity, the Group and Company Cash Flow Statements and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

GOING CONCERN AND THE DIRECTORS' ASSESSMENT OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

As required by the Listing Rules we have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting within Note 2 to the financial statements and in the directors' statement on the longer term viability of the Group contained within the strategic report on page 23.

We have nothing material to add or to draw to your attention in relation to:

- the directors' confirmation on page 38 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 21 to 23 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement on page 68 of the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the directors' explanation on page 23 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

INDEPENDENCE

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. We assessed the design and implementation of key controls regarding the risks below. These risks are the same as those discussed in 2014 with the addition of recoverability of the Mongolian financial asset due to its increased significance.

RECOVERABILITY OF THE MONGOLIAN FINANCIAL ASSET

As per Note 17, the Group disposed of its Mongolia interest to Daqing Oilfield Limited Company ("Daqing") in 2005, pursuant to which the Group is entitled to further consideration (the "subsequent payment amount") of up to $52.7m once cumulative production reaches 27.8m barrels of oil. Daqing informed SOCO in January 2016 that this production threshold had been met in late December 2015.

The first payment, which has now become due, has not yet been received at the date of signing of the financial statements. Due to the material nature of this balance and the uncertainties that may exist in collecting the subsequent payment amount this has been identified as a significant risk for the year ended 31 December 2015.

It is also disclosed as a principal risk and uncertainty as noted on page 71 of the financial statements.

As we were unable to obtain direct confirmation from Daqing of the subsequent payment amount due we performed alternative procedures including the following;

- we reviewed correspondence between Daqing and SOCO for evidence that the production threshold was accepted by the parties as having been met;
- we discussed this matter with senior management and members of the Board to understand SOCO's expectations and intentions regarding recovery of the subsequent payment amount;
- we read the contract and reviewed legal advice received by the Group in relation to the Group's entitlement to collect the subsequent payment, and considered the scope of the advice and the expertise of the legal advisor. We requested management to obtain further advice from the legal advisor on certain aspects that we considered relevant to the accounting judgements and our audit, which management obtained;
- we challenged management's assessment that following achievement of the 27.8m barrel production threshold during the year, the fair value of the subsequent payment amount as at 31 December 2015 was materially equal to the full $52.7m entitlement, notwithstanding that the first payment that has become due has yet to be received; and
- we considered the adequacy of the disclosures in notes 4 and 17 relating to the Mongolian financial asset and the risks and uncertainties relating to its valuation and recovery.

IMPAIRMENT OF INTANGIBLE EXPLORATION AND EVALUATION (E&E) ASSETS

The total value of E&E assets as at 31 December 2015 held by the Group was $211.5m (2014: $209.1m). In accordance with relevant accounting standards, E&E costs are assessed for impairment at least annually. This is considered a key risk due to the significant judgments that are required to be assessed and the material carrying values of E&E assets in the financial statements. These judgements include the effect of the significant and prolonged fall in oil price on the viability of the Group's E&E projects.

Management assesses whether there were any indicators of impairment of the Group's E&E assets by reference to IFRS 6 "Exploration for and evaluation of mineral resources", such as;

- expiry or relinquishment of exploration and evaluation licences;
- no expenditure for further exploration and evaluation in the specific area is planned or budgeted for;
- whether exploration and evaluation activities have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue activities in the area; or
- whether data exists to suggest that the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

As referenced on page 71 of the financial statements, the carrying value of E&E assets is considered by management as a critical accounting judgement and key source of estimate uncertainty.

Details of the Group's policy on E&E assets is given in Note 2 of the financial statements and Note 14 of the financial statements includes details of the Group's exploration assets and the impairments of $13.1m which arose during the year.

We challenged the outcome of management's review of the Group's E&E assets for impairment. The Group's interests are in Marine XI and Cabinda. Facts and circumstances surrounding these projects are described in the Review of Operations on page 14.

Our procedures included:

- participating in meetings with key operational and finance staff to understand the current status and future intention for each asset;
- confirming that all assets which remain capitalised are included in future budgets and identifying any fields where the Group's right to explore is either at, or close to expiry; and
- confirming material facts, for example by agreement to approved internal or operator budgets and work programmes or contractual agreements;

We also considered whether the Mer Profonde Sud E&E asset was appropriately impaired as at 31 December 2015, in light of the effect of low oil price environment on the potential for a commercial discovery and the outcome of the Baobab Marine-1 commitment well drilled in early 2016.

OIL AND GAS RESERVES AND CONTINGENT RESOURCE ESTIMATES

This was considered to be a key risk due to the subjective nature of reserves and resource estimates and their impact on the financial statements through impairment and depreciation, depletion and amortisation ("DD&A") calculations, and because both the TGT and CNV fields are complex fields contributing all of the value of the Group's recognised reserves.

Management has engaged a third party expert to provide an independent report on the Group's reserves and resources estimates using standard industry reserve estimation methods and definitions for both the CNV and TGT fields.

Management's reserves and resources estimates are included on page 87 to the annual report. In addition, management has explained the scope of work of the third party and their findings on pages 13, 15 and 16 in the Review of Operations, as well as highlighting oil and gas reserves as a key source of estimation uncertainty in Note 4 to the financial statements.

For both TGT and CNV assets:

- we reviewed the third party expert's report on SOCO's reserves and resource estimates as disclosed on pages 15 and 16 and checked that these estimates were used consistently throughout the accounting calculations reflected in the financial statements;
- we corresponded directly with the third party experts to discuss and assess their scope of work, expertise and objectivity; and
- we enquired about the differences between current and prior estimates and considered whether the explanations were consistent with other information obtained by us during the course of our audit.

INDEPENDENT AUDITOR'S REPORT
CONTINUED

ACCOUNTING FOR DEPLETION, DEPRECIATION AND AMORTISATION ("DD&A") OF PRODUCING OIL AND GAS ASSETS	
This is considered a key risk due to the calculation including judgmental estimates of the remaining commercial oil & gas reserves, the estimation of future capital works and related expenditure required to extract those reserves and the date of application relating to any revisions to estimates. As referenced on page 71 of the financial statements accounting for DD&A is considered by management as a critical accounting judgement and key source of estimate uncertainty. As per Note 6 the total DD&A charge for the year was $99.2m (2014: $50.2m).	As well as the work performed on the reserves quantities included in the DD&A calculation, as above: • we compared the estimates of future capital expenditure to plans and budgets; • we checked that the development scenarios from which capital expenditure estimates are derived are consistent with the scenario on which reserves estimates are based; • we considered the timing of adoption of the revised reserves and future capital expenditure estimates for the purposes of calculating DD&A in light of the timing of events and circumstances that led to the revision to estimates; and • we re-performed the DD&A calculation to check for mechanical accuracy.
IMPAIRMENT OF PRODUCING OIL AND GAS ASSET	
The value of property, plant and equipment relating to the Group's producing oil and gas assets as at 31 December 2015 was $760.5m (2014: $790.0m). This is considered a significant risk due to the significant judgements and estimates involved in assessing whether any impairment, or impairment reversal, has arisen at year-end, and in quantifying any such impairments or reversals. Management reviewed each of its two producing fields for indicators of impairment, identifying in each case that indicators of impairment were present. Management has estimated the fair values less costs of disposal of each field and compared these to the carrying amount of each field on the balance sheet. Management's fair value estimate is based on key assumptions which include: • oil and gas prices; • reserves estimates and production profiles; • the discount rate; • future operating and capital expenditures; • the incremental value of contingent resources; and • the impact of taxation. As referenced on page 71 of the financial statements the carrying value of property, plant and equipment is considered by management as a critical accounting judgement and key source of estimate uncertainty. A nil impairment charge was recorded during the year (2014: $60.5m). Further details are provided in Note 15 to the financial statements.	As well as our work on reserves above; • we assessed management's assumptions by reference to publicly available information, other third party information, our knowledge of the Group and industry and also budgeted and forecast performance; • we tested management's impairment calculations for mechanical accuracy; • we specifically considered whether the incremental value attributed to contingent resource estimates was appropriate; • we reviewed management's sensitivity tests for a range of input assumptions, including oil price and discount rates, and performed our own sensitivity tests using management's impairment model with a range of reasonable assumptions; • we assessed management's conclusion that there is no impairment of TGT, and no further impairment nor any impairment reversal of CNV, having regard to the range of reasonably possible values of their estimated recoverable amounts as determined by third party experts; and • we also considered whether management's disclosures relating to impairment and associated estimation uncertainty were adequate.

The description of risks above should be read in conjunction with the significant issues considered by the Audit and Risk Committee discussed on pages 48 to 49.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and so we do not provide a separate opinion on these matters.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

When setting materiality, among other factors we considered the Group's loss before tax, the occurrence of any non-recurring or volatile gains and losses (such as impairments and exploration write offs) and the level of consolidated shareholders' equity in the current period as well as that in recent periods. Given the recent volatility in oil prices and the uncertain outlook for future oil prices, we do not believe that focusing solely on 2015 loss before tax would represent a stable basis for materiality or be representative of the underlying scale of the Group. Accordingly, we have adapted our approach in determining materiality.

We determined materiality for the Group to be $13.5m (2014: $19.0m) which is 1.5% of net assets (2014: 1.9%).

In order to ensure that we gain sufficient assurance and oversight of misstatements throughout the Group, materiality for each of the reporting components has been set at between $6.75m and $9.45m (2014: $9.5m and £13.3m), depending on the relative size of the component.

We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences in excess of $270,000 (2014: $380,000) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused primarily on the Group's two key business units, being Vietnam, which is accounted for in Vietnam and in London, and Africa, which is accounted for in London, together with the head office function in London. As with the prior year, these locations account for all of the Group's net assets, revenue and loss before tax. All of these locations were subject to a full scope audit.

In both the current and prior year, each of the risks that had the greatest effect on our audit strategy, as described above, were audited directly by the Group audit team.

