AFREN

Interim Management Statement

Afren plc

30 October 2014

Afren plc: Interim Management Statement

London, 30 October 2014 - Afren plc ("Afren" or the "Group"), (LSE: AFR, FTSE 250 index), announces its Interim Management Statement ("IMS") and financial results for the nine months ended 30 September 2014 and an update on its operations year-to-date 2014, in accordance with the reporting requirements of the EU Transparency Directive. Information contained within this release is un-audited and is subject to further review.

Key highlights

- Average net production for the nine months to 30 September 2014 at 31,377 bopd; full year 2014 net production guidance range (excluding Barda Rash) maintained at between 32,000 to 36,000 bopd with new incremental production wells now on-stream
- Profit after tax of US$167 million (Q3 2013: US$129 million) reflects tax exemption at Ebok offsetting reduction in pre-tax profit and revenue. The balance sheet remains strong with net assets of US$1,981 million
- Final Investment Decision sanctioned on Okoro Further Field Development and Aje; installation of the Ebok Central Fault Block Extension platform is expected in Q4 2014; batch drilling on Ebok North Fault Block underway; Wellhead jacket fabricated at Okwok and to be installed in Q4 2014
- First Oil expected from the Okoro Further Field Development, Aje and Okwok in 2015
- Drilling campaign underway on OML 26; drilling ongoing on the second producer with a third producer to spud in late 2014
- OPL 310 follow on programme progressing; interpretation of fast track 3D seismic ongoing; appraisal drilling expected in 2015
- Exploration drilling to commence shortly with Ebok deep exploration well followed by Ameena East prospect on OML 115

Commenting today, Toby Hayward, Interim CEO of Afren plc, said:

"The Board is pleased to have received the results of the independent review by Willkie Farr and Gallagher (UK) LLP ("WFG") and is in the process of implementing its recommendations. Management remains focused on operational performance, having made good progress on our core development projects in Nigeria, which are expected to drive significant growth in production and cash flow in the medium-term. We are moving forward with our play-opening discovery at Ogo, while we continue to de-risk an exciting set of exploration opportunities across our portfolio."

Moving to the next phase of growth

Production and development

Afren delivered average net production (excluding Barda Rash) in the period to 30 September 2014 of 31,147 bopd (Q3 2013: 48,305 bopd), below our full year production guidance range of between 32,000 to 36,000 bopd. This was principally due to the on-going delays with the installation of the Ebok Central Fault Block (CFB) extension due to adverse weather conditions and additional downtime at OML 26 in July, as a result of repair work by SPDC on the Trans Forcados pipeline.

With new incremental production wells now on-stream and close to completion across all of our existing producing assets in Nigeria, the Company remains on-track to achieve full year net production at the lower end of guidance of between 32,000 to 36,000 bopd.

Nigeria

At the Ebok field, gross production averaged 27,277 bopd during the period. Adverse weather conditions have delayed the installation of the CFB extension platform and the planned three producers targeting additional reservoirs in the CFB. The installation of the CFB extension platform is now expected to complete in Q4 as soon as the weather conditions permit. Batch drilling from the North Fault Block (NFB) targeting three producers and one water injector in 2014 continues to make good progress with one producer currently on-stream which has tested at rates as high as 5,000 bopd and production from the second well to start imminently.

Production operations continue to run smoothly at the Okoro field where gross production at the field averaged 16,184 bopd in the period, incorporating planned downtime earlier in the year. As part of the development programme at Okoro this year, the Okoro-15 producer was completed and brought on-stream in September 2014 at a rate of 2,000 bopd. The planned second producer, Okoro-12 ST1 was brought on-stream late October and is also expected to produce approximately 2,000 bopd. In Q3 2014, the Partners sanctioned the Final Investment Decision (FID) for the Okoro Further Field Development. The rig for the Mobile Offshore Platform Unit (MOPU) has been procured and is on its way to the construction yard in Singapore. Construction of the wellhead platform has commenced and is expected to complete by March 2015. The wellhead platform will be installed at the field during Q2 2015 with development drilling commencing shortly thereafter.

