SOCO International plc
("SOCO" or the "Company" or, together with its subsidiaries, the "Group")

INTERIM RESULTS FOR THE HALF YEAR TO 30 JUNE 2018

SOCO International plc, an international oil and gas exploration and production company, announces its Interim Results for the six months ended 30 June 2018.

A separate announcement was also made today in connection with SOCO's proposed acquisition of Merlon Petroleum El Fayum Company.

Ed Story, President and Chief Executive Officer, commented:
"The first half of the year has seen the team focused on execution of our strategy of portfolio rationalisation and finding new growth projects, whilst returning cash to shareholders and strengthening the board. The new debt facility and the proposed acquisition of Merlon are exciting steps forward for SOCO and provide the platform to expand and diversify the Company's resource base to create a full-cycle, growth orientated E&P company. As we look to the future, we are well positioned financially and, with a dedicated and capable team, continue to look for opportunities to grow the business"

OPERATIONAL HIGHLIGHTS

- Production during 1H 2018, averaged 26,773[1] BOEPD gross and 7,748[1] BOEPD net to SOCO's working interest (1H2017: 29,600 BOEPD and 8,606 BOEPD, respectively)

  TGT production averaged 6,177[1] BOEPD net (1H2017: 7,056 BOEPD)

  CNV production averaged 1,571 BOEPD net (1H2017: 1,550 BOEPD)

- Successful extension of two key operational contracts, resulting in significant cost savings for the TGT Field: the FPSO Operations and Maintenance Agreement and the Bare Boat Charter for the FPSO Armada TGT 1
- Two rigs are currently operating, one on each of the TGT and CNV Fields. The drilling programme has been delayed as a result of operational and weather related issues
- Production guidance for 2018 is revised to 7,000 -7,400 BOEPD.
- Portfolio rationalisation through:
  - Completion of the sale of SOCO's interests in Congo (Brazzaville) for a cash consideration of up to $10m and an overriding royalty on all future gross oil and condensate production sold from the interests
  - Agreement to sell SOCO's interests in Cabinda, Angola for a total cash consideration of up to $5m

FINANCIAL HIGLIGHTS

- Agreement for $125m Reserve Based Lending Facility ("RBL") signed on 15 September 2018, secured against the Group's producing assets in Vietnam

[1] TGT YTD June 2018 production was based on the final production report received in August 2018.

- Strong balance sheet; half year-end cash and liquid investments balance of $128.8m with no debt ($137.7m at 31 December 2017)
- Low cash operating costs just under $14/bbl (1H 2017: $13/bbl)[2]
- Average realised crude oil price up at $74.08/bbl, a $3.46 premium to Brent (1H 2017: $53.90/bbl)
- Cash capital expenditure down to $3.6m (1H 2017: $13.2m restated) due to delays in drilling
- Revenues up 26% at $93.2m (1H 2017: $74.0m)
- Net operating cash flow down to $24.9m (1H 2017: $27.1m), including cash used in discontinued operating activities of $1.7m
- Net operating cash flow (before working capital) of $56.5m (1H 2017: $42.0m)
- 2017 full year dividend of $23.3m (1H 2017: $21.0m) paid 15 June 2018, up 5% on prior year

STRATEGIC UPDATE

M&A Activity

SOCO International plc is pleased to announce that it has agreed to acquire Merlon Petroleum El Fayum Company for approximately US$215 million (the "**Proposed Transaction**"). Merlon is a privately owned oil and gas company with a 100% operated working interest in the onshore El Fayum concession in Egypt. The consideration will be satisfied through the payment of approximately US$136 million in cash and the issue of 66 million new SOCO shares, representing 19.75% of SOCO's current issued share capital. SOCO will also arrange for the repayment of Merlon's net debt, which was approximately US$22 million as at 31 December 2017.

The acquisition of Merlon is a significant step forward in SOCO's stated objective of expanding and diversifying its resource base to create a full-cycle, growth orientated E&P company of scale. The El Fayum concession is located in the low-cost and highly prolific Western Desert, c.80 km south west of Cairo and in proximity to local energy infrastructure. The acquisition is expected to add immediate cash generative production and incremental 2P (net) working interest reserves of 24 mmbbls and 2C (net) working interest resources of 37 mmbbls. Merlon produced 7,859 bopd (net) in 2017, with the potential to increase production levels to a target in excess of 15,000 bopd (net) by 2023 through the recovery of its discovered 2P reserves and 2C resources. In addition, the El Fayum concession will provide SOCO with nearly 1,570km^2 of exploration acreage (of which c.70% is covered by existing 3D seismic) with multiple, identified exploration prospects in proven petroleum systems, as well as a large underexplored area in the northern portion of the concession.

Portfolio Rationalisation

Portfolio rationalisation has been achieved through the divestment of the Group's assets in Angola and Congo (Brazzaville). As announced on 25 June 2018, SOCO signed and completed a sale and purchase agreement for its interests in Congo (Brazzaville) for a cash consideration of up to $10m and an overriding royalty on all future gross oil and condensate production sold from these interests.

Additionally, as announced on 2 July 2018 SOCO signed an agreement to sell its interests in Cabinda, Angola for a total cash consideration of up to $5m.

[2] See Non-IFRS measures on page 26.

BOARD CHANGES

Olivier Barbaroux, a long standing Non-Executive Director, retired from the Board of SOCO in June 2018. SOCO would like to thank Olivier for his contribution to SOCO, and to wish him all the best for the future.

John Martin was appointed as an Independent Non-Executive Director and Chairman of the Audit & Risk Committee in June 2018.

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 needs.

DIVIDEND

Following approval at the Company's AGM on 15 June 2018, SOCO paid a final 2017 dividend to shareholders of 5.25 pence per share ($23.3m).