The Group audit team assesses each year how best to be appropriately involved in the audit work undertaken in Vietnam. In the current year, in addition to regular interaction and review through correspondence, telephone and other electronic media, a senior member of the audit team visited the Vietnam component during the audit planning and year end phase of audit work.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ADEQUACY OF EXPLANATIONS RECEIVED AND ACCOUNTING RECORDS

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

DIRECTORS' REMUNERATION

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules we are also required to review part of the Corporate Governance Statement relating to the Company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

OUR DUTY TO READ OTHER INFORMATION IN THE ANNUAL REPORT

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit and Risk Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

Bevan Whitehead ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
16 March 2016

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR TO 31 DECEMBER 2015

	Notes	2015 $ million	2014 $ million
Revenue	5, 6	**214.8**	448.2
Cost of sales		**(166.4)**	(143.8)
Gross profit		**48.4**	304.4
Administrative expenses		**(10.0)**	(11.8)
Pre-licence exploration costs		**(0.8)**	–
Exploration expense	14	**(35.6)**	(79.5)
Impairment of property, plant and equipment	15	**–**	(60.5)
Operating profit		**2.0**	152.6
Investment revenue	5	**0.4**	0.7
Other gains and losses	7	**7.4**	1.6
Finance costs	8	**(1.6)**	(2.2)
Profit before tax	6	**8.2**	152.7
Tax	6, 11	**(42.0)**	(138.7)
(Loss)/profit for the year		**(33.8)**	14.0
(Loss)/earnings per share (cents)	13		
Basic		**(10.3)**	4.3
Diluted		**(10.3)**	4.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR TO 31 DECEMBER 2015

	Note	2015 $ million	2014 $ million
(Loss)/profit for the year		**(33.8)**	14.0
Items that may be subsequently reclassified to profit or loss:			
Unrealised currency translation differences		**1.8**	(1.8)
Total comprehensive (loss)/income for the year	27	**(32.0)**	12.2

BALANCE SHEETS
AS AT 31 DECEMBER 2015

	Notes	Group 2015 $ million	Group 2014 $ million	Company 2015 $ million	Company 2014 $ million
Non-current assets					
Intangible assets	14	**211.5**	209.1	**–**	–
Property, plant and equipment	15	**760.5**	790.0	**0.8**	1.0
Investments	16	**–**	–	**637.1**	689.4
Financial asset	17	**–**	45.0	**–**	–
Other receivables	18	**29.5**	24.6	**–**	–
		1,001.5	1,068.7	**637.9**	690.4
Current assets					
Inventories	20	**3.1**	6.1	**–**	–
Trade and other receivables	21	**19.5**	39.6	**0.9**	0.6
Tax receivables		**0.7**	1.1	**0.3**	0.5
Financial asset	17	**52.7**	–	**–**	–
Liquid investments		**–**	40.2	**–**	–
Cash and cash equivalents	29	**103.6**	126.2	**0.2**	0.2
		179.6	213.2	**1.4**	1.3
Total assets		**1,181.1**	1,281.9	**639.3**	691.7
Current liabilities					
Trade and other payables	22	**(37.2)**	(43.9)	**(3.0)**	(2.2)
Tax payable		**(7.8)**	(11.6)	**(0.8)**	(0.2)
		(45.0)	(55.5)	**(3.8)**	(2.4)
Net current assets (liabilities)		**134.6**	157.7	**(2.4)**	(1.1)
Non-current liabilities					
Deferred tax liabilities	19	**(183.7)**	(200.2)	**–**	–
Long term provisions	23	**(59.9)**	(51.1)	**–**	–
		(243.6)	(251.3)	**–**	–
Total liabilities		**(288.6)**	(306.8)	**(3.8)**	(2.4)
Net assets		**892.5**	975.1	**635.5**	689.3
Equity					
Share capital	24	**27.6**	27.6	**27.6**	27.6
Other reserves	25	**242.3**	239.5	**195.3**	195.0
Retained earnings	27	**622.6**	708.0	**412.6**	466.7
Total equity		**892.5**	975.1	**635.5**	689.3

The financial statements were approved by the Board of Directors on 16 March 2016 and signed on its behalf by:

Rui de Sousa
Chairman

Roger Cagle
Director

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR TO 31 DECEMBER 2015

Group

	Notes	Called up share capital $ million	Share premium account $ million	Other reserves (see Note 25) $ million	Retained earnings (see Note 27) $ million	Total $ million
As at 1 January 2014		27.6	11.1	226.5	815.6	1,080.8
Distributions		–	–	–	(118.1)	(118.1)
New shares issued		–	0.1	–	–	0.1
Issue and redemption of B shares		–	(11.2)	11.2	–	–
Share-based payments		–	–	0.4	–	0.4
Transfer relating to share-based payments		–	–	1.7	(1.7)	–
Unrealised currency translation differences		–	–	(0.3)	(1.8)	(2.1)
Retained profit for the year		–	–	–	14.0	14.0
As at 1 January 2015		**27.6**	**–**	**239.5**	**708.0**	**975.1**
Distributions	26, 27	**–**	**–**	**–**	**(51.1)**	**(51.1)**
Share-based payments	25	**–**	**–**	**0.5**	**–**	**0.5**
Transfer relating to share-based payments	25, 27	**–**	**–**	**2.3**	**(2.3)**	**–**
Unrealised currency translation differences	27	**–**	**–**	**–**	**1.8**	**1.8**
Loss for the year		**–**	**–**	**–**	**(33.8)**	**(33.8)**
As at 31 December 2015		**27.6**	**–**	**242.3**	**622.6**	**892.5**

Company

	Notes	Called up share capital $ million	Share premium account $ million	Other reserves (see Note 25) $ million	Retained earnings (see Note 27) $ million	Total $ million
As at 1 January 2014		27.6	11.1	183.1	663.4	885.2
Distributions		–	–	–	(119.2)	(119.2)
New shares issued		–	0.1	–	–	0.1
Issue and redemption of B shares		–	(11.2)	11.2	–	–
Share-based payments		–	–	0.4	–	0.4
Transfer relating to share-based payments		–	–	0.6	(1.7)	(1.1)
Unrealised currency translation differences		–	–	(0.3)	(53.9)	(54.2)
Loss for the year	12	–	–	–	(21.9)	(21.9)
As at 1 January 2015		**27.6**	**–**	**195.0**	**466.7**	**689.3**
Distributions	26, 27	**–**	**–**	**–**	**(51.1)**	**(51.1)**
Share-based payments	25	**–**	**–**	**0.5**	**–**	**0.5**
Transfer relating to share-based payments	25, 27	**–**	**–**	**(0.1)**	**(2.3)**	**(2.4)**
Unrealised currency translation differences	27	**–**	**–**	**(0.1)**	**(31.5)**	**(31.6)**
Retained profit for the year	12	**–**	**–**	**–**	**30.8**	**30.8**
As at 31 December 2015		**27.6**	**–**	**195.3**	**412.6**	**635.5**

CASH FLOW STATEMENTS
FOR THE YEAR TO 31 DECEMBER 2015

	Notes	Group 2015 $ million	Group 2014 $ million	Company 2015 $ million	Company 2014 $ million
Net cash from (used in) operating activities	29	**80.3**	251.2	**(6.5)**	(6.8)
Investing activities					
Purchase of intangible assets		**(17.5)**	(77.0)	**–**	–
Purchase of property, plant and equipment		**(70.0)**	(85.5)	**(0.1)**	(0.2)
Decrease in liquid investments[1]		**40.2**	39.9	**–**	–
Payment to abandonment fund	18	**(4.9)**	(9.6)	**–**	–
Investment in subsidiary undertakings	16	**–**	–	**(5.7)**	0.9
Dividends received from subsidiary undertakings		**–**	–	**62.5**	130.0
Net cash (used in) from investing activities		**(52.2)**	(132.2)	**56.7**	130.7
Financing activities					
Share-based payments	25	**(1.0)**	(1.2)	**(1.0)**	(1.2)
Distributions	26	**(51.1)**	(118.1)	**(51.1)**	(119.2)
Proceeds on issue of ordinary share capital	24	**–**	0.1	**–**	0.1
Net cash used in financing activities		**(52.1)**	(119.2)	**(52.1)**	(120.3)
Net (decrease) increase in cash and cash equivalents		**(24.0)**	(0.2)	**(1.9)**	3.6
Cash and cash equivalents at beginning of year		**126.2**	129.9	**0.2**	0.3
Effect of foreign exchange rate changes		**1.4**	(3.5)	**1.9**	(3.7)
Cash and cash equivalents at end of year[1]		**103.6**	126.2	**0.2**	0.2

[1] Liquid investments comprise short term liquid investments of between three to six months maturity while cash and cash equivalents comprise cash at bank and other short term highly liquid investments of less than three months maturity. The combined cash and cash equivalents and liquid investments balance at 31 December 2015 was $103.6 million (2014: $166.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

SOCO International plc is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the inside back cover. The nature of the Group's operations and its principal activities are set out in Note 6 and in the Review of Operations and Financial Review on pages 10 to 17 and 18 to 20, respectively.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation
The financial statements have been prepared in accordance with, and comply with, IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have also been prepared on a going concern basis of accounting for the reasons set out in the Annual Report of the Directors on page 47 and in the Financial Review on page 20. The financial statements have been prepared under the historical cost basis, except for the valuation of hydrocarbon inventory and the revaluation of certain financial instruments. The financial statements are presented in US dollars as it is the functional currency of each of the Company's subsidiary undertakings and is generally accepted practice in the oil and gas sector. The functional currency of the Company remains GB pounds although its financial statements are presented in US dollars to be consistent with the Group. The principal accounting policies adopted are set out below.

(b) Adoption of new and revised accounting standards
At the date of authorisation of these financial statements, the following IFRS's and IAS's, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 9 Financial Instruments
- IFRS 11 (amendments) Accounting for Acquisitions of Interests in Joint Operations
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IAS 1 (amendments) Disclosure Initiative
- IAS 16 and IAS 38 (amendments) Classification of Acceptable Methods of Depreciation and Amortisation
- IAS 19 (amendments) Employee Benefits
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IAS 34 (amendments) Interim Financial Reporting

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except potentially as follows:

- IFRS 9 will impact both the measurement and disclosures of financial instruments
- IFRS 16 will impact both the measurement and disclosures of operating leases and certain office rentals

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

(c) Basis of consolidation
The Group financial statements consolidate the accounts of SOCO International plc and entities controlled by the Company (its subsidiary undertakings) drawn up to the balance sheet date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method whereby the assets, liabilities and contingent liabilities acquired and the consideration given are recognised in the Group accounts at their fair values as at the date of the acquisition.