At Okwok, the wellhead jacket has been fabricated and is currently awaiting installation and is expected to be completed in Q4 2014 prior to development drilling.

On OML 26, following the Field Development Plan (FDP) approval, the first of the five new wells, Ogini-22 was spudded in late July 2014. Ogini-22 achieved a horizontal drain hole of 1,342 ft length within a total depth of 9,940 ft with initial test results indicating a production rate of over 2,300 bopd. The second well is underway and the Partners expect to complete this shortly. Following this, a third producer will be spudded before the year end and it is expected that it will come on stream in January 2015. The LACT unit is undergoing Site Acceptance Testing (SAT). Estimated volumes delivered prior to commissioning and SAT of the LACT unit are subject to reconciliation and agreement with Shell which is expected after SAT is completed.

On 7 October 2014, the JV Partners on OML 113 sanctioned the FID for the first phase of the Cenomanian development in the Aje field that will include two subsea production wells tied back to a leased FPSO. First oil from the Aje field is expected late 2015.

Kurdistan region of Iraq

On 2 October 2014, Afren announced that it had begun to resume field operations on the Barda Rash field, following the precautionary step taken to temporarily suspend operations in August 2014 due to the regional security issues. Following the re-entry into the region, BR-4 production was not resumed due to the high water cut associated with water flow behind pipe from an upper zone. At BR-5, Afren is in the process of working through the stuck 5" liner so that drill stem test operations can continue. Afren is discussing its forward work programme with the Ministry of Natural Resources (MNR). As part of the forward work programme it is considering its options for the development of an early production facility (EPF) interim gas solution.

Exploration and Appraisal

Nigeria

Processing of the 2,716 km^2 marine 3D seismic data acquired in May 2014 across OPL 310 and OML 113 is ongoing, the fast track post stack time migration was delivered in August 2014. The final production pre-stack time migration will be delivered in late Q4 2014 and the pre-stack depth migration is due in Q1 2015. The interpretation of these data-sets will be used to finalise a well location. Various rig options are being investigated for appraisal drilling in 2015. The data from the seismic campaign will also assist with the Phase 2 development on Aje (OML 113) and to further de-risk the exploration potential over the whole block, including the syn-rift exploration potential following the discovery at Ogo in 2013. The first exploration well to be drilled by the Afren-Oriental Joint Venture in Nigeria this year will be the Ebok deep exploration tail planned for Q4 2014, targeting the deeper Qua Iboe and Biafra reservoirs. The exploration tail will be targeting gross Pmean resources of 50 mmbbls. On OML 115, preparations are underway for the drilling of the Ameena East prospect, scheduled to spud in November 2014, using the Adriatic I rig. The Ameena East-1 exploration well will be targeting gross Pmean resources of 65 mmbbls, in Biafra sands below the regional basal Qua Iboe unconformity.

Other West Africa

In Ghana, following an economic evaluation, Afren has taken the precautionary step to fully impair its holding in the Keta block (US$35.5 million). The Group retains its interest in the asset and is discussing with Partners how to proceed.

In Côte d'Ivoire, Afren has commenced an extensive 1,780km^2 3D seismic survey on CI‐523 and CI‐525. The data acquired will be processed in Q1 2015 followed by planned exploration drilling on both blocks.

East Africa

In Kenya, seismic operations commenced on Block 1 during October 2014, exploration drilling will start after the processing and interpretation of these seismic lines, an Environmental Impact Assessment (EIA) for the drilling operations is ongoing. On Blocks L17 and L18, Afren plans to shoot a 250 line km 2D seismic in Q4 2014 followed by a two well drilling campaign in 2015.