OUTLOOK

- Production guidance for 2018 is modified to 7,000 - 7,400 BOEPD, reflecting the additional delays to the drilling programme resulting from the requirement to redrill the CNV-5P sidetrack, which occurred subsequent to the revision in production guidance announced on 31 July 2018.
- Cash capital expenditure in 2018 is expected to come in under $30m reflecting the delay in the drilling campaign and the deferral to 2019 of seismic acquisition on exploration Blocks 125 & 126 in Vietnam.
- Continued focus on financial discipline, sustainable cash flow generation and commitment to cash returns to shareholders.
- The Proposed Transaction is a significant step forward in SOCO's stated objective of expanding and diversifying its resource base to create a full-cycle, growth orientated E&P company of scale.

ENQUIRIES:

SOCO International plc Tel: 020 7747 2000
Ed Story, President and Chief Executive Officer
Jann Brown, Managing Director and Chief Financial Officer
Mike Watts, Managing Director
Sharan Dhami, Group Investor Relations Manager

Camarco Tel: 020 3757 4980
Billy Clegg
Georgia Edmonds
Owen Roberts

NOTES TO EDITORS

SOCO is an international oil and gas exploration and production company, headquartered in London and traded on the London Stock Exchange. The Company has production, development and exploration interests in Vietnam.

SOCO holds a 30.5% working interest in the Te Giac Trang Field of Block 16-1, which is operated by the Hoang Long Joint Operating Company. Block 16-1 is located in the shallow water Cuu Long Basin, offshore southern Vietnam.

SOCO holds a 25% working interest in the Ca Ngu Vang field of Block 9-2, which is operated by the Hoan Vu Joint Operating Company. Block 9-2 is located in the shallow water Cuu Long Basin, offshore southern Vietnam.

SOCO holds a 70% interest in and is designated operator of Blocks 125 & 126, located in the moderate to deep water Phu Khanh Basin, offshore central Vietnam.

OPERATIONS REVIEW

VIETNAM PRODUCTION

Production for H1 2018 from the TGT and CNV Fields net to the Group's working interest averaged 7,748 BOEPD. This is a reduction of 24 BOEPD from the Group's working interest average as announced on 31 July 2018 resulting from modification to the TGT June 2018 production due to the JOC's August 2018 production allocation reconciliation process.

TGT production for January-June averaged 20,486 BOEPD gross and 6,177 BOEPD net to SOCO. CNV production for January-June averaged 6,287 BOEPD gross and 1,571 BOEPD net to SOCO.

The 2018 TGT and CNV drilling programmes were initially delayed due to the late arrival of a rig and equipment delivery delays. Subsequent operational issues arising on the CNV-5P sidetrack, whereby the drill string became stuck and twisted off, and additional weather related rig delays impacted on both CNV and TGT drilling programmes. As such the production guidance for 2018 is revised to 7,000 -7,400 BOEPD.

Production by Field	1H 2018 (gross)	1H 2017 (gross)	1H 2018 (net)	1H 2017 (net)	FY 2017 (net)
TGT Production	**20,486**	**23,401**	**6,177**	**7,056**	**6,724**
Oil	19,114	21,898	5,765	6,604	6,299
Gas[1]	1,372	1,503	412	452	425
CNV Production	**6,287**	**6,199**	**1,571**	**1,550**	**1,552**
Oil	4,113	4,199	1,028	1,050	1,037
Gas[1]	2,174	2,000	543	500	515
Total Production	**26,773**	**29,600**	**7,748**	**8,606**	**8,276**
Oil	23,227	26,097	6,793	7,654	7,336
Gas[1]	3,546	3,503	955	952	940

Figures in BOEPD
[1] Assumes oil equivalent conversion factor of 6,000 standard cubic feet per barrel of oil equivalent.

VIETNAM DEVELOPMENT

Block 9-2 - CNV Field

(25% interest; operated by HVJOC)
The Japan Drilling Company Hakuryu-II jack-up rig arrived at the CNV-WHP to drill the CNV-5P sidetrack well on 19 June 2018. Following initial delays in drilling due to removal of the existing completion string, the side-track well subsequently encountered the first target at predicted depth, and initial results indicated a potentially good fracture system and production capacity. However, the drill string became stuck and twisted off. Following unsuccessful attempts for recovery of the fish, the decision to suspend the well was made. The rig was moved to CNV-6PST1 to perform a workover. The rig then returned to the CNV-5P well and is currently redrilling the sidetrack. This is due to be completed in early October 2018.

Once the current CNV drilling programme has been completed, the rig will move to the TGT H5-WHP and is expected to begin drilling towards the end of October 2018, targeting two wells into the H5 fault block.

These delays to the programme have meant that the projected well performance from the two TGT wells and the CNV sidetrack well will not be added until significantly later than originally planned.

Block 16-1 - TGT Field
(30.5% interest; operated by HLJOC)
On TGT, the PetroVietnam Drilling rig, PVD-1, arrived at the TGT H1-WHP on 25 August 2018 and commenced drilling the TGT-16AP well targeting the Miocene and Oligocene reservoir horizons. The well is expected to complete in early October 2018.

A six-year contract extension of the existing Bare Boat Charter for the FPSO Armada TGT 1 was signed between Armada TGT Ltd, a wholly owned subsidiary of Bumi Armada Berhad, and HLJOC. The contract, which applies to the period 27 August 2018 to 14 November 2024, lowered the previous lease rate, and has a total contract value of $285 million (gross). In parallel, negotiations for the revised FPSO Operations and Maintenance Agreement were also completed successfully. Overall, these two contracts have resulted in significant cost savings to the operations of the TGT Field.

SOCO is also continuing to evaluate solutions to the compressor issues encountered on the FPSO and is reviewing a selection of technical alternatives prior to committing to an agreed solution.

Blocks 125 & 126
(70% interest, SOCO-operated)
Review of the available existing geoscience and seismic data on the Blocks 125 & 126 has allowed the Company to identify areas of focus for the new 3D seismic acquisition planned for early 2019 and for which preparations have commenced.