(d) Investments
Non-current investments in subsidiaries of the Company are shown at cost less provision for impairment. Liquid investments comprise short term liquid investments of between three to six months maturity.

(e) Interests in joint ventures
A joint arrangement (or 'joint venture') is an arrangement where two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements where the Group has the rights to assets and obligations for liabilities of the arrangement are classified as joint operations and are accounted for by recognising the Group's share of assets, liabilities, income and expenses. Joint arrangements where the Group has the rights to the net assets of the arrangement are classified as joint ventures and are accounted for using the equity method of accounting.

02 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(f) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell and no depreciation is charged from the point of reclassification. Liabilities associated with such assets are also classified separately, within current liabilities.

(g) Revenue

Revenue represents the fair value of the Group's share of oil and gas sold during the year on an entitlement basis and is recognised when the risks and rewards of ownership have been transferred to the buyer. To the extent revenue arises from test production during an evaluation programme, an amount is charged from evaluation costs to cost of sales so as to reflect a zero net margin.

Investment revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(h) Tangible and intangible non-current assets

Oil and gas exploration, evaluation and development expenditure

All expenditures incurred in connection with the acquisition, exploration, evaluation and development of oil and gas assets, including directly attributable overheads, interest payable and certain exchange differences if directly related to financing development projects, are capitalised in separate geographical cost pools.

Cost pools are established on the basis of geographical area having regard to the operational and financial organisation of the Group. Intangible acquisition, exploration and evaluation costs incurred in a geographical area where the Group has no established cost pool are initially capitalised as intangible non-current assets except where they fall outside the scope of IFRS 6 Exploration for and Evaluation of Mineral Resources whereby they are expensed as incurred subject to other guidance under IFRS. Tangible non-current assets used in acquisition, exploration and evaluation are classified with tangible non-current assets as property, plant and equipment. To the extent that such tangible assets are consumed in exploration and evaluation the amount reflecting that consumption is recorded as part of the cost of the intangible asset. Upon successful conclusion of the appraisal programme and determination that commercial reserves exist, such costs are transferred to tangible non-current assets as property, plant and equipment. Exploration and evaluation costs carried forward are assessed for impairment as described below.

Proceeds from the disposal of oil and gas assets are credited against the relevant cost centre. Any overall surplus arising in a cost centre is credited to the income statement.

Depreciation and depletion

Depletion is provided on oil and gas assets in production using the unit of production method, based on proven and probable reserves, applied to the sum of the total capitalised exploration, evaluation and development costs, together with estimated future development costs at current prices. Oil and gas assets which have a similar economic life are aggregated for depreciation purposes.

Impairment of value

Where there has been a change in economic conditions or in the expected use of a tangible non-current asset that indicates a possible impairment in an asset, management tests the recoverability of the net book value of the asset by comparison with the estimated discounted future net cash flows based on management's expectations of future oil prices and future costs. Any identified impairment is charged to the income statement.

Intangible non-current assets are considered for impairment at least annually by reference to the indicators in IFRS 6. Where there is an indication of impairment of an exploration and evaluation asset which is within a geographic pool where the Group has tangible oil and gas assets with commercial reserves, the exploration asset is assessed for impairment together with all other cash generating units and related tangible and intangible assets in that geographic pool and any balance remaining after impairment is amortised over the proven and probable reserves of the pool. Where the exploration asset is in an area where the Group has no established pool, the exploration asset is tested for impairment separately and, where determined to be impaired, is written off.

Other tangible non-current assets

Other tangible non-current assets are stated at historical cost less accumulated depreciation. Depreciation is provided on a straight line basis at rates calculated to write off the cost of those assets, less residual value, over their expected useful lives of three to seven years.

Decommissioning

The decommissioning provision is calculated as the net present value of the Group's share of the expenditure which is expected to be incurred at the end of the producing life of each field in the removal and decommissioning of the production, storage and transportation facilities currently in place. The cost of recognising the decommissioning provision is included as part of the cost of the relevant property, plant and equipment and is thus charged to the income statement on a unit of production basis in accordance with the Group's policy for depletion and depreciation of tangible non-current assets. Period charges for changes in the net present value of the decommissioning provision arising from discounting are included in finance costs.

(i) Changes in estimates

The effects of changes in estimates on the unit of production calculations are accounted for prospectively, from the date of adoption of the revised estimates, over the estimated remaining proven and probable reserves.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

02 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

(j) Inventories
Inventories, except for inventories of hydrocarbons, are valued at the lower of cost and net realisable value.

Physical inventories of hydrocarbons are valued at net realisable value in line with well established industry practice. Underlifts and overlifts are valued at market value and are included in prepayments and accrued income and accruals and deferred income, respectively. Changes in hydrocarbon inventories, underlifts and overlifts are adjusted through cost of sales.

(k) Leases
Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

(l) Share-based payments
Equity-settled awards under share-based incentive plans are measured at fair value at the date of grant and expensed on a straight line basis over the performance period along with a corresponding increase in equity. Fair value is measured using an option pricing model taking into consideration management's best estimate of the expected life of the option and the estimated number of shares that will eventually vest.

(m) Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available to recover the asset. Deferred tax is not recognised where an asset or liability is acquired in a transaction which is not a business combination for an amount which differs from its tax value.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

(n) Financial instruments
Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group does not currently utilise derivative financial instruments.

There are no material financial assets and liabilities for which differences between carrying amounts and fair values are required to be disclosed. The classification of financial instruments as required by IFRS 7 is disclosed in Notes 17, 21 and 22.

Financial asset at fair value through profit or loss
Where a financial instrument is classified as a financial asset at fair value through profit or loss it is initially recognised at fair value. At each balance sheet date the fair value is reviewed and any gain or loss arising is recognised in the income statement. Changes in the net present value of the financial asset arising from discounting are included in other gains and losses.

Trade receivables
Trade receivables are generally stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade payables
Trade payables are generally stated at their nominal value.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs. Equity instruments repurchased are deducted from equity at cost.

(o) Foreign currencies
The individual financial statements of each Group company are stated in the currency of the primary economic environment in which it operates (its functional currency). Transactions in currencies other than the entity's functional currency (foreign currency) are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are recorded at the rates of exchange prevailing at that date, or if appropriate, at the forward contract rate. Any resulting gains and losses are included in net profit or loss for the period.

For the purpose of presenting consolidated financial statements the results of entities denominated in currencies other than US dollars are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising

02 SIGNIFICANT ACCOUNTING POLICIES CONTINUED

on retranslation at the closing rate of the opening net assets and results of entities denominated in currencies other than US dollars are dealt with through equity and transferred to the Group's retained earnings reserve.

(p) Pension costs
The contributions payable in the year in respect of pension costs for defined contribution schemes and other post-retirement benefits are charged to the income statement. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

3 FINANCIAL RISK MANAGEMENT

The Board reviews and agrees policies for managing financial risks that may affect the Group. In certain cases the Board delegates responsibility for such reviews and policy setting to the Audit and Risk Committee. The main financial risks affecting the Group are discussed in the Risk Management Report on pages 21 to 23.

4 CRITICAL JUDGEMENTS AND ACCOUNTING ESTIMATES

(a) Critical judgements in applying the Group's accounting policies
In the process of applying the Group's accounting policies described in Note 2, management has made judgements that may have a significant effect on the amounts recognised in the financial statements. These are discussed below:

Oil and gas assets
Note 2(h) describes the judgements necessary to implement the Group's policy with respect to the carrying value of intangible exploration and evaluation assets. Management considers these assets for impairment at least annually with reference to indicators in IFRS 6. Note 14 discloses the carrying value of intangible exploration and evaluation assets. Further, Note 2(h) describes the Group's policy regarding reclassification of intangible assets to tangible assets. Management considers the appropriateness of asset classification at least annually.

(b) Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, other than those mentioned above, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

Oil and gas reserves and DD&A
Note 2(h) sets out the Group's accounting policy on DD&A. Proven and probable reserves are estimated using standard recognised evaluation techniques and are disclosed on page 87. The estimates are reviewed at least twice a year and were audited at 31 December 2015. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers. As discussed in the Review of Operations on pages 15 to 16, the TGT and CNV proved and probable reserves estimates have been revised based on ongoing work of ERCE and audited by our reserves auditors, GCA. DD&A on CNV is expected to decrease on a per barrel basis to reflect the revised production and expenditure profiles from 2016 and DD&A on TGT will increase slightly as a result of a small decrease in 2P reserves. Reserves estimates are inherently uncertain, especially in the early stages of a field's life, and are routinely revised over the producing lives of oil and gas fields as new information becomes available and as economic conditions evolve. Such revisions may impact the Group's future financial position and results, in particular, in relation to DD&A and impairment testing of oil and gas property plant and equipment.

Impairment of producing oil and gas assets
If impairment indicators are identified in relation to a producing oil and gas field, management is required to compare the net carrying value of the assets and liabilities which represent the field cash generating unit (CGU) with the estimated recoverable amount of the field. Management generally determines the recoverable amount of the field by estimating its fair value less costs of disposal, using a discounted cash flow method. Calculating the net present value of the discounted cash flows involves key assumptions which include oil and gas prices, reserves estimates and production profiles, future operating and capital expenditures, discount rates and other assumptions. Further information relating to the specific assumptions and uncertainties relevant to impairment tests performed in the year are discussed in Note 15.

Financial asset
Note 2(n) describes the accounting policy with respect to financial assets at fair value through profit or loss. The key estimates that are used in calculating the fair value of the Group's financial asset arising on the disposal of its Mongolia interest are described in Note 17 and are reviewed at least annually.