In Madagascar, a shallow borehole coring programme is underway and is expected to be completed in November 2014. The shallow borehole coring programme includes the re-drill of a previously reported oil discovery and one of the two coring rigs is currently being mobilised from the north side of the block to the south side of the block where the 1902 oil discovery is located.

In Tanzania, further interpretation work has elevated the Nanasi prospect to the forefront of the drilling opportunities in the deep water portion of the Tanga Block and work is ongoing to raise the shallow water prospects to ready-to-drill status. This will involve the acquisition of a shallow water 3D seismic survey of around 400 km^2 subject to regulatory approval in Q4 2014/Q1 2015. These plans are conditional on Afren advancing into the next licence period which is pending regulatory approval.

Kurdistan region of Iraq

Field operations at the Ain Sifni block recommenced in September following a temporary suspension in August due to the regional security issues. The Simrit-4 well that was spudded in early 2014 has reached Target Depth (TD) in the Jurassic and Triassic reservoirs. Operator, Hunt Oil, is currently negotiating the Field Development Plan (FDP) at Simrit with the MNR and an update will be provided in due course. The programme at Maqlub will follow the FDP approval at Simrit.

Production

Production Q3 YTD 2014 (bopd)	Working interest	Average gross production	Average net production
Okoro	50%	16,184	8,092
Ebok	78.5%(1)	27,277	21,413
OML 26	45%	3,648	1,642
Barda Rash	60%	383	230
Total		**47,492**	**31,377**

(1)Afren's net production includes its 50% economic interest plus additional barrels to recover costs of capital investment funded by Afren

Financial Position

Revenue for the period from continuing operations was US$798.5 million (Q3 2013: US$1,204.3 million). The 34% decrease in revenue is principally attributable to reduced share of production and liftings from the Ebok field, following cost recovery. Operating cash flow before movements in working capital was US$496.2 million in the nine months to 30 September 2014 (Q3 2013: US$859.9 million). After movements in working capital, including tax payments of US$53.1 million, net cash generated by operating activities was US$454.8 million (Q3 2013: US$880.3 million).

Profit after tax from continuing activities for the period was US$167.1 million (Q3 2013: US$128.6 million). The increase on the comparative period arises principally from an income tax credit to the income statement of US$1.3 million (Q3 2013: US$298.4 million charge) as a result of now being in a five-year tax exemption period in the Ebok field and a smaller loss on the derivative financial instruments of US$0.6 million (Q3 2013: US$38.7 million), both of which offset the lower gross profit for the period and a higher impairment charge on exploration and evaluation assets.

During the nine months to 30 September 2014 the Group spent US$448.7 million developing its assets (US$348.6 million investment in producing and development assets and US$100.1 million on exploration and evaluation projects).

Gross debt at 30 September 2014 was US$1,154.4 million, excluding finance leases. Cash at bank at 30 September 2014 was US$266.7 million, resulting in net debt (excluding finance leases) of US$887.7 million (31 December 2013: gross debt of US$1,129.0 million; cash of US$389.9 million; net debt of US$739.1 million).

On 30th September 2014, Afren signed a new US$100m loan facility for Okwok. The facility has a one year term and bears an interest rate of Libor plus 7.5%. The new facility will be used to fund ongoing capital and operating expenditure for the development plans and work programmes of Okwok and OML113.