DIVESTMENTS

Marine XI Block, offshore Congo (Brazzaville) (40.39% working interest, SOCO-operated) **and Cabinda North Block, onshore Angola** (non-operated, 22% working interest, 27.5% paying interest)

As announced on 25 June 2018, SOCO signed and completed a sale and purchase agreement with Coastal Energy Congo Limited ("**Coastal**"), to sell its entire shareholding in SOCO Congo Limited, the entity indirectly holding the Group's former interests in Congo (Brazzaville). Under the agreement Coastal acquired SOCO Congo Limited for a cash consideration of up to $10m and an overriding royalty on all future gross oil and condensate production sold from those interests.

On 2 July 2018 SOCO announced it had signed a sale and purchase agreement (the "**Cabinda SPA**") for the sale of its entire 80% shareholding in SOCO Cabinda Limited, the company holding a 22 percent, non-operating, working interest in the production sharing contract for the Cabinda North Block, Angola, for a cash consideration of up to $5m. The long stop date for satisfaction or, where applicable, waiver of the Cabinda SPA conditions is 30 September 2018.

FINANCIAL REVIEW

FINANCE STRATEGY

Our finance strategy underpins the Group's business model and goes hand in hand with our core business strategy of building shareholder value through our oil and gas portfolio.

The finance strategy is founded on three core areas of focus – capital discipline, capital allocation and capital return.

First half 2018 financial results were in line with the Company's expectations. Cash balances and liquid resources as of 30 June 2018 were $128.8m after returning $23.3m to shareholders in the final dividend for 2017 of 5.25 pence per share, approved at the AGM and paid to shareholders on 15 June 2018.

As announced on 17 September 2018 SOCO signed an agreement for a $125 million RBL facility secured against the Group's producing assets in Vietnam. In addition to the committed $125 million, a further $125 million is available on an uncommitted "accordion" basis. The proceeds of the RBL will be available for general corporate purposes including for funding acquisitions in line with the Group's strategic growth plan.

OPERATING PERFORMANCE

The Group delivered revenue in the first half 2018 of $93.2m representing a 26% increase from 1H 2017 of $74.0m. The increase for the first six months is the result of higher average realised crude oil price of $74.08 (1H 2017: $53.90), a $3.46/bbl premium to Brent, offset by a 9.7% decline in production levels from 8,606 BOEPD to 7,748.

Cash operating costs decreased to $19.4m (1H 2017 $20.2m).

Cash-operating costs per barrel

	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated[1] six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Cost of sales	**54.9**	55.5	115.0
Less:			
Depreciation, depletion and amortisation	**(27.3)**	(28.7)	(56.5)
Production based taxes	**(7.7)**	(6.6)	(13.6)
Inventories	**-**	0.8	(1.5)
Other cost of sales	**(0.5)**	(0.8)	(1.9)
Cash operating cost	**19.4**	20.2	41.5
Production (BOEPD)	**7,748**	8,606	8,276
Cash operating cost per BOE	**$13.83**	$12.97	$13.73

DD&A per barrel

	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated[1] six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Depreciation, depletion and amortisation	**27.3**	28.7	56.5
Production (BOEPD)	**7,748**	8,606	8,276
DD&A per BOE	**$19.48**	$18.42	$18.72

[1] In 2017, the Group changed its accounting policy for intangible exploration and evaluation assets and has adopted the successful efforts method of accounting. This change in accounting policy was applied retrospectively and the 1H 2017 consolidated income statement, balance sheet and cash flow statement and related notes of the interim financial statements were restated accordingly. Full details are provided in Note 2 (c)

Cost of sales of $54.9m (1H 2017: $55.5m restated) decreased reflecting the impact from the lower production volumes, which also resulted in a lower DD&A charge in the period.

Total Vietnam operating cash costs on a per barrel basis (excluding DD&A, inventory movements and sales related duties and royalties) increased to $13.83/bbl (1H 2017: $12.97/bbl restated) as a result of a largely fixed cost base being allocated over a lower number of produced barrels. The underlying production operating costs remaining relatively flat at $19.4 m (1H 2017: $20.2m restated).

Administrative expenses were $10.5m (1H 2017: $6.2m) which included $2.5m (1H 2017: $1.6m) on new venture 3rd party costs, reflecting the renewed effort on portfolio rationalisation and capturing new business. Of the remaining $8.0m costs (1H 2017: $4.6m), $2.5m relates to non-recurring costs for outgoing Executives leaving $5.5m underlying costs.

Operating profit from continuing operations, for the period was $27.8m (1H 2017: $12.3m) which primarily reflects the increased revenues.

Taxation

The tax expense increased to $22.6m (1H 2017: $13.2m) in the current reporting period consistent with higher profit. The Group's effective tax rate approximates to the statutory tax rate in Vietnam of 50% during 1H 2018 after excluding non-deductible expenditure.

Net profit

Net profit for the period from continuing operations was $5.6m (1H 2017: Loss $1.1m). Following SOCO's agreements to sell its interests in Congo and Angola, Africa results have been classified as discontinued operations for all periods shown, with a resulting post-tax loss from discontinued operations of $2.1m (1H 2017 restated: $nil).

BALANCE SHEET

Intangible assets increased during the period by $1.0m which was spent on Vietnam Blocks 125 & 126.

Property, plant and equipment decreased by $28.8m since 2017 year-end principally representing the capital programme offset by the six months DD&A charge.

Other receivables of $38.5m increased by $1.6m from the 2017 year-end which reflects the additional cash funding provided for TGT and CNV abandonment. The funds are operated by PetroVietnam and we retain the legal rights to the funds pending commencement of abandonment operations.

Oil inventory was $4.2m at 30 June 2018, the same as of 2017 year-end. Trade and other receivables at 30 June 2018 were $28.2m, being up $7.5m from 2017 year-end. This increase reflects the higher oil price together with the timing of the oil and gas sales.

SOCO's cash, cash equivalents and liquid investments totalled $128.8m as at 30 June 2018, down from $137.7m at 31 December 2017. The decrease since year-end of $8.9m is mainly a result of cash outflows for the capital programme, the payment of the dividend in June 2018 and $4.5m held in SOCO Congo at the date of the transfer when disposed offset by operating inflows from Vietnam.