Decommissioning provision
The accounting policy for decommissioning is discussed in Note 2(h). The cost of decommissioning is estimated by reference to operators, where applicable, and internal engineers. Further details are provided in Note 23.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

5 TOTAL REVENUE

An analysis of the Group's revenue is as follows:

	2015 $ million	2014 $ million
Oil and gas sales (see Note 6)	**214.8**	448.2
Investment revenue	**0.4**	0.7
	215.2	448.9

6 SEGMENT INFORMATION

The Group has one principal business activity being oil and gas exploration and production. The Group's operations are located in South East Asia and Africa (the Group's operating segments) and form the basis on which the Group reports its segment information. There are no inter-segment sales.

				2015
	SE Asia $ million	**Africa[2] $ million**	**Unallocated $ million**	**Group $ million**
Oil and gas sales (see Note 5)	**214.8**	**–**	**–**	**214.8**
Depletion and depreciation	**99.0**	**–**	**0.2**	**99.2**
Exploration expense (see Note 14)	**0.6**	**35.0**	**–**	**35.6**
Profit (loss) before tax[1]	**46.3**	**(35.8)**	**(2.3)**	**8.2**
Tax charge (see Note 11)	**42.2**	**–**	**(0.2)**	**42.0**

				2014
	SE Asia $ million	Africa[2] $ million	Unallocated $ million	Group $ million
Oil and gas sales	448.2	–	–	448.2
Depletion and depreciation	50.1	–	0.1	50.2
Impairment of property, plant and equipment	60.5	–	–	60.5
Exploration expense	0.3	79.2	–	79.5
Profit (loss) before tax[1]	241.5	(79.2)	(9.6)	152.7
Tax charge	138.1	–	0.6	138.7

[1] Unallocated amounts included in profit before tax comprise corporate costs not attributable to an operating segment, investment revenue, other gains and losses and finance costs.

[2] Costs associated with the Africa segment are capitalised in accordance with the Group's accounting policy to the extent they are recoverable.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in Note 2.

Included in revenues arising from South East Asia are revenues of $188.2m (2014: South East Asia $234.5m and $194.4m) which arose from the Group's largest individual customers who have contributed 10% or more to the Group's revenue.

Geographical information
Group revenue and non-current assets (excluding the financial asset and other receivables) by geographical location are separately detailed below where they exceed 10% of total revenue or non-current assets, respectively:

Revenue
All of the Group's revenue is derived from foreign countries. The Group's revenue by geographical location is determined by reference to the final destination of oil or gas sold.

	2015 $ million	2014 $ million
Vietnam	**192.4**	240.0
China	**9.3**	97.8
Australia	**7.7**	48.1
Malaysia	**–**	35.5
Other	**5.4**	26.8
	214.8	448.2

06 SEGMENT INFORMATION CONTINUED

Non-current assets

	2015 $ million	2014 $ million
United Kingdom	**0.8**	1.0
Vietnam	**760.7**	789.0
Congo	**157.7**	147.1
Other – Africa	**52.8**	62.0
	972.0	999.1

Excludes the financial asset and other receivables.

07 OTHER GAINS AND LOSSES

	2015 $ million	2014 $ million
Change in fair value of financial asset (see Note 17)	**7.7**	1.7
Currency exchange loss	**(0.3)**	(0.1)
	7.4	1.6

08 FINANCE COSTS

	2015 $ million	2014 $ million
Other interest payable and similar fees	**0.1**	0.1
Unwinding of discount on provisions (see Note 23)	**1.5**	2.1
	1.6	2.2

9 AUDITOR'S REMUNERATION

The analysis of the auditor's remuneration is as follows:

	2015 $ million	2014 $ million
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts	**0.2**	0.2
Audit related assurance services – half year review	**0.1**	0.1
Other assurance services	**0.1**	0.1
Total non-audit fees	**0.2**	0.2

Other assurance services include advice to the Remuneration Committee, agreed upon procedures relating to the Group's South East Asia regions (2014: Africa and South East Asia regions), as well as regulatory and other advice to management.

Details of the Company's policy on the use of auditors for non-audit services are set out in the Audit and Risk Committee Report on pages 48 to 49.

Fees payable to Deloitte LLP for non-audit services to the Company are not required to be disclosed separately because the consolidated financial statements disclose such fees on a consolidated basis.

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10 STAFF COSTS

The average monthly number of employees of the Group including Executive Directors was 16 (2014: 17), of which 13 (2014: 13) were administrative personnel and 3 (2014: 4) were operations personnel. Their aggregate remuneration comprised:

	Group	
	2015 $ million	2014 $ million
Wages and salaries	**5.6**	6.3
Social security costs	**0.6**	0.6
Share-based payment expense (see Note 28)	**3.5**	1.6
Other pension costs under money purchase schemes	**0.6**	0.6
Other benefits	**1.9**	0.7
	12.2	9.8

In accordance with the Group's accounting policy $4.3m of the Group's staff costs above have been capitalised (2014: $2.5m), $2.1m was in respect of our Vietnam assets and $2.2m on exploration and evaluation assets in Africa (2014: $1.3m Vietnam and $1.2m Africa).

11 TAX

	2015 $ million	2014 $ million
Current tax	**58.5**	122.7
Deferred tax (see Note 19)	**(16.5)**	16.0
	42.0	138.7

The Group's corporation tax is calculated at 50% (2014: 50%) of the estimated assessable profit for the year in Vietnam. During 2015 and 2014 both current and deferred taxation have arisen in overseas jurisdictions only.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2015 $ million	2014 $ million
Profit before tax on continuing operations	**8.2**	152.7
Profit before tax on discontinued operations	**–**	–
Profit before tax	**8.2**	152.7
Profit before tax at 50% (2014: 50%)	**4.1**	76.4
Effects of:		
Non-taxable income	**(4.1)**	–
Non-deductible expenses	**19.5**	18.1
Tax losses not recognised	**3.8**	3.9
Non-deductible exploration costs written off	**18.2**	39.7
Adjustments to tax charge in respect of previous years	**0.5**	0.6
Tax charge for the year	**42.0**	138.7

The prevailing tax rate in the jurisdictions in which the Group produces oil and gas is 50%. The tax charge in future periods may also be affected by the factors in the reconciliation above.

12 PROFIT ATTRIBUTABLE TO SOCO INTERNATIONAL PLC

The profit for the financial year dealt with in the accounts of the Company was $30.8m after an impairment of Group investments of $22.0m and inclusive of dividends from subsidiary undertakings (2014: loss of $21.9m). As provided by section 408 of the Companies Act 2006, no income statement or statement of comprehensive income is presented in respect of the Company.

13 (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Group	
	2015 $ million	2014 $ million
Earnings for the purposes of basic and diluted earnings per share	**(33.8)**	14.0
Effect of dilutive potential ordinary shares – Cash settled share awards and options	**(0.2)**	–
Earnings for the purposes of diluted earnings per share	**(34.0)**	14.0

	Number of shares (million)	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	**329.1**	328.6
Effect of dilutive potential ordinary shares – Share awards and options	**3.7**	1.3
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**332.8**	329.9

In accordance with IAS 33 "Earnings per Share", the effects of antidilutive potential have not been included when calculating dilutive loss per share for the year ended 31 December 2015.

14 INTANGIBLE ASSETS

	Group	
	2015 $ million	2014 $ million
Exploration and evaluation expenditure		
As at 1 January	**209.1**	215.7
Additions	**15.5**	67.0
Exploration expense	**(13.1)**	(73.6)
As at 31 December	**211.5**	209.1

Intangible assets comprise the Group's exploration and evaluation projects which are pending determination.

During 2015, exploration costs including costs associated with the MPS licence commitments (2014: Albertine Graben Block V in eastern DRC) and costs associated with the early stages of new ventures in the amount of $13.1m (2014: $73.6m), were written off in the income statement in accordance with the Group's accounting policy on oil and gas exploration and evaluation expenditure. In accordance with IAS 37, a further $22.5m (2014: $5.9m on Block V) has been provided for in respect of fulfilling our MPS licence commitments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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15 PROPERTY, PLANT AND EQUIPMENT

	Group			Company
	Oil and gas properties $ million	Other $ million	Total $ million	Other $ million
Cost				
As at 1 January 2014	932.3	2.2	934.5	1.8
Additions	99.2	0.2	99.4	0.2
Currency exchange	–	(0.1)	(0.1)	(0.1)
As at 1 January 2015	**1,031.5**	**2.3**	**1,033.8**	**1.9**
Additions	**69.7**	**0.1**	**69.8**	**0.1**
Disposals	**–**	**(0.3)**	**(0.3)**	**–**
Currency exchange	**–**	**(0.1)**	**(0.1)**	**(0.1)**
As at 31 December 2015	**1,101.2**	**2.0**	**1,103.2**	**1.9**
Depreciation				
As at 1 January 2014	131.9	1.3	133.2	0.9
Charge for the year	50.1	0.1	50.2	0.1
Impairment	60.5	–	60.5	–
Currency exchange	–	(0.1)	(0.1)	(0.1)
As at 1 January 2015	**242.5**	**1.3**	**243.8**	**0.9**
Charge for the year	**99.0**	**0.2**	**99.2**	**0.2**
Disposals	**–**	**(0.3)**	**(0.3)**	**–**
As at 31 December 2015	**341.5**	**1.2**	**342.7**	**1.1**
Carrying amount				
As at 31 December 2015	**759.7**	**0.8**	**760.5**	**0.8**
As at 31 December 2014	789.0	1.0	790.0	1.0

As discussed in the Review of Operations on pages 15 to 16, CNV proved and probable oil and gas reserves audited by GCA have increased (2014: decreased). The increase in reserves offset the impact of the lower oil prices. The recoverable amount of the CNV producing asset has been determined using the fair value less costs of disposal method which constitutes a level 3 valuation within the fair value hierarchy. The majority of the fair value is derived from a discounted cash flow valuation of the 2P production profile, with a minor portion derived from the incremental value of 2C contingent resources, significantly risk adjusted. The key assumptions to which the fair value measurement is most sensitive are oil price, reserves and the risked value ascribed to contingent resources. With the increase in reserves on the CNV asset a test for impairment reversal loss was triggered. Management concluded that the carrying amount, net of the impairment recorded in 2014, remains within the reasonable range of fair value estimates for CNV and thus no significant reversal of the previously recognised impairment is considered to have arisen in the year (2014: pre-tax impairment charge $60.5m and associated tax credit of $22.3m). As at 31 December 2015, the fair value of the asset is estimated based on a project specific discount rate of 12.5% (2014: 10%) and an oil price reflecting a gradual increase over five years from $45/bbl in 2016 (2014: three year forward curve) and $78/bbl (2014: $90/bbl) plus inflation of 2.0% (2014: 2.5%) thereafter.