Condensed consolidated statement of comprehensive income

Nine months ended 30 September 2014

	Notes	9 months to 30 September 2014 Unaudited US$m	9 months to 30 September 2013 Unaudited US$m
Continuing operations			
Revenue		**798.5**	1,204.3
Cost of sales		**(521.0)**	(630.7)
Gross profit		**277.5**	573.6
Administrative expenses		**(26.4)**	(30.0)
Other operating expenses			
– derivative financial instruments		**(0.6)**	(38.7)
– impairment of exploration and evaluation assets		**(37.2)**	(4.3)
Operating profit		**213.3**	500.6
Finance income	2	**1.8**	3.0
Finance costs	2	**(52.5)**	(55.8)
Other gains/(losses)			
– foreign currency		**6.4**	2.0
– fair value of financial liabilities and financial assets		**0.7**	3.0
– impairment losses on financial assets		**(2.2)**	-
Share of joint venture loss		**(1.7)**	(25.8)
Profit before tax from continuing operations		**165.8**	427.0
Income tax credit/(expense)	5	**1.3**	(298.4)
Profit after tax from continuing operations		**167.1**	128.6
Discontinued operations			
Profit for the period from discontinued operations attributable to equity holders of Afren plc		**-**	38.1
Profit for the period		**167.1**	166.7
Attributable to:			
Equity holders of Afren plc		**169.3**	169.7
Non-controlling interests		**(2.2)**	(3.0)
		167.1	166.7
Other comprehensive income			
(Loss)/gain on revaluation of available-for-sale investment		**(1.4)**	0.4
Total comprehensive income for the period		**165.7**	167.1
Attributable to:			
Equity holders of Afren plc		**167.9**	170.1
Non-controlling interests		**(2.2)**	(3.0)
		165.7	167.1
Earnings per share from continuing operations			
Basic	3	**15.4c**	12.1c
Diluted	3	**15.0c**	11.6c
Earnings per share from continuing and discontinued operations			
Basic	3	**15.4c**	15.6c
Diluted	3	**15.0c**	14.9c

Condensed consolidated balance sheet

As at 30 September 2014

	Notes	30 September 2014 Unaudited US$m	31 December 2013 Audited US$m
Assets			
Non-current assets			
Intangible oil and gas assets		**948.7**	1,090.2
Property, plant and equipment		**2,441.1**	2,052.2
Goodwill		**115.2**	115.2
Deferred tax assets		**121.4**	97.5
Available-for-sale investments		**-**	1.3
Investments in joint ventures		**-**	1.7
		3,626.4	3,358.1
Current assets			
Inventories		**139.2**	80.9
Trade and other receivables		**232.7**	209.6
Prepayments and advances to Partners		**10.0**	99.3
Derivative financial instruments		**-**	0.1
Cash and cash equivalents		**266.7**	389.9
		648.6	779.8
Total assets		**4,275.0**	4,137.9
Liabilities			
Current liabilities			
Trade and other payables		**(736.4)**	(717.2)
Borrowings		**(210.0)**	(77.3)
Current tax liabilities		**(59.8)**	(72.3)
Deferred consideration on acquisitions		**(20.5)**	(22.0)
Obligations under finance lease		**(21.3)**	(22.1)
Derivative financial instruments		**(7.4)**	(28.2)
		(1,055.4)	(939.1)
Net current liabilities		**(406.8)**	(159.3)
Non-current liabilities			
Deferred tax liabilities		**(128.4)**	(146.3)
Provision for decommissioning		**(35.8)**	(30.1)
Borrowings		**(944.4)**	(1,051.7)
Obligations under finance leases		**(61.5)**	(77.7)
Deferred consideration on acquisitions		**-**	(18.1)
Derivatives over own equity		**(56.1)**	(52.3)
Derivative financial instruments		**(12.2)**	(17.1)
		(1,238.4)	(1,393.3)
Total liabilities		**(2,293.8)**	(2,332.4)
Net assets		**1,981.2**	1,805.5
Equity			
Share capital		**19.2**	19.1
Share premium		**929.5**	926.8
Merger reserve		**179.4**	179.4
Other reserves		**31.7**	27.5
Retained earnings		**812.9**	642.0
Total equity attributable to parent company		**1,972.7**	1,794.8
Non-controlling interest		**8.5**	10.7
Total equity		**1,981.2**	1,805.5