Trade and other payables were $14.9m at the current period-end, down from $23.1m at 31 December 2017 mainly due to the status of the work programme in Vietnam and to reduced activity in Africa due to discontinued operations. Tax payable of $9.7m was up $2.9m from $6.8m as at the end of 2017.

Deferred tax liabilities have decreased to $130.0m at 30 June 2018 from $132.6m at 31 December 2017.

Long term provisions comprise the Group's decommissioning obligations in Vietnam which has decreased from $52.7m at 2017 year-end to $50.1m at 30 June 2018 due to a decrease in the inflation rate used from 2.5% to 2%, offset by unwinding of the discount $0.9m

CASH FLOW

Net cash flows from operating activities for the first six months of 2018 comprise the Group's continuing Vietnam operations and amounted to $26.6m (1H 2017: $27.1m). Net operating cash flow (before working capital movements) was $56.5m (1H 2017: $42.0m). Capital expenditure for the period ending 30 June 2018 was $3.6m (1H 2017: $13.2m). This reduction period on period reflects the deferment of the drilling programme in Vietnam and our strategy of discipline around capital spend.

Net cash flows from investing activities include a cash outflow from disposal of subsidiary (Congo interest) of $4.5m (1H 2017: $nil).

The Group made a final dividend payment to shareholders of $23.3m in the period (1H 2017: $21.0m).

RELATED PARTY TRANSACTIONS

There have been no new material related party transactions in the period and there have been no material changes to the related party transactions described in Note 34 to the Consolidated Financial Statements contained in the 2017 Annual Report and Accounts.

RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of 2018 and could cause actual results to differ materially from expected and historical results. Our principal risks and uncertainties, along with the mitigation measures in place to reduce risks to acceptable levels, remain largely unchanged from those published in the 2017 Annual Report and Accounts and are summarised below. With the announcement today of the purchase of Merlon Petroleum Al Fayum Company there is a new risk relating to the acquisition and new country entry.

- Health, safety, environment and social risks – arising due to the nature and location of the Group's activities
- Operational risk – in conducting exploration, drilling, construction and production operations in the upstream oil and gas industry
- Empowerment risk – the conduct of international operations requires the delegation of a degree of decision making to partners, contractors and locally based personnel
- Reserves risk – inherent uncertainties in the application of standard recognised evaluation techniques to estimate proven and probable reserves
- Stakeholder and Reputational risk – associated with the conduct of oil and gas activity in locations where social and environmental matters may be highly sensitive both on the ground and as perceived globally
- Commodity price risk – associated with the Group's sales of oil and gas
- Liquidity and credit risk – associated with meeting the Group's cash requirements

- Capital risk management – associated with ensuring that the Group will be able to continue as a going concern while maximising the return to shareholders
- Strategic risk – associated with ensuring the Company is well funded to deliver on its capital commitments and business development opportunities
- Human resource risk – associated with retention and recruitment of high quality personnel

Further information on the above principal risks and uncertainties facing the Group is included in the Risk Management section of the 2017 Annual Report and Accounts and in Note 4 to the Consolidated Financial Statements in that report in relation to reserves estimation risk and its impact on the Consolidated Financial Statements.

Additional information therein includes the manner in which the Group seeks to mitigate each of its principal risks, including those that may be impacted by a global transition to a lower carbon intensity economy in response to climate change.

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 any additional factors, including the impact of the proposed acquisition of Merlon Petroleum Al Fayum Company they continue to adopt the going concern basis in preparing the accounts.

RESPONSIBILITY STATEMENT

We confirm to the best of our knowledge:

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

By order of the Board
Jann Brown
Managing Director and Chief Financial Officer
19 September 2018

DISCLAIMER

This Interim Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The Half Year Report should not be relied on by any other party or for any other purpose.

The Interim Report contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

INDEPENDENT REVIEW REPORT TO SOCO INTERNATIONAL PLC

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the condensed consolidated income statement, condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in equity, the condensed consolidated cash flow statement and related notes 1 to 11. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor
London, United Kingdom
19 September 2018

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated[1] six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Continuing operations				
Revenue	3	**93.2**	74.0	156.2
Cost of sales	4	**(54.9)**	(55.5)	(115.0)
Gross profit		**38.3**	18.5	41.2
Administrative expenses		**(10.5)**	(6.2)	(18.3)
Operating profit		**27.8**	12.3	22.9
Investment revenue		**1.2**	0.6	1.4
Finance costs		**(0.8)**	(0.8)	(1.6)
Profit before tax	3	**28.2**	12.1	22.7
Tax	5	**(22.6)**	(13.2)	(27.7)
Profit/(loss) for the period from continuing operations		**5.6**	(1.1)	(5.0)
Discontinued operations	9,10			
Operating loss on discontinued operations	3	**(2.2)**	-	(152.3)
Gain on disposal from discontinued operations		**0.1**	-	-
Loss post-tax for the period from discontinued operations		**(2.1)**	-	(152.3)
Profit/(loss) for the period		**3.5**	(1.1)	(157.3)
Earnings/(loss) per share from continuing operations (cents)	6			
Basic		**1.7**	(0.3)	(1.5)
Diluted		**1.6**	(0.3)	(1.5)
Earnings/(loss) per share from continuing and discontinued operations (cents)				
Basic		**1.1**	(0.3)	(47.7)
Diluted		**0.9**	(0.3)	(47.7)

[1] In 2017, the Group changed its accounting policy for intangible exploration and evaluation assets and has adopted the successful efforts method of accounting. This change in accounting policy was applied retrospectively and the 1H 2017 consolidated income statement, balance sheet and cash flow statement and related notes of the interim financial statements were restated accordingly. Full details are provided in Note 2 (c)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated[1] six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Profit/(loss) for the period	**3.5**	(1.1)	(157.3)
Items that may be subsequently reclassified to profit or loss:			
Unrealised currency translation differences	**(0.4)**	(0.1)	(0.4)
Total comprehensive profit/(loss) for the period	**3.1**	(1.2)	(157.7)

The above condensed consolidated income statement and condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