The sustained low oil price also triggered an impairment test on the Group's TGT asset in Vietnam. The recoverable amount of the TGT producing asset has been determined using the fair value less costs of disposal method which constitutes a level 3 valuation within the fair value hierarchy. The majority of the fair value is derived from a discounted cash flow valuation of the 2P production profile, with a portion derived from the incremental value of 2C contingent resources, risk adjusted. The key assumptions to which the fair value measurement is most sensitive are oil price, reserves and the risked value ascribed to contingent resources. As at 31 December 2015, the fair value of the asset is estimated to be higher than the book value based on a project specific discount rate of 10% (2014: 10%) and an oil price reflecting a gradual increase over five years from $45/bbl in 2016 (2014: three year forward curve) and $78/bbl (2014: $90/bbl) plus inflation of 2.0% (2014: 2.5%) thereafter.

Other fixed assets comprise plant and machinery, computer equipment and fixtures and fittings.

16 FIXED ASSET INVESTMENTS

Principal Group investments

The Company and the Group had investments in the following subsidiary undertakings as at 31 December 2015 which principally affected the profits or net assets of the Group, all of which are indirectly held.

	Country of incorporation	Country of operation	Principal activity	Percentage holding
OPECO Vietnam Limited	Cook Islands	Vietnam	Oil and gas exploration and production	100
SOCO Congo Limited[1]	Cayman Islands	Congo (Brazzaville)	Investment holding	85
SOCO Vietnam Ltd	Cayman Islands	Vietnam	Oil and gas exploration and production	100

[1] SOCO Congo owns 100% of SOCO EPC which holds the Group's working interest in its Marine XI, Congo (Brazzaville) asset. The Group funds 100% of SOCO Congo and is entitled to receive 100% of the distributions made by SOCO Congo until it has recovered such funding including a rate of return. The 15% non-controlling interest is held by Quantic Upstream Congo SAL (Holding) (see Note 32).

Other Group investments

The Company and the Group also had investments in the following subsidiary undertakings as at 31 December 2015.

	Country of incorporation	Country of operation	Principal activity	Percentage holding
ODEX Exploration Limited[3,4]	Cyprus	–	–	28.9
OPECO Inc[3]	USA	–	Investment holding	100
SOCO Cabinda Limited[3,5]	Cayman Islands	Angola (Cabinda)	Oil and gas exploration and production	80
SOCO Congo BEX Limited[3]	Cayman Islands	Congo (Brazzaville)	Oil and gas exploration and production	100
SOCO Cuu Long Limited[3]	Cayman Islands	–	–	100
SOCO DRC Limited[3,6]	Cayman Islands	–	Investment holding	85
SOCO Exploration Limited[2]	Jersey	–	Investment holding	100
SOCO Exploration & Production Congo SA[1,3]	Congo (Brazzaville)	Congo (Brazzaville)	Oil and gas exploration and production	85
SOCO Exploration & Production DRC SARL[3,6]	DR Congo	DR Congo	Oil and gas exploration and production	85
SOCO Exploration (Asia) Limited[3]	Cayman Islands	–	–	100
SOCO Exploration (Vietnam) Limited[3]	Cayman Islands	–	Investment holding	100
SOCO Finance (Jersey) Limited[2]	Jersey	–	Group financing	100
SOCO International Operations, Inc[3]	USA	–	Investment holding	100
SOCO Management Services, Inc[3]	USA	USA	Management services	100
SOCO MED Limited[3]	Cayman Islands	–	–	100
SOCO North Africa Ltd[3,7]	Cayman Islands	–	Investment holding	85
SOCO NV Limited[3,8]	Cayman Islands	–	–	100
SOCO SEA Limited[2]	Jersey	–	Investment holding	100
SOCO Vietnam Acquisition Limited[3]	Jersey	–	Investment holding	100
SOCO Vietnam (Holdings) Limited[3]	Cayman Islands	–	Investment holding	100
Territorial Resources, Inc.[3]	USA	Canada	Management services	100
Torobex Limited[3]	British Virgin Islands	–	–	100

[2] Investments held directly by SOCO International plc.

[3] Investments held indirectly by SOCO International plc.

[4] As at 31 December 2015, ODEX Exploration Limited was in voluntary liquidation.

[5] SOCO Exploration Limited owns 80% of SOCO Cabinda Limited which holds the Group's working interest in its Cabinda asset. The Group funds 100% of SOCO Cabinda Limited and is entitled to receive 100% of the distributions made by SOCO Cabinda until it has recovered such funding including a rate of return. The 20% non-controlling interest is held by Quill Trading Corporation.

[6] SOCO DRC Limited owns 100% of SOCO Exploration & Production DRC SARL which holds the Group's working interest in its DR Congo assets. The Group funds 100% of SOCO DRC and is entitled to receive 100% of the distributions made by SOCO DRC until it has recovered such funding including a rate of return. The 15% non-controlling interest is held by Quantic Limited (see Note 32).

[7] SOCO Exploration Limited owns 85% of SOCO North Africa Ltd which held the Group's investment in ODEX Exploration Limited. The Group funds 100% of SOCO North Africa Limited and is entitled to receive 100% of the distributions made by SOCO North Africa until it has recovered such funding including a rate of return. The 15% non-controlling interest is held by Middle East Partnership SAL.

[8] As at 31 December 2015, SOCO NV Limited was in voluntary dissolution.

The Company's investments in subsidiary undertakings include contributions to the Trust (see Note 25) and are otherwise held in the form of share capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16 FIXED ASSET INVESTMENTS CONTINUED

In 2015 the reduction in investment value of $52.3m (2014: $195.2m) related to investments in subsidiaries of $5.7m (2014: reduction $0.4m) offset by a $2.3m (2014: $1.7m) transfer relating to share based payments, impairment regarding the MPS licence $22.0m (2014: $141.1m) and a foreign exchange adjustment of $33.7m (2014: $51.5m).

17 FINANCIAL ASSET

In 2005, the Group disposed of its Mongolia interest to Daqing Oilfield Limited Company. Under the terms of the transaction the Group is entitled to receive a subsequent payment amount of up to $52.7m, once cumulative production reaches 27.8 million barrels of oil, at the rate of 20% of the average monthly marker price for Daqing crude multiplied by the aggregate production for that month. Daqing has notified SOCO that the production threshold of crude oil in excess of 27.8 million barrels was achieved in December 2015 resulting in a portion of the financial asset falling due post year end. The first payment, which has now become due, has not yet been received, however based on the correspondence with Daqing and legal advice received by the Company, the Directors believe that the full subsequent payment amount will be settled within the year.

At budgeted oil prices for 2016 and based on ongoing correspondence with the counter party, we project that the deferred payment of $52.7m associated with the 2005 sale of our Mongolian interests to be fully received in the next 12 months.

The subsequent payment amount was reclassified from non-current assets to current assets as a financial asset at fair value through profit or loss. The fair value of the subsequent payment amount was determined using a valuation technique as there is no active market against which direct comparisons can be made (Level 3 as defined in IFRS 13). Assumptions made in calculating the fair value at each reporting date include factors mentioned above, risked as appropriate, with the resultant cash flows discounted at a commercial risk free interest rate. The fair value of the financial asset at the date of completion of the sale in 2005 was $31.5 million. As at 31 December 2015, taking into account the achievement of the 27.8m barrel threshold in the year and the other factors described above, the Directors estimated that the fair value was $52.7 million (2014: $45.0 million) being the full subsequent payment amount due without risk adjustment.

18 OTHER RECEIVABLES

Other receivables comprise the Group`s share of contributions made into two abandonment security funds which were established to ensure that sufficient funds exist to meet future abandonment obligations on the TGT and CNV fields. The funds are operated by PetroVietnam and JOC partners retain the legal rights to the funds pending commencement of abandonment operations. As at 31 December 2015 the Group had contributed $29.5m (2014: $24.6m) to the funds.

19 DEFERRED TAX

The following are the major deferred tax liabilities recognised by the Group and movements thereon during the current and prior reporting period:

	Accelerated tax depreciation $ million	Other temporary differences $ million	Group $ million
As at 1 January 2014	162.2	22.0	184.2
Charge to income	12.9	3.1	16.0
As at 1 January 2015	**175.1**	**25.1**	**200.2**
Credit to income (see Note 11)	**(18.1)**	**1.6**	**(16.5)**
As at 31 December 2015	**157.0**	**26.7**	**183.7**

There are no unprovided deferred taxation balances at either balance sheet date except in relation to gross losses that are not expected to be utilised in the amount of $115.7m (2014: $108.5m).

20 INVENTORIES

Inventories comprise crude oil and condensate.

21 OTHER FINANCIAL ASSETS

	Group 2015 $ million	Group 2014 $ million	Company 2015 $ million	Company 2014 $ million
Amounts falling due within one year				
Trade receivables	**14.7**	26.9	**–**	–
Other receivables	**1.7**	10.4	**0.2**	0.1
Prepayments and accrued income	**3.1**	2.3	**0.7**	0.5
	19.5	39.6	**0.9**	0.6

There are no amounts overdue or allowances for doubtful debts in respect of trade or other receivables. There is no material difference between the carrying amount of trade and other receivables and their fair value. The above financial assets are held at amortised cost.

22 OTHER FINANCIAL LIABILITIES

	Group 2015 $ million	Group 2014 $ million	Company 2015 $ million	Company 2014 $ million
Trade payables	**2.5**	8.5	**–**	–
Other payables	**4.1**	15.2	**2.0**	1.0
Accruals and deferred income	**30.6**	20.2	**1.0**	1.2
	37.2	43.9	**3.0**	2.2

There is no material difference between the carrying value of trade payables and their fair value. The above financial liabilities are held at amortised cost and are not discounted as the impact would not be material. Accruals and deferred income includes $22.5m provided for on MPS licence commitments (2014: $5.9m on Block V).