Condensed consolidated cash flow statement

Nine months ended 30 September 2014

	9 months to 30 September 2014 Unaudited US$m	9 months to 30 September 2013 Unaudited US$m
Operating profit for the period from continuing operations	**213.3**	500.6
Operating profit for the period from discontinuing operations	**-**	14.5
Operating profit for the period	**213.3**	515.1
Depreciation, depletion and amortisation	**268.8**	313.5
Unrealised (gains)/losses on derivative financial instruments	**(25.6)**	6.5
Impairment charge on exploration and evaluation assets	**37.2**	4.3
Share-based payments charge	**2.5**	20.5
Operating cash-flows before movements in working capital	**496.2**	859.9
Decrease in trade and other operating receivables	**67.0**	122.2
Decrease in trade and other operating payables	**(37.5)**	(30.6)
Increase in inventory of crude oil	**(17.8)**	(15.1)
Current tax paid	**(53.1)**	(56.1)
Net cash generated by operating activities	**454.8**	880.3
Purchases of property, plant and equipment	**(348.6)**	(486.4)
Exploration and evaluation expenditure	**(100.1)**	(239.9)
Net proceeds on disposal of discontinued operations	**-**	17.5
(Increase)/decrease in inventories - drilling spare parts and materials	**(40.5)**	2.9
Investment inflow	**0.5**	1.7
Net cash used in investing activities	**(488.7)**	(704.2)
Issue of ordinary share capital – share-based plan exercises	**2.7**	4.7
Investment in subsidiary - additional shares purchased from third parties	**-**	(109.3)
Deferred consideration – additional shares purchased from third party	**(22.0)**	-
Investment in treasury shares	**(3.1)**	-
Net proceeds from borrowings	**98.4**	26.4
Repayment of borrowings and finance leases	**(96.9)**	(146.1)
Interest and financing fees paid	**(68.4)**	(93.0)
Net cash used in financing activities	**(89.3)**	**(317.3)**
Net decrease in cash and cash equivalents	**(123.2)**	(141.2)
Cash and cash equivalents at beginning of the period	**389.9**	598.7
Effect of foreign exchange rate changes	**-**	0.6
Cash and cash equivalents at end of period	**266.7**	458.1

Condensed consolidated statement of changes in equity

As at 30 September 2014

	Share capital US$m	Share premium account US$m	Merger reserve US$m	Other reserves US$m	Retained earnings US$m	Attributable to equity holders of parent US$m	Non-controlling Interest US$m	Total equity US$m
At 1 January 2013	18.9	920.3	179.4	6.9	265.4	1,390.9	31.6	1,422.5
Issue of share capital	0.1	4.8	-	-	-	4.9	0.2	5.1
Share-based payments	-	-	-	17.0	-	17.0	4.6	21.6
Transfer to retained earnings	-	-	-	(1.5)	1.5	-	-	-
Exercised and expired put option over own equity	-	-	-	43.5	-	43.5	-	43.5
Purchase of non-controlling interest in subsidiary	-	-	-	10.6	(143.2)	(132.6)	(20.7)	(153.3)
Early redemption on convertible loan note	-	-	-	(3.3)	(2.3)	(5.6)	(1.6)	(7.2)
Put option over own equity	-	-	-	(58.3)	-	(58.3)	-	(58.3)
Net profit/(loss) for the period	-	-	-	-	169.7	169.7	(3.0)	166.7
Other comprehensive income for the period	-	-	-	0.4	-	0.4	-	0.4
Balance at 30 September 2013	**19.0**	**925.1**	**179.4**	**15.3**	**291.1**	**1,429.9**	**11.1**	**1,441.0**
At 1 January 2014	19.1	926.8	179.4	27.5	642.0	1,794.8	10.7	1,805.5
Issue of share capital	0.1	2.7	-	-	-	2.8	-	2.8
Share based payments	-	-	-	10.3	-	10.3	-	10.3
Exercise of warrants	-	-	-	(0.1)	0.1	-	-	-
Investment in treasury shares	-	-	-	(3.1)	-	(3.1)	-	(3.1)
Transfer to retained earnings	-	-	-	(1.5)	1.5	-	-	-
Net profit/(loss) for the period	-	-	-	-	169.3	169.3	(2.2)	167.1
Other comprehensive loss for the period	-	-	-	(1.4)	-	(1.4)	-	(1.4)
Balance at 30 September 2014	**19.2**	**929.5**	**179.4**	**31.7**	**812.9**	**1,972.7**	**8.5**	**1,981.2**