[1] In 2017, the Group changed its accounting policy for intangible exploration and evaluation assets and has adopted the successful efforts method of accounting. This change in accounting policy was applied retrospectively and the 1H 2017 consolidated income statement, balance sheet and cash flow statement and related notes of the interim financial statements were restated accordingly. Full details are provided in Note 2 (c)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	(unaudited) 30 Jun 18 $ million	(unaudited) restated 30 Jun 17 $ million	31 Dec 17 $ million
Non-current assets				
Intangible assets		**4.8**	153.4	3.8
Property, plant and equipment		**477.1**	543.1	505.9
Other receivables		**38.5**	35.4	36.9
Financial asset	9	**0.3**	-	-
		520.7	731.9	546.6
Current assets				
Inventories		**4.2**	6.5	4.2
Trade and other receivables		**28.2**	13.0	20.7
Tax receivables		**0.2**	0.6	0.6
Financial asset	9	**0.2**	-	-
Liquid investments		**25.3**	25.3	25.3
Cash and cash equivalents		**103.5**	106.7	112.4
		161.6	152.1	163.2
Total assets		**682.3**	884.0	709.8
Current liabilities				
Trade and other payables		**(14.9)**	(24.1)	(23.1)
Tax payables		**(9.7)**	(5.1)	(6.8)
Liabilities associated with disposal assets classified as held for sale	10	**(1.6)**	-	-
		(26.2)	(29.2)	(29.9)
Non-current liabilities				
Deferred tax liabilities		**(130.0)**	(140.0)	(132.6)
Long term provisions		**(50.1)**	(64.9)	(52.7)
		(180.1)	(204.9)	(185.3)
Total liabilities		**(206.3)**	(234.1)	(215.2)
Net assets		**476.0**	649.9	494.6
Equity				
Share capital		**27.6**	27.6	27.6
Other reserves		**246.7**	244.7	245.9
Retained earnings		**201.7**	377.6	221.1
Total equity		**476.0**	649.9	494.6

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called up share capital $ million	Other reserves $ million	Retained earnings $ million	Total $ million
As at 1 January 2017	27.6	243.8	399.8	671.2
Loss for the period	-	-	(1.1)	(1.1)
Unrealised currency translation differences	-	0.3	(0.1)	0.2
Distributions	-	-	(21.0)	(21.0)
Share-based payments	-	0.6	-	0.6
As at 30 June 2017 restated (unaudited)	27.6	244.7	377.6	649.9
Loss for the period	-	-	(156.2)	(156.2)
Unrealised currency translation differences	-	0.1	(0.3)	(0.2)
Distributions	-	-	-	-
Share-based payments	-	1.1	-	1.1
As at 1 January 2018	**27.6**	**245.9**	**221.1**	**494.6**
Profit for the period	**-**	**-**	**3.5**	**3.5**
Unrealised currency translation differences	**-**	**-**	**(0.4)**	**(0.4)**
Distributions	**-**	**-**	**(23.3)**	**(23.3)**
Share-based payments	**-**	**1.6**	**-**	**1.6**
Transfer relating to share-based payments	**-**	**(0.8)**	**0.8**	**-**
As at 30 June 2018 (unaudited)	**27.6**	**246.7**	**201.7**	**476.0**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Notes	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Net cash from continuing operating activities		**26.6**	27.1	45.0
Net cash used in discontinued operating activities		**(1.7)**	-	-
Net cash from operating activities	7	**24.9**	27.1	45.0
Investing activities				
Purchase of intangible assets		**(1.6)**	(0.5)	(1.3)
Purchase of property, plant and equipment		**(2.0)**	(12.7)	(20.8)
Increase in liquid investments [1]		**-**	(10.0)	(10.0)
Payment to abandonment fund		**(1.5)**	(1.6)	(3.1)
Deferred proceeds on disposal of Mongolia assets		**-**	42.7	42.7
Disposal of subsidiary	9	**(4.5)**	-	-
Net cash (used in)/from continuing investing activities		**(5.1)**	17.9	7.5
Net cash used in discontinued investing activities		**(4.5)**	(2.3)	(4.1)
Net cash (used in)/from investing activities		**(9.6)**	15.6	3.4
Financing activities				
Proceeds from exercise of share options		**-**	(0.3)	(0.3)
Dividends paid to company shareholders		**(23.3)**	(21.0)	(21.0)
Net cash used in continuing financing activities		**(23.3)**	(21.3)	(21.3)
Net cash used in financing activities		**(23.3)**	(21.3)	(21.3)
Net (decrease)/increase in cash and cash equivalents		**(8.0)**	21.4	(27.1)
Cash and cash equivalents at beginning of period		**112.4**	85.0	85.0
Effect of foreign exchange rate changes		**(0.9)**	0.3	0.3
Cash and cash equivalents at end of period [1]		**103.5**	106.7	112.4

[1] Liquid investments comprise short term liquid investments of between three to six month's maturity while 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 of less than three month's maturity that are readily convertible to a known amount of cash and which are subject to an insignificant risk of change in value. The combined cash and cash equivalents and liquid investments balance at 30 June 2018 was $128.8m (1H 2017: $132.0m).

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

The information for the year ended 31 December 2017 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The half year financial report is presented in US dollars because that is the currency of the primary economic environment in which the Group operates.

A final dividend of 5.25 pence per share was approved at the Annual General Meeting and subsequently paid to Shareholders on 15 June 2018. See Note 8 below.

The half year financial report for the six months ended 30 June 2018 was approved by the Directors on 19 September 2018.

2. Significant accounting policies

The half year financial report, which is unaudited, has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') as adopted by the European Union and the disclosure requirements of the Listing Rules and using the same accounting policies and methods of computation as applied by the Company in its 2017 Annual Report and Accounts for the year ended 31 December 2017, except for the adoption of new and amended standards, as highlighted in 2(a) below, which were effective as at 1 January 2018 and did not require a restatement of prior years.