23 LONG TERM PROVISIONS

Decommissioning

	Group 2015 $ million	Group 2014 $ million
As at 1 January	**51.1**	42.9
New provisions and changes in estimates	**7.3**	6.1
Unwinding of discount (see Note 8)	**1.5**	2.1
As at 31 December	**59.9**	51.1

The provision for decommissioning is based on the net present value of the Group's share of the expenditure which may be incurred at the end of the producing life of each field (currently estimated to be 14 – 15 years) in the removal and decommissioning of the facilities currently in place.

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24 SHARE CAPITAL

Ordinary Shares of £0.05 each

	2015 Shares	2014 Shares	**2015 $ million**	2014 $ million
Issued and fully paid	**341,076,911**	341,076,911	**27.6**	27.6

As at 31 December 2015 authorised share capital comprised 500 million (2014: 500 million) ordinary shares of £0.05 each with a total nominal value of £25m (2014: £25m). The Company did not issue any new ordinary shares during 2015 (2014: 122,596).

B Shares of £0.22 each

	2015 Shares	2014 Shares	**2015 $ million**	2014 $ million
As at 1 January	**–**	–	**–**	–
Issue of B shares	**–**	107,078,451	**–**	38.4
Redemption of B shares	**–**	(107,078,451)	**–**	(38.4)
As at 31 December	**–**	–	**–**	–

In September 2014, 107,078,451 redeemable B shares were issued, with a par value of £0.22 each resulting in a total of $38.4m being credited to the B share capital account with $11.2m charged to the share premium account and $27.2m charged to merger reserve. The B shares had no voting rights and no right to participate in either the profits of the Company nor its surplus assets on winding-up.

On 10 October 2014, all of the B shares were redeemed at par value and cancelled, an amount of $38.4m being deducted from the B share capital account.

C Shares of 0.0000001 pence each

	2015 Shares	2014 Shares	**2015 $ million**	2014 $ million
As at 1 January	**–**	–	**–**	–
Issue of C shares	**–**	224,876,192	**–**	–
Reclassification to deferred shares	**–**	(224,876,192)	**–**	–
As at 31 December	**–**	–	**–**	–

In September 2014, 224,876,192 non-redeemable C shares were issued, with a par value of 0.0000001 pence each. The C shares had no voting rights and no right to participate in either the profits of the Company nor its surplus assets on winding-up.

On 10 October 2014 a dividend of £0.22 per C share was paid and all of the C shares automatically reclassified as deferred shares.

Deferred shares of 0.0000001 pence each

	2015 Shares	2014 Shares	**2015 $ million**	2014 $ million
As at 1 January	**224,876,192**	236,847,671	**–**	–
Re-classification of C shares to deferred shares	**–**	224,876,192	**–**	–
Deferred shares cancelled	**(224,876,192)**	(236,847,671)	**–**	–
As at 31 December	**–**	224,876,192	**–**	–

On 10 October 2014, 224,876,192 C shares were reclassified to non-redeemable deferred shares, with a par value of 0.0000001 pence each. The deferred shares have no voting rights and no right to participate in the profits of the Company. On winding-up or other return of capital, the holders of deferred shares have extremely limited rights.

On 9 July 2015, 224,876,192 C shares were cancelled (30 June 2014: 236,847,671 C shares cancelled).

25 OTHER RESERVES

	Capital redemption reserve $ million	Merger reserve $ million	Own shares $ million	Share based payments $ million	Total $ million
					Group
As at 1 January 2014	61.9	215.9	(53.8)	2.5	226.5
Issue and redemption of B shares	38.4	(27.2)	–	–	11.2
Share-based payments	–	–	–	0.4	0.4
Transfer relating to share-based payments	–	–	1.1	0.6	1.7
Currency exchange translation differences	–	–	–	(0.3)	(0.3)
As at 1 January 2015	**100.3**	**188.7**	**(52.7)**	**3.2**	**239.5**
Share-based payments	**–**	**–**	**–**	**0.5**	**0.5**
Transfer relating to share-based payments	**–**	**–**	**–**	**2.3**	**2.3**
As at 31 December 2015	**100.3**	**188.7**	**(52.7)**	**6.0**	**242.3**

	Capital redemption reserve $ million	Merger reserve $ million	Own shares $ million	Share based payments $ million	Total $ million
					Company
As at 1 January 2014	61.9	159.0	(40.3)	2.5	183.1
Issue and redemption of B shares	38.4	(27.2)	–	–	11.2
Share-based payments	–	–	–	0.4	0.4
Transfer relating to share-based payments	–	–	–	0.6	0.6
Currency exchange translation differences	–	–	–	(0.3)	(0.3)
As at 1 January 2015	**100.3**	**131.8**	**(40.3)**	**3.2**	**195.0**
Share-based payments	**–**	**–**	**–**	**0.5**	**0.5**
Transfer relating to share-based payments (see Note 27)	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Currency exchange translation differences	**–**	**–**	**–**	**(0.1)**	**(0.1)**
As at 31 December 2015	**100.3**	**131.8**	**(40.3)**	**3.5**	**195.3**

The Group's other reserves comprise reserves arising in respect of merger relief, upon the purchase of the Company's own Shares held in treasury and held by the Trust.

The number of treasury Shares held by the Group and the number of Shares held by the Trust at 31 December 2015 was 9,122,268 (2014: 9,122,268) and 2,773,095 (2014: 3,294,111), respectively. The market price of the Shares at 31 December 2015 was £1.4725 (2014: £3.034). The Trust, a discretionary trust, holds Shares for the purpose of satisfying employee share schemes, details of which are set out in Note 28 and in the Directors' Remuneration Report on pages 50 to 59. The trustees purchase Shares in the open market which are recognised by the Company within investments and classified as other reserves by the Group as described above. When award conditions are met, an unconditional transfer of Shares is made out of the Trust to plan participants. The Group has an obligation to make regular contributions to the Trust to enable it to meet its financing costs. Rights to dividends on the Shares held by the Trust have been waived by the trustees.

26 DISTRIBUTION TO SHAREHOLDERS

In June 2015, the Company paid a dividend to shareholders of $51.1m (£0.10 per share). The Trust, which is consolidated within the Group, waived its rights to receive a dividend.

The Board is recommending a final dividend of 2 pence per Ordinary Share, which amounts to approximately $9.5m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The proposed dividend will be paid on 17 June 2016 to shareholders on the Register of Members at the close of business on 27 May 2016.

In October 2014, a return of value was made to all shareholders of the Company amounting to $119.2m (£0.22 per share) in cash by way of a B/C share scheme, which gave shareholders (other than certain overseas shareholders) a choice between receiving cash in the form of income or in the form of capital. As part of the B/C share scheme, 107,078,451 B shares, with a par value of £0.22 per share, were allotted and subsequently redeemed at par value. A further 224,876,192 C shares, with a par value of £0.0000001 per share, were allotted on which a dividend of £0.22 per share was paid, the C shares were then automatically reclassified as deferred shares.

The B shares were issued charging £11.2m to the share premium account and $27.2m to merger reserve, the redemption of the B shares resulting in a transfer of $38.4m to the capital redemption reserve. The C shares were issued out of merger reserve.

The Trust was allotted 3,294,111 B shares which were subsequently redeemed for $1.1m.

27 RETAINED EARNINGS

			Group
	Retained profit $ million	Unrealised currency translation differences $ million	Total $ million
As at 1 January 2014	810.1	5.5	815.6
Profit for the year	14.0	–	14.0
Distributions	(118.1)	–	(118.1)
Transfer relating to share-based payments	(1.7)	–	(1.7)
Unrealised currency translation differences	–	(1.8)	(1.8)
As at 1 January 2015	**704.3**	**3.7**	**708.0**
Loss for the year	**(33.8)**	**–**	**(33.8)**
Distributions (see Note 26)	**(51.1)**	**–**	**(51.1)**
Transfer relating to share-based payments	**(2.3)**	**–**	**(2.3)**
Unrealised currency translation differences	**–**	**1.8**	**1.8**
As at 31 December 2015	**617.1**	**5.5**	**622.6**

			Company
	Retained profit $ million	Unrealised currency translation differences $ million	Total $ million
As at 1 January 2014	720.6	(57.2)	663.4
Loss for the year	(21.9)	–	(21.9)
Distributions	(119.2)	–	(119.2)
Transfer relating to share-based payments	(1.7)	–	(1.7)
Unrealised currency translation differences	–	(53.9)	(53.9)
As at 1 January 2015	**577.8**	**(111.1)**	**466.7**
Profit for the year	**30.8**	**–**	**30.8**
Distributions (see Note 26)	**(51.1)**	**–**	**(51.1)**
Transfer relating to share-based payments	**(2.3)**	**–**	**(2.3)**
Unrealised currency translation differences	**–**	**(31.5)**	**(31.5)**
As at 31 December 2015	**555.2**	**(142.6)**	**412.6**

28 INCENTIVE PLANS

Details of the Group's employee incentive schemes are set out below. Additional information regarding the schemes is included in the Directors' Remuneration Report on pages 50 to 59. The Group recognised total expenses of $3.5m (2014: $1.6m) in respect of the schemes during the year, a proportion of which was capitalised in accordance with the Group's accounting policies.

During 2014, the Company made distributions to shareholders by utilising a B/C share scheme (see Note 26). As a result of those distributions, adjustments to the number of Ordinary Shares under option or award and the exercise price of those options have been made in accordance with the rules of the relevant share plan applicable to variations in share capital, and are reflected in the tables below.

Long Term Incentive Plan
The Company operates a LTIP for senior employees of the Group. Awards vest over a period of three years, subject to performance criteria which have been set with reference to the Company's TSR relative to a range of comparator companies. Consideration may also be given to assessment as to whether the TSR performance is consistent with underlying performance. Awards are normally forfeited if the employee leaves the Group before the award vests. Awards normally expire at the end of 10 years following the date of grant, subject to the requirement to exercise certain awards prior to 15 March of the year following vesting.