Notes to the condensed consolidated financial statements

Nine months ended 30 September 2014

1. Basis of accounting and presentation of financial information

The condensed Group interim financial statements, comprised of Afren plc (‘‘Afren’’) and its subsidiaries (together, ‘‘the Group’’), have been prepared in accordance with the same accounting policies, presentation and methods of computation as applied in the audited financial statements for the year ended 31 December 2013. The Group policies are in accordance with International Financial Reporting Standards (“IFRS”). Certain information and note disclosures normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed as is normal practice for interim reporting periods. The condensed Group interim financial statements are unaudited, and do not constitute statutory accounts as defined in sections 435(1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 were published and copies of which have been delivered to Companies House. The report of the auditors on those accounts was unqualified, 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 any statement under sections 498(2) or (3) of the Companies Act 2006.

Going concern

The directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

2. Finance costs

	9 months to 30 September 2014 US$m	9 months to 30 September 2013 US$m
Finance costs:		
Bank interest payable	**12.1**	12.9
Borrowing costs amortisation and facility fees	**10.0**	14.2
Interest on finance lease	**4.2**	5.0
Interest on loan notes	**59.7**	66.9
Corporate facility interest payable	**-**	1.3
Unwinding of discount on financial liabilities	**11.2**	-
Unwinding of discount on decommissioning	**2.0**	1.9
	99.2	102.2
Less: capitalised interest	**(46.7)**	(46.4)
	52.5	55.8
Finance income:		
Gain on redemption of convertible loan notes	**-**	0.3
Bank interest received	**1.8**	2.4
Interest income on loan receivables	**-**	0.3
	1.8	3.0

3. Earnings per share

	9 months to 30 September 2014	9 months to 30 September 2013
From continuing operations		
Basic	**15.4c**	12.1c
Diluted	**15.0c**	11.6c
From continuing and discontinued operations		
Basic	**15.4c**	15.6c
Diluted	**15.0c**	14.9c

The profit and weighted average number of ordinary shares used in the calculation of the earnings per share are as follows:

Profit for the period used in the calculation of the basic and diluted earnings per share for continuing and discontinued operations (US$m)	**169.3**	169.7
Result for the period from discontinued operations (US$m)	**-**	38.1
Profit used in the calculation of the basic and diluted earnings per share from continuing operations (US$m)	**169.3**	131.6

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic earnings per share	**1,102,735,097**	1,089,250,434
Effect of dilutive potential ordinary shares:		
Share-based payments schemes	**24,014,065**	47,383,125
Warrants	**56,602**	125,965
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**1,126,805,764**	1,136,759,524

4. Reconciliation of profit before tax to normalised profit before tax

	9 months to 30 September 2014 US$m	9 months to 30 September 2013 US$m
Profit before tax from continuing operations	**165.8**	427.0
Unrealised (gains)/losses on derivative financial instruments (1)	**(25.6)**	6.5
Share-based payment charge	**2.5**	20.5
Foreign exchange gains	**(6.4)**	(2.0)
Share of joint venture losses	**1.7**	25.8
Fair value gain on financial liabilities	**(0.7)**	(3.0)
Impairment losses on financial assets	**2.2**	-
Impairment of exploration and evaluation assets	**37.2**	4.3
Finance costs on settlement of borrowings	**-**	(0.3)
Normalised profit before tax from continuing operations	**176.7**	478.8

(1) Excludes realised losses on derivative financial instruments of US$ 26.2 million (30 September 2013: US$ 32.2 million loss).