The condensed set of financial statements included in this half year financial report has been prepared on a going concern basis of accounting for the reasons set out in the Financial Results section of this report and in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting', as adopted by the European Union, and the requirements of the UK Disclosure and Transparency Rules of the Financial Services Authority in the United Kingdom as applicable to interim financial reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2017 and any public announcements made by SOCO during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by SOCO

IFRS 9 Financial Instruments

On 1 January 2018, SOCO adopted IFRS 9 'Financial Instruments' which replaced IAS 39 'Financial Instruments: Recognition and Measurement' and includes requirements for classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting.

IFRS 9 requires the classification and measurement of financial assets to be based on the entity's business model for managing the financial asset, and the contractual cash flow characteristics of the financial asset. The classification and measurement of financial liabilities is materially consistent with that required by IAS 39 with the exception of the treatment of modification or exchange of financial liabilities which do not result in de-recognition.

IFRS 9 introduces new impairment model requirements to be applied to financial assets measured at amortised cost and fair value through other comprehensive income ('FVOCI'), lease receivables, and certain loan commitments and financial guarantee contracts. At initial recognition, an impairment allowance (or provision in the case of commitments and guarantees) is required for expected credit losses ('ECL') resulting from default events that are possible within the next 12 months ('12-month ECL'). In the event of a significant increase in credit risk, an allowance (or provision) is required for ECL resulting from all possible defaults events over the expected life of the financial instrument ('lifetime ECL'). Financial assets, where 12-month ECL is recognised, are in 'stage 1'; financial assets that are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment, so are considered to be in default or otherwise credit impaired, are in 'stage 3'.

The hedge accounting requirements in the standard do not have an impact on SOCO as we do not undertake any hedging activities at this time.

The adoption of IFRS 9 has had $nil quantitative effect on the consolidated financial statements of the Group and the separate financial statements of SOCO International Plc.

IFRS 15 Revenue from Contracts with Customers

On 1 January 2018, SOCO adopted IFRS 15 'Revenue from Contracts with Customers', which replaced IAS 18 'Revenue'. IFRS 15 provides a principles-based approach for revenue recognition, and introduces the concept of recognising revenue for performance obligations as they are satisfied.

The adoption of IFRS 15 has had no material quantitative effect on the consolidated financial statements of the Group and the separate financial statements of SOCO International Plc.

Disclosure of disaggregated revenue information consistent with the requirement included in IFRS 15 has not had an impact on the information presented in note 3.

The Group's accounting policy under IFRS 15 is that revenue is recognised when the Group satisfies a performance obligation by transferring oil and gas to a customer. The title to oil and gas typically transfers to a customer at the same time as the customer takes physical possession of the oil or gas. Typically, at this point in time, the performance obligations of the Group are fully satisfied. The accounting for revenue under IFRS 15 does not, therefore, represent a substantive change from the Group's previous accounting policy for recognising revenue from sales to customers.

(b) Impact of standards issued but not yet applied by SOCO

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 "Leases" which the Group will adopt for annual periods beginning on or after 1 January 2019. The adoption of IFRS 16 will impact both the measurement and disclosures of leases over a value threshold and with terms longer than one year. The lease expense recognition pattern for lessees will generally be accelerated. Additional lease liabilities and right of use assets are expected to be recorded, including amounts in relation to FPSO facilities and certain office properties. The cash flow statement will be affected as payments for the principal portion of the lease liability will be presented within financing, not operating, activities. SOCO is in the process of identifying all lease agreements that exist across the Group. SOCO is currently assessing the impact of IFRS 16, and the process to quantify the effect at the date of the publication of these financial statements is on-going.

(c) Changes in accounting policy

In 2017, the Group voluntarily changed its accounting policy for intangible exploration and evaluation assets and adopted the successful efforts method to align with the more prevalent method of accounting for oil and gas assets within its peer group. This resulted in the Group changing the unit of account used for assessing intangible exploration and evaluation assets for impairment from a licence by licence basis to a well by well basis.

The change in accounting policy was applied retrospectively and the comparative information was restated where needed. The impact on the opening balance for 2017 was disclosed in the 2017 Annual Report and Accounts for the year ended 31 December 2017.

The table below shows the effect of this change in accounting policy on the consolidated income statement, consolidated balance sheet, reported loss, equity, basic and diluted loss per share for the six months ended 30 June 2017.

Impact on Consolidated Income	6 months ended 30.06.17
	$ million
Decrease in Cost of Sales (Depreciation)	6.5
Increase in Tax	(0.9)
Net reduction in loss for the period	5.6
Impact on Loss per share (cents)	
Decrease in basic and diluted	**1.7**
Impact on Consolidated Balance Sheet	30.06.2017
	$ million
Decrease in Intangible assets	(67.5)
Decrease in Property, plant and equipment	(130.0)
Net decrease in assets	**(197.5)**
Decrease in Deferred tax liabilities	17.8
Net decrease in liabilities	**17.8**
Net decrease in net assets	**(179.7)**

There was no impact on the consolidated cash flow statement.

3. Segment information

The Group has one principal business activity being oil and gas exploration and production. There are no inter-segment sales.

The Group's operations are located in South East Asia and Africa (discontinued operations) and form the basis on which the Group reports its segment information. Africa has been classified as a discontinued operation for all periods shown, as the Group has entered into agreements for the disposal of all of its interests in that geographical area, as described further in notes 9 and 10.

Segment results are presented below:

	SE Asia $ million	Africa $ million	Unallocated $ million	Group $ million
Six months ended 30 June 2018 (unaudited)				
Oil and gas sales	**93.2**	-	-	**93.2**
Profit/(loss) before tax from continuing operations	**37.9**	-	**(9.7)**	**28.2**
Six months ended 30 June 2017 restated (unaudited)				
Oil and gas sales	74.0	-	-	74.0
Profit/(loss) before tax from continuing operations	17.8	-	(5.7)	12.1
Year ended 31 December 2017				
Oil and gas sales	156.2	-	-	156.2
Profit/(loss) before tax from continuing operations	39.9	-	(17.2)	22.7

4. Cost of sales

	(unaudited) **six months ended** **30 Jun 18** **$ million**	(unaudited) restated six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Production operating costs	**19.9**	21.0	43.4
Inventory movements	**-**	(0.8)	1.5
Production based taxes	**7.7**	6.6	13.6
Depreciation, depletion and amortisation	**27.3**	28.7	56.5
Total cost of sales	**54.9**	55.5	115.0

5. Tax

	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Current tax	**25.2**	20.2	42.1
Deferred tax	**(2.6)**	(7.0)	(14.4)
	22.6	13.2	27.7

The Group's corporation tax is calculated at 50% (1H 2017: 50%) of the estimated assessable profit for each period in Vietnam. During each period both current and deferred taxation have arisen in overseas jurisdictions only.