Awards would normally be equity-settled through a transfer at nil consideration of the Company's ordinary shares (Shares). Awards exercised during 2015 of 907,115 Shares were partially satisfied by transferring 521,016 Shares held by the Trust. The remaining 386,099 awards exercised in 2015, being the number of Shares that might otherwise be sold in the market, were satisfied by cash settlement of the participants' tax liabilities of $1.0m. The Board decided in that instance it was in the best interest of the Company to agree this settlement method with the participants. The Company has no legal or constructive obligation to repurchase or settle awards in cash. Awards exercised during 2014 over 456,844 Shares were partially satisfied by transferring 372,102 Shares held by the Trust, the remaining 84,742 awards were satisfied by cash settlement of the participants' tax liabilities of $0.6m. Details of awards outstanding during the year are as follows:

	2015 No. of share awards	2014 No. of share awards
As at 1 January	**3,391,441**	2,694,618
Adjustments[1]	**153,235**	128,667
Granted	**750,000**	1,025,000
Exercised	**(907,115)**	(456,844)
Lapsed	**(400,000)**	–
As at 31 December	**2,987,561**	3,391,441
Exercisable as at 31 December	**–**	907,115

[1] In accordance with Share Scheme rules, the following adjustments were made:
In 2015, following the payment of a dividend, an adjustment for dividend equivalents.
In 2014, an adjustment to take into account a variation in share capital during the year.

Awards outstanding at the end of the year have a weighted average remaining contractual life of 1.4 (2014: 1.7) years. The weighted average market price and estimated fair value of the 2015 grants (at grant date) were £1.43 and £0.41, respectively.

The fair value of awards at date of grant has been estimated using a binomial option pricing model, based on the market price at date of grant set out above and a nil exercise price. The future vesting proportion of 29% was estimated by calculating the expected probability of the Company's TSR ranking relative to its comparators based on modelling each company's projected future share price growth.

Other Share Schemes
The Company operates a discretionary share option scheme for employees of the Group. Awards vest over a three year period, and are normally forfeited if the employee leaves the Group before the option vests. Vested options are exercisable at a price equal to the average quoted market price of the Company's Shares on the date of grant and are expected to be equity-settled. The Company has no legal or constructive obligation to repurchase or settle options in cash. Unexercised options expire at the end of a 10 year period. Options outstanding include vested options granted under a predecessor plan that expired in April 2007 without prejudice to the subsisting rights of participants.

Other than to Directors, the Company can also grant options with a zero exercise price or with an exercise price which is set below the market price of the Company's shares on the date of grant. Such options, which are included in the table below, are granted by reference to the rules of the discretionary share option scheme and are expected to be equity-settled.

The Company can additonally grant awards under the Deferred Share Bonus Plan with a zero exercise price or with an exercise price which is set below the market price of the Company's shares on the date of grant. Awards vest over a two year period, and are normally forfeited if the employee leaves the Group before the option vests.

28 INCENTIVE PLANS CONTINUED

Other Share Schemes continued
Such awards, which are also included in the table below, are expected to be cash-settled.

	2015		2014	
	No. of share awards	**Weighted average exercise price £**	No. of share awards	Weighted average exercise price £
As at 1 January	**1,819,034**	**1.64**	1,070,582	1.20
Adjustments[1]	**92,545**	**–**	63,664	–
Granted	**850,000**	**–**	905,300	–
Forfeited during the year	**(142,762)**	**3.97**	–	–
Exercised	**(39,013)**	**–**	(220,512)	0.66
As at 31 December	**2,579,804**	**0.94**	1,819,034	2.55
Exercisable as at 31 December	**870,081**	**2.16**	233,191	3.09

[1] In accordance with Share Scheme rules, the following adjustments were made:
In 2015, following the payment of a dividend, an adjustment for dividend equivalents.
In 2014, an adjustment to take into account a variation in share capital during the year.

The weighted average market price at the date of exercise during 2015 was £1.82. Awards outstanding at the end of the year have a weighted average remaining contractual life of 4.9 (2014: 5.2) years.

29 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	Group		**Company**	
	2015 $ million	2014 $ million	**2015 $ million**	2014 $ million
Operating profit (loss) from continuing operations	**2.0**	152.6	**(9.7)**	(10.9)
Share-based payments	**1.5**	1.6	**1.5**	1.6
Depletion and depreciation	**99.2**	50.2	**0.2**	0.1
Impairment of property, plant and equipment (see Note 15)	**–**	60.5	**–**	–
Exploration expense (see Note 14)	**35.6**	79.5	**–**	–
Operating cash flows before movements in working capital	**138.3**	344.4	**(8.0)**	(9.2)
Decrease in inventories	**3.0**	1.2	**–**	–
Decrease (increase) in receivables	**12.4**	32.1	**(0.1)**	(0.1)
(Decrease) increase in payables	**(11.4)**	4.3	**1.5**	2.4
Cash generated by (used in) operations	**142.3**	382.0	**(6.6)**	(6.9)
Interest received	**0.5**	0.7	**0.1**	0.1
Interest paid	**(0.1)**	(0.2)	**–**	–
Income taxes paid	**(62.4)**	(131.3)	**–**	–
Net cash from (used in) operating activities	**80.3**	251.2	**(6.5)**	(6.8)

Cash is generated from continuing operating activities only.

Cash and cash equivalents (which are presented as a single class of asset on the balance sheet) comprise cash at bank and other short term highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value.

30 OPERATING LEASE ARRANGEMENTS

	2015 $ million	2014 $ million
Minimum lease payments under operating leases recognised in income for the year	**29.4**	29.6

30 OPERATING LEASE ARRANGEMENTS CONTINUED

At the balance sheet date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2015 $ million	2014 $ million
Within one year	**29.3**	29.2
In two to five years	**50.2**	79.2
After five years	**0.9**	–
	80.4	108.4

Operating lease payments mainly represent rentals payable by the Group for FPSO facilities and for certain of its office properties. The FPSO lease is for a term of seven years from 2011, with an option to extend for a further seven years.

31 CAPITAL COMMITMENTS

At 31 December 2015 the Group had exploration licence commitments not accrued of approximately $2.4m (2014: $47.4m).

32 RELATED PARTY TRANSACTIONS

During the year, the Company recorded a net credit of $4.5m (2014: net credit of $1.4m) in respect of services rendered between Group companies. There were no balances outstanding with Group undertakings as at 31 December 2015 (2014: $nil). Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Remuneration of key management personnel
The remuneration of the Directors of the Company, who are considered to be its key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures. Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration Report on pages 53 to 56.

	2015 $ million	2014 $ million
Short term employee benefits	**3.5**	3.6
Post-employment benefits	**0.3**	0.3
Share-based payments	**1.9**	1.6
	5.7	5.5

Directors' transactions
Pursuant to a lease dated 20 April 1997, Comfort Storyville (a company wholly owned by Mr Ed Story) has leased to the Group, office and storage space in Comfort, Texas, USA. The lease, which was negotiated on an arm's length basis, has a fixed monthly rent of $1,000.

Under the terms of an acquisition approved by shareholders in 1999, the Company and its strategic Investor Group, including Quantic in which Mr Rui de Sousa has a non-notifiable share interest, jointly participate in certain regions in which the Investor Group utilises its long established industry and government relationships to negotiate and secure commercial rights in oil and gas projects. In the 2004 Annual Report and Accounts the form of participation to be utilised was set out to be through equity shareholdings in which the Investor Group holds a non-controlling interest in special purpose entities created to hold such projects. The shareholding terms have been modelled after the SOCO Vietnam arrangement which was negotiated with third parties. Quantic's non-controlling holdings in the subsidiary undertakings, which principally affected the profits or net assets of the Group, are shown in Note 16. The Group has entered into a consulting agreement, which is terminable by either party on 30 days' written notice, wherein Quantic is entitled to a consulting fee in the amount of $50,000 per month in respect of such services as are required to review, assess and progress the realisation of oil and gas exploration and production opportunities in certain areas.

33 EVENTS AFTER THE BALANCE SHEET DATE

On 26 February 2016 we announced that the Baobab Marine-1 commitment well drilled in the Mer Profonde Sud Block, located in the Lower Congo Basin, offshore Congo (Brazzaville) did not encounter hydrocarbons. The well was subsequently plugged and abandoned. A provision of $22.5m was made as at 31 December 2015 in relation to the cost of fulfilling the MPS licence commitments, including the Baobab Marine-1 commitment well (see Note 22).

KEY PERFORMANCE INDICATORS (UNAUDITED)

SOCO uses a number of financial and non-financial KPIs against which it monitors its performance. Detailed KPI targets for the next year are set out in the annual budget. At each Board meeting these expectations are reviewed for progress against actual results and adjusted to accommodate changes in the operating environment including oil price fluctuations.

SOCO's KPIs are set out and discussed in the Chairman and Chief Executive's Statement on pages 6 to 9, the Review of Operations on pages 10 to 17, the Financial Review on pages 18 to 20 and the Corporate Social Responsibility Report on page 31.