Normalised profit before tax is a non-IFRS measure of financial performance of the Group, which in management's view provides a better understanding of the Group's underlying financial performance. This may not be comparable to similarly titled measures reported by other companies.

5. Taxation

	9 months to 30 September 2014 US$m	9 months to 30 September 2013 US$m
Overseas corporation tax	**40.5**	233.8
Total current tax	**40.5**	233.8
Deferred tax (credit)/charge	**(41.8)**	64.6
	(1.3)	298.4

The Group's effective tax rate has decreased as a result of now being in a five-year tax exemption period in the Ebok field.

6. Operating segments

The Group currently operates in three geographical markets which form the basis of the information evaluated by the Group: Nigeria and other West Africa, East Africa and Kurdistan region of Iraq. Unallocated operating expenses, assets and liabilities relate to the general management, financing and administration of the Group.

Assets in Cote d'Ivoire which have been classified as discontinued operations are included in the Nigeria and other West Africa segment for management purposes but have been deducted in a separate column to enable reconciliation to the income statement and balance sheet.

	Nigeria and other West Africa US$m	East Africa US$m	Kurdistan region of Iraq US$m	Unallocated US$m	Consolidated US$m
Nine months to 30 September 2014					
Sales revenue by origin	798.5	-	-	-	798.5
Operating gain/(loss) before derivative financial instruments	238.4	(0.8)	(7.8)	(15.9)	213.9
Derivative financial instruments losses	0.8	-	-	(1.4)	(0.6)
Segment result	239.2	(0.8)	(7.8)	(17.3)	213.3
Finance costs					(52.5)
Other gains and losses - fair value of financial assets & liabilities					0.7
Other gains and losses - impairment losses on financial assets					(2.2)
Other gains and losses - forex and finance income					8.2
Other gains and losses - share of joint venture loss	(1.7)				(1.7)
Profit from continuing operations before tax					**165.8**
Income tax credit					1.3
Profit from continuing operations after tax					**167.1**
Profit for the period					**167.1**
Segment assets – non-current	2,155.2	316.2	1,138.5	16.5	3,626.4
Segment assets – current	606.2	2.6	15.4	24.4	648.6
Segment liabilities	(1,267.1)	(44.5)	(26.9)	(955.3)	(2,293.8)
Capital additions – oil and gas assets	365.4	-	113.5	-	478.9
Capital additions – exploration and evaluation	26.4	22.7	21.8	(0.3)	70.6
Capital additions – other	1.7	-	0.1	2.1	3.9
Depletion, depreciation and amortisation	(264.9)	(0.2)	(0.5)	(3.2)	(268.8)
Share of joint venture loss	-	-	-	(1.7)	(1.7)
Exploration costs write-off	(36.4)	(0.8)	-	-	(37.2)

6. Operating segments continued

	Nigeria and other West Africa US$m	East Africa US$m	Kurdistan region of Iraq US$m	Unallocated US$m	Discontinued operations US$m	Consolidated US$m
Year to 31 December 2013						
Sales revenue by origin	1,666.1	-	-	-	(21.8)	1,644.3
Operating gain/(loss) before derivative financial instruments	624.2	(23.6)	(3.0)	(44.0)	(16.0)	537.6
Derivative financial instruments losses	(30.9)	-	-	(15.7)	-	(46.6)
Segment result	593.3	(23.6)	(3.0)	(59.7)	(16.0)	491.0
Finance costs						(157.3)
Other gains and losses - fair value of financial assets & liabilities						3.5
Other gains and losses - forex and finance income						7.5
Other gains and losses - share of joint venture loss	(26.6)					(26.6)
Profit from continuing operations before tax						**318.1**
Income tax credit						156.7
Profit from continuing operations after tax						**474.8**
Profit from discontinued operations						38.1
Profit for the year						**512.9**
Segment assets – non-current	2,003.9	329.4	1,003.9	20.9	-	3,358.1
Segment assets – current	601.3	7.3	23.4	147.8	-	779.8
Segment liabilities	(1,252.3)	(45.9)	(57.2)	(977.0)	-	(2,332.4)
Capital additions – oil and gas assets	386.1	-	224.1	-	-	610.2
Capital additions – exploration and evaluation	190.4	52.3	43.7	13.0	-	299.4
Capital additions – other	3.2	1.1	0.4	4.9	-	9.6
Depletion, depreciation and amortisation	(406.0)	(0.2)	(0.7)	(1.8)	-	(408.7)
Share of joint venture loss	(26.6)	-	-	-	-	(26.6)
Exploration costs write-off	(36.6)	(23.9)	-	-	-	(60.5)