6. Earnings/(loss) per share

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

	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Profit/(loss) from continuing operations for the purposes of basic earnings/(loss) per share	**5.6**	(1.1)	(5.0)
Effect of dilutive potential ordinary shares – Cash settled share awards and options	**(0.3)**	(0.9)	(0.7)
Profit/(loss) from continuing operations for the purpose of diluted earnings/(loss) per share	**5.3**	(2.0)	(5.7)
Total profit/(loss) for the purposes of basic earnings/(loss) per share	**3.5**	(1.1)	(157.3)
Total effect of dilutive potential ordinary shares – Cash settled share awards and options	**(0.3)**	(0.9)	(0.7)
Total profit/(loss) for the purpose of diluted earnings/(loss) per share	**3.2**	(2.0)	(158.0)

	Number of shares (million)		
	(unaudited)	(unaudited)	
	six months ended	six months ended	year ended
	30 Jun 18	30 Jun 17	31 Dec 17
Weighted average number of ordinary shares for the purpose of basic earnings per share	**329.8**	329.8	329.8
Effect of dilutive potential ordinary shares - Share awards and options	**3.2**	3.8	3.6
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**333.0**	333.6	333.4

In accordance with IAS 33 "Earnings per Share", the effects of antidilutive potential shares have not been included when calculating the dilutive loss per share for the six months ended 30 June 2017 and year ended 31 December 2017.

7. Reconciliation of operating profit to operating cash flows

	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Operating profit	**27.8**	12.3	22.9
Share-based payments	**1.2**	0.9	2.0
Depreciation, depletion and amortisation	**27.5**	28.8	56.8
Operating cash flows before movements in working capital	**56.5**	42.0	81.7
(Increase)/decrease in inventories	**-**	(0.8)	1.5
(Increase)/decrease in receivables	**(7.8)**	12.2	4.4
(Decrease)/increase in payables	**(0.4)**	(4.1)	0.2
Cash generated by operations	**48.3**	49.3	87.8
Interest received	**1.1**	0.5	1.4
Income taxes paid	**(22.8)**	(22.7)	(44.2)
Net cash from continuing operating activities	**26.6**	27.1	45.0
Net cash used in discontinued operating activities	**(1.7)**	-	-
Net cash from operating activities	**24.9**	27.1	45.0

8. Dividend

On 15 June 2018, following approval at the Annual General Meeting, the Company paid a dividend of 5.25 pence per share, being a total of $23.3m (1H 2017: $21.0m) to Shareholders.

9. Disposal of Congo interest

On 24th June 2018, SOCO signed and completed a Sale and Purchase Agreement (the SPA) with Coastal Energy Congo Limited (Coastal Energy), to sell its entire shareholding in SOCO Congo Limited (SOCO Congo), which holds the Group's appraisal interests in Congo (Brazzaville).

Under the terms of the Agreement the Group is entitled to receive a cash consideration of up to $10m plus subsequent payments based on future oil and condensate production sold from those interests in Congo (royalty).

The cash consideration of up to $10m payable under the SPA is structured as follows:

- Tranche 1: $1m within 10 business days on the later to occur of:
  i. agreement or expert determination of a statement of net assets or liabilities of SOCO Congo and its subsidiary as at 30 June 2018 (the 30 June Statement); and
  ii. execution of the first agreement relating to the bonus payable in respect of any of the four exploitation permits (the "PEX bonus agreement");
- Tranche 2: $5m within 10 business days of formal approval of the first development plan on any of the exploitation permits; and
- Tranche 3: $4m within 20 business days on the earlier to occur of:
  i. first commercial production of oil or condensate from any of the exploitation permits; and
  ii. 31 December 2019.

Each element of the cash consideration is subject to potential adjustment by reference to the 30 June 2018 Statement.

In addition, SOCO will retain the right to an overriding royalty interest on all barrels of oil or condensate produced and sold from any of the four exploitation permits. The royalty payable on each barrel of oil or condensate produced and sold will be determined by reference to the prevailing price of North Sea Dated Brent (the Benchmark Price), as summarised below:

- $0.50 on each barrel where the Benchmark Price is at or under $52.25 per barrel; or

- $1.00 on each barrel where the Benchmark Price is over $52.25 per barrel.

The fair value of the above consideration (including the overriding royalty) at 30 June 2018 was estimated at $0.49m and will be reassessed at each balance sheet date, with movements recorded in the income statement. The fair value of this financial asset is included in current and non-current assets at $0.18m and $0.31m respectively. It 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 'Fair Value Measurement').

To arrive at the estimated fair value, we have applied a discount rate and a probability of success for each of the four elements set out above. The discount rate is 12% and represents a rate which reflects the time value of money, country risk and the credit risk of Coastal Energy group. The probability of success, being the probability that the conditions relating to each element of consideration are both met and enforceable, ranges from 20% for Tranche 1 to 2% for Tranches 2 and 3, with the figures reflecting the high estimation uncertainty due to the short time which has elapsed since completion, as well as the requirement for the PEX bonus criteria to be met (Tranche 1) before it is possible to comply with the criteria in respect of the remaining elements of the consideration. In determining the fair value of the royalty, the key inputs include the probability of future oil prices being above $52.25 per barrel as well as estimated future production, as well as a 2% probability of commercial production being achieved. A summary of the fair values attributed to each element of the consideration at 30 June 2018 is outlined below.