	Year ended 31 Dec 2015	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Financial key performance indicators			
Oil price realised ($/bb)[1]	**54.10**	102.91	112.62
Oil and gas revenues ($m)	**214.8**	448.2	608.1
Cash operating cost per barrel ($)[2]	**10.06**	9.04	8.06
DD&A per barrel ($)[3]	**22.64**	10.12	7.33
Gross profit ($m)	**48.4**	304.4	439.0
(Loss)/profit for the year ($m)	**(33.8)**	14.0	104.1
Basic earnings per share (cents)	**(10.3)**	4.3	31.7
Cash, cash equivalents and liquid investments ($m)	**103.6**	166.4	210.0
Net assets ($m)	**892.5**	975.1	1,080.8
Net cash from operating activities ($m)	**80.3**	251.2	314.4
Capital expenditure ($m)	**87.5**	162.5	99.1
Distributions (pence per share)	**10.0**	22.0	40.0
Non-financial key performance indicators			
Total shareholder return (%)[4]	**(48.8)**	(18.8)	21.7
Production (barrels of oil equivalent per day)[5]	**11,976**	13,605	16,694
2P Reserves (see page 87)	**37.3**	40.8	130.1
2P Reserves + 2C Contingent Resources (see page 87)	**68.4**	79.7	130.1
Employee tenure (years)[6]	**8**	8	9
Employee turnover (%)[7]	**8**	–	–
Lost time injuries frequency rate[8]	**0.4**	0.3	–
Fatal accidents frequency rate[9,15]	**–**	–	–
Emissions (million tonnes of CO_2 equivalent) (based on equity share)[10]	**0.10**	0.11	0.08
Oil spills[11,15]	**–**	–	–
Solid non-hazardous waste (tonnes)[12,15]	**327.8**	498.4	–
Solid hazardous waste (tonnes)[13,15]	**207.8**	401.3	–
HSE regulatory non compliance[14,15]	**–**	–	–

1 The realised oil price per barrel is the average proceeds received for each barrel of oil sold in the period.
2 Cash operating cost per barrel is the average cost incurred to produce a barrel of oil which excludes lifting imbalances and inventory effects.
3 DD&A per barrel includes DD&A costs for the period calculated over barrels of oil produced.
4 The total shareholder return is the percentage annual return to the Company's shareholders resulting from the share price movement and cash returned to shareholders.
5 Average barrels of oil equivalent produced per day net to the Group's working interest.
6 Average length of UK-based employee tenure.
7 Rate of UK-based employee separations as a percentage of headcount at 1 January.
8 Number of LTIs per million man-hours on projects operated by SOCO or jointly operated companies.
9 Number of fatal accidents per hundred million man-hours on projects operated by SOCO or jointly operated companies.
10 Scope One and Two emissions from the Group`s operated and joint-operated projects on an equity share basis calculated pro-rata to its ownership interest.
11 Quantities greater than 100 litres.
12 Total non-hazardous waste requiring disposal, by gross project interest.
13 Total hazardous waste requiring disposal, by gross product interest.
14 HSE regulations and permit conditions applicable to country of operation.
15 New KPI introduced in 2014 and reported from 2014.

FIVE YEAR SUMMARY (UNAUDITED)

Continuing operations only

	Year to 31 Dec 2015 $ million	Year to 31 Dec 2014 $ million	Year to 31 Dec 2013 $ million	Year to 31 Dec 2012 $ million	Year to 31 Dec 2011 $ million
Consolidated income statement					
Oil and gas revenues	**214.8**	448.2	608.1	621.6	234.1
Gross profit	**48.4**	304.4	439.0	460.5	166.3
Operating profit	**2.0**	152.6	333.8	448.2	156.9
(Loss) profit for the year	**(33.8)**	14.0	104.1	207.0	88.6

	2015 $ million	2014 $ million	2013 $ million	2012 $ million	2011 $ million
Consolidated balance sheet					
Non-current assets	**1,001.5**	1,068.7	1,075.4	1,058.4	1,027.3
Net current assets	**134.6**	157.7	232.5	274.2	187.6
Non-current liabilities	**(243.6)**	(251.3)	(227.1)	(156.0)	(116.8)
Net assets	**892.5**	975.1	1,080.8	1,176.6	1,098.1
Share capital	**27.6**	27.6	27.6	27.6	27.5
Share premium	**–**	–	11.1	73.0	72.7
Other reserves	**242.3**	239.5	226.5	105.5	140.8
Retained earnings	**622.6**	708.0	815.6	970.5	857.1
Total equity	**892.5**	975.1	1,080.8	1,176.6	1,098.1

	Year to 31 Dec 2015 $ million	Year to 31 Dec 2014 $ million	Year to 31 Dec 2013 $ million	Year to 31 Dec 2012 $ million	Year to 31 Dec 2011 $ million
Consolidated cash flow statement					
Net cash from operating activities	**80.3**	251.2	314.4	334.8	90.2
Capital expenditure	**87.5**	162.5	99.1	109.9	152.2
Distributions	**51.1**	119.2	213.3	–	–

RESERVES STATISTICS (UNAUDITED)

Net working interest, mmboe

	TGT	CNV	Vietnam[3]	Congo[4]	Group
Oil and Gas 2P Reserves[1,2]					
As at 1 January 2015	**36.5**	**4.3**	**40.8**	**–**	**40.8**
Production	**(3.7)**	**(0.6)**	**(4.3)**	**–**	**(4.3)**
Revision	**(2.2)[5]**	**3.0**	**0.8**	**–**	**0.8**
2P Reserves as at 31 December 2015	**30.6**	**6.7**	**37.3**	**–**	**37.3**
Oil and Gas 2C Contingent Resources[1,2]					
As at 1 January 2015	**26.8**	**4.0**	**30.8**	**8.1**	**38.9**
Revision	**(12.8)**	**5.0**	**(7.8)**	**–**	**(7.8)**
2C Contingent Resources as at 31 December 2015	**14.0**	**9.0**	**23.0**	**8.1**	**31.1**
Total of 2P Reserves and 2C Contingent Resources as at 31 December 2015	**44.6**	**15.7**	**60.3**	**8.1**	**68.4**

1 Reserves and Contingent Resources are categorised in line with 2007 SPE/WPC/AAPG/SPEE Petroleum Resource Management System.

2 Assumes oil equivalent conversion factor of 6000 scf/boe.

3 Reserves and Contingent Resources have been independently audited by Gaffney, Cline & Associates (GCA).

4 Congo volumes are associated with the Viodo discovery. Contingent resources are shown before deductions for non-controlling interests which are funded by the Group. The Group is entitled to receive 100% of the cash flows until it has recovered its funding of the non-controlling interest including a rate of return from the non-controlling interest's pro rata portion of those cash flows.

5 Additional volumes are being recognised as 3C Contingent Resources on TGT (audited by GCA) and CNV (unaudited) as described in the Review of Operations.

Risks associated with reserve evaluation and estimation uncertainty are discussed in Note 4(b) to the financial statements.

GLOSSARY OF TERMS

$
United States Dollar

£
UK Pound Sterling

1C
Low estimate scenario of Contingent Resources

1P
Equivalent to Proved Reserves; denotes low estimate scenario of Reserves

2C
Best estimate scenario of Contingent Resources

2P
Equivalent to the sum of Proved plus Probable Reserves; denotes best estimate scenario of Reserves. Also referred to as 2P Commercial Reserves

3C
High estimate scenario of Contingent Resources

3P
Equivalent to the sum of Proved plus Probable plus Possible Reserves; denotes high estimate scenario of Reserves

AGM
Annual General Meeting

AOGC
Africa Oil & Gas Corporation S.A.

ARTICLES
Articles of Association

BBL
Barrel

BHCPP
Bach Ho Central Processing Platform

BLPD
Barrels of liquids per day

BOE
Barrels of oil equivalent

BOEPD
Barrels of oil equivalent per day

BOPD
Barrels of oil per day

BPD
Barrels per day

BWPD
Barrels of water per day

CAPEX
Capital expenditure

CDP
Carbon Disclosure Project

CNV
Ca Ngu Vang Field

CONGO (BRAZZAVILLE)
Republic of Congo

CONTINGENT RESOURCES
Those quantities of petroleum to be potentially recoverable from known accumulations by application of development projects but which are not currently considered to be commercially recoverable due to one or more contingencies

CSR
Corporate Social Responsibility

DD&A
Depreciation, depletion and amortisation

DELOITTE
Deloitte LLP

DRC
Democratic Republic of Congo

DSBP
Deferred Share Bonus Plan

E&E
Exploration and Evaluation

ENI
ENI Angola

ERCE
ERC Equipoise

ESIA
Environmental and Social Impact Assessments

EU
European Union

FFDP
Full Field Development Plan

FPSO
Floating, Production, Storage and Offloading Vessel

FSO
Floating, Storage and Offloading Vessel

G&A
General and administration

GHG
Greenhouse gas

HLJOC
Hoang Long Joint Operating Company

HSES
Health, Safety, Environment and Social

HSES MS
Health, Safety, Environmental and Social Management System

HVJOC
Hoan Vu Joint Operating Company

IAS
International Accounting Standards

IFC
International Finance Corporation

IFRS
International Financial Reporting Standards

JOC
Joint Operating Company

JV
Joint Venture

KPI
Key Performance Indicators

LTI
Lost Time Injury

LTIF
Lost Time Injury Frequency

LTIP
Long Term Incentive Plan

MMbbl
Million barrels

MMbo
Million barrels of oil

MMboe
Million barrels of oil equivalent

MMSCFD
Million standard cubic feet of gas per day

MPS
Mer Profonde Sud

OPECO VIETNAM
OPECO Vietnam Limited

PARC
PA Resources Congo SA

PETROVIETNAM
Vietnam Oil and Gas Group

POSSIBLE RESERVES (P10)
Possible Reserves are those additional Reserves which are less likely to be recoverable than Probable Reserves

PP&E
Property, plant and equipment

PROBABLE RESERVES (P50)
Probable Reserves are those additional Reserves are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves

PROVED RESERVES (P90)
Proved Reserves are those quantities of petroleum which can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations

PSI
Pounds per square inch

PTTEP
PTT Exploration and Production Public Company Limited

RESERVES
Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial and remaining based on the development projects applied

SCF
Standard cubic feet

SHARES
Ordinary Shares

SNPC
Société Nationale des Pétroles du Congo

SOCO CABINDA
SOCO Cabinda Limited

SOCO CONGO
SOCO Congo Limited

SOCO CONGO BEX
SOCO Congo BEX Limited

SOCO DRC
SOCO DRC Limited

SOCO E&P DRC
SOCO Exploration and Production DRC Sprl

SOCO EPC
SOCO Exploration and Production Congo SA

SOCO NORTH AFRICA
SOCO North Africa Ltd

SOCO VIETNAM
SOCO Vietnam Ltd

STOIIP
Stock Tank Oil Initially In Place

TGT
Te Giac Trang Field

THE TRUST
SOCO Employee Benefit Trust

TOR
Terms of Reference

TSR
Total Shareholder Return

UK
United Kingdom

US
United States of America

WHP
Wellhead Platform

WNR
World Natural Resources Congo S.A.U.

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Cynthia Cagle

Financial Calendar
Group results for the year to 31 December are announced in March. The Annual General Meeting is held during the second quarter. Half year results to 30 June are announced in August.

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