6. Operating segments continued

	Nigeria and other West Africa US$m	East Africa US$m	Kurdistan region of Iraq US$m	Unallocated US$m	Consolidated US$m
Nine months to 30 September 2013					
Sales revenue by origin	1,201.8	-	2.5	-	1,204.3
Operating gain/(loss) before derivative financial instruments	549.6	0.2	(3.0)	(7.5)	539.3
Derivative financial instruments losses	(24.3)	-	-	(14.4)	(38.7)
Segment result	525.3	0.2	(3.0)	(21.9)	500.6
Finance costs					(55.8)
Other gains and losses - fair value of financial assets & liabilities					3.0
Other gains and losses - forex and finance income					5.0
Other gains and losses - share of joint venture loss	(25.8)				(25.8)
Profit from continuing operations before tax					**427.0**
Income tax expense					(298.4)
Profit from continuing operations after tax					**128.6**
Profit from discontinued operations					38.1
Profit for the period					**166.7**
Segment assets – non-current	2,005.9	314.1	906.8	63.9	3,290.7
Segment assets – current	584.7	11.0	58.8	161.8	816.3
Segment liabilities	(1,658.2)	(43.5)	(58.4)	(905.9)	(2,666.0)
Capital additions – oil and gas assets	397.8	-	136.9	-	534.7
Capital additions – exploration and evaluation	138.2	43.7	33.7	-	215.6
Capital additions – other	1.6	0.9	0.4	2.5	5.4
Depletion, depreciation and amortisation	(308.3)	-	(0.5)	(0.8)	(309.6)
Share of joint venture loss	(25.8)				(25.8)
Exploration costs write-off	(4.3)	-	-	-	(4.3)

7. Post balance sheet events

- On 2 October 2014, Afren plc announced that, following an improvement in the security situation in the border area of the Kurdistan region of Iraq, it had begun the process of returning staffing levels to normal at the Barda Rash field.
- On 13 October 2014, Afren plc announced the results of the independent review by Willkie Farr and Gallagher (UK) LLP (“WFG”) into disclosure around three transactions undertaken by the Company in 2012 and 2013 together with a number of unauthorised payments. In connection with the conclusion of this review, the Company announced that it had terminated the employment and directorships of Osman Shahenshah and Shahid Ullah. Full details are provided on the Company’s and London Stock Exchange’s websites.

  As part of their review and at the request of Afren, WFG engaged KPMG LLP (“KPMG”) to undertake an independent review of the accounting for the three transactions. KPMG issued its final report on 28 October 2014.

  The Company is evaluating whether there is a need to restate any historic financial information or provide further disclosure. As previously reported, the Board’s assessment remains that based on the information currently available to it, the existing carrying values of the relevant assets in the balance sheet are unimpaired and the Board believes that any restatement would not result in a downward revision to either profit after tax or net assets.

- On 22 October 2014, the Group received a waiver letter from the facility agent on behalf of the lenders, relating to its production covenant under the 2013 Ebok facility. As a result, $150m of the $210m showing as Borrowings within Current liabilities as at 30 September 2014 is scheduled for repayment more than 12 months after this date.

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