List of four elements of consideration	undiscounted/unrisked value	discounted risked value
Tranche 1 – PEX bonus agreement signed	$1m	$0.18m
Tranche 2 – first development plan approval	$5m	$0.08m
Tranche 3 – first commercial production	$4m	$0.06m
Overriding royalty interest		$0.17m
Total		**$0.49m**

The fair value of the consideration is most sensitive to changes in the probability of success applied to each element, with the key triggering events considered to represent the PEX bonus signature and, following on from this, the approval of the first development plan. A change in the discount rate by 1% would increase/decrease the fair value by $0.01 million. The fair value will be retested at each reporting date.

As the Group's Congo asset is now classified as part of the Group's discontinued Africa operations, the profit and loss attributable to the Congo interest up to the date of completion have been removed from continuing operations. For the first half of 2018, the Congo Brazzaville interest, generated an operating and post-tax loss of $1.5m (full year 2017: $104m; 1H 2017: $nil). No revenue arose for any of the periods. Immediately prior to the sale the Group's share of net assets held by the Congo interest was $0.34m comprising current assets of $0.69m, cash of $4.5m and current liabilities of $4.85m. Immediately after completion of the sale the Group recognised a gain on disposal of $0.15m based on the fair value of the financial asset of $0.49m.

10. Asset held for sale – Angola interest

On 29th June 2018, SOCO Exploration Limited entered into a Sale and Purchase Agreement (the SPA) with Quill Trading Corporation and WMLC Resources Limited to sell its entire shareholding in SOCO Cabinda Limited (SOCO Cabinda), for a total cash consideration of up to $5m. SOCO Cabinda holds the Group's exploration interest in Angola. The completion of the SPA is conditional, inter alia, upon receipt of customary approvals which have not yet all been obtained.

As 30 June 2018, SOCO Cabinda is recognised as disposal assets classified as held for sale and part of the Group's discontinued Africa operations. For the first half of 2018, SOCO Cabinda generated an operating and post-tax loss of $0.7m (full year 2017: $48.3m, 1H 2017: $nil). No revenue arose for any of the periods. The 30 June 2018 balance sheet reflects liabilities associated with assets classified as held for sale of $1.6m with intangible assets fully impaired as of 31 December 2017. Any gain arising on disposal will be recognised at completion.

11. Events after the balance sheet

An agreement for a $125m RBL facility was signed on 15 September 2018, secured against the Group's producing assets in Vietnam. In addition to the committed $125m, a further $125m is available on an uncommitted "accordion" basis. The RBL has a five-year term and matures in September 2023. The proceeds of the RBL will be available for general corporate purposes including for funding acquisitions in line with the Group's strategic growth plan. The facility has been arranged and underwritten by BNP Paribas, Crédit Agricole Corporate and Investment Bank and Standard Chartered Bank.

In a separate announcement today SOCO has announced that it has agreed to acquire Merlon Petroleum El Fayum Company for approximately US$215 million (the "**Proposed Transaction**"). Merlon is a privately owned oil and gas company with a 100% operated working interest in the onshore El Fayum concession in Egypt. The consideration will be satisfied through the payment of approximately US$136 million in cash and the issue of 66 million new SOCO shares, representing 19.75% of SOCO's current issued share capital. SOCO will also arrange for the repayment of Merlon's net debt, which was approximately US$22 million as at 31 December 2017.

Glossary Non-IFRS measures

The Group uses certain measures of performance that are not specially defined under IFRS or other generally accepted accounting principles. These non-IFRS measures include cash operating costs per barrel and DD&A per barrel.

Cash-operating costs per barrel

Cash-operating costs for the period calculated over barrels of oil equivalent produced. This is a useful indicator of cash operating costs incurred to produce oil and gas from the Group's producing assets.

	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Cost of sales	**54.9**	55.5	115.0
Less:			
Depreciation, depletion and amortisation	**(27.3)**	(28.7)	(56.5)
Production based taxes	**(7.7)**	(6.6)	(13.6)
Inventories	**-**	0.8	(1.5)
Other cost of sales	**(0.5)**	(0.8)	(1.9)
Cash operating cost	**19.4**	20.2	41.5
Production (BOEPD)	**7,748**	8,606	8,276
Cash operating cost per BOE	**$13.83**	$12.97	$13.73

DD&A per barrel

DD&A per barrel is calculated as net book value of oil and gas assets in production, together with estimated future development costs over the remaining 2P reserves.

This is a useful indicator of ongoing rates of depreciation and amortisation of the Group's producing assets.

	(unaudited) six months ended 30 Jun 18 $ million	(unaudited) restated six months ended 30 Jun 17 $ million	year ended 31 Dec 17 $ million
Depreciation, depletion and amortisation	**27.3**	28.7	56.5
Production (BOEPD)	**7,748**	8,606	8,276
DD&A per BOE	**$19.48**	$18.42	$18.72

Glossary of Terms

$
United States Dollar

£
UK Pound Sterling

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

AGM
Annual general meeting

BBL or bbl
Barrel

BOE or boe
Barrels of oil equivalent

BOEPD
Barrels of oil equivalent per day

CASH or cash
Cash, cash equivalent and liquid investments

CNV
Ca Ngu Vang

Congo (Brazzaville)
The Republic of the 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

DD&A
Depreciation, depletion and amortisation

FPSO
Floating, Production, Storage and Offloading Vessel

FY
Full year

HLJOC
Hoang Long Joint Operating Company

HVJOC
Hoan Vu Joint Operating Company

IAS
International Accounting Standards

IFRS
International Financial Reporting Standards

JOC
Joint Operating Company

M&A
Mergers and Acquisitions

MMBBL or mmbbl
Million barrels

Petrovietnam
Vietnam Oil and Gas Group

PSC
Production sharing contract or production sharing agreement.

RBL
Reserve Based Lending

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

Shares
Ordinary Shares

SOCO Congo
SOCO Congo Limited

TGT
Te Giac Trang

UK
United Kingdom

US
United States of America

WHP
Wellhead Platform