We have continued to carefully manage our finances, striking the balance between focused investment and preservation of a liquidity buffer to guard against unplanned interruptions to the business. Alongside this we have kept downward pressure on our cost base and taken steps to strengthen our balance sheet.

At the heart of everything we do is our risk management framework that helps us effectively identify, assess, mitigate and monitor risks with a uniform methodology.

Strong financial and risk management

Return to profitability and high margin cash flow

Following the resumption of full production in June we saw a return to profitability in the third and fourth quarters of 2017, recording a net profit of US$24 million and US$46 million respectively. This allowed us to reverse a loss at mid-year of US$26 million and report a profit before tax of US$44 million for the full year 2017. A net tax credit of US$221 million, owing primarily to deferred tax credit of US$224 million, increased overall profit after tax for 2017 to US$265 million.

As the oil price is not a factor in our control, we continue to implement our rolling hedging strategy to provide a level of cash flow assurance and have already price-protected 6.6 MMbbls in 2018.

In order to preserve and enhance our cash flow margins we have also continued to apply downward pressure on our cost base. This has been reflected in our production opex which stood at US$5.96/boe in 2017, down 32% year-on-year and down 61% from US$15.40/boe in 2012.

Discretion over the timing and level of spend

As operator of our core production and development projects we have been able to retain a level of operational and budget control that has afforded us the necessary flexibility to scale our investments appropriately to live within our means. In 2017 our capital investments stood at US$33 million, the majority of which was allocated to the gas business.

Looking ahead into 2018, we will retain discretion over spend and appropriately scale our investment programme, taking account of the prevailing operating environment and availability of crude export terminals, oil price and the influence of these factors on free cash generation within the underlying business.

We will maintain our strict discipline of only allocating capital to the opportunities that offer the greatest returns to deliver shareholder value.

Strengthening of the balance sheet

The extended period of force majeure created an inevitable requirement for us to carefully manage our balance sheet in 2017. Having re-profiled our seven-year Term Loan in Q3 2016, we successfully concluded an oversubscribed one-year extension of our revolving credit facility ('RCF') in July 2017. The RCF, originally due to expire at the end of 2017, was extended to 31 December 2018 and successfully amended to amortise the remaining outstanding principal balance of US$150 million in equal instalments over five quarters commencing Q4 2017.

Overall, our aggregate indebtedness under the Term Loan and RCF had reduced by US$422 million at 31 December 2017 from its peak in Q1 2015 of US$1 billion, which is a significant deleveraging of the balance sheet particularly in exceptionally difficult trading conditions.

Post period end, in March 2018, we refinanced the RCF with a new four-year RCF due June 2022 and also issued US$350 million of senior notes due 2023. The proceeds from the RCF and notes were used to repay and cancel existing indebtedness. Our debut bond issuance further diversifies our long-term capital base and along with the RCF resets our capital structure, considerably strengthening our liquidity position which will allow us to scale up our work programme and focus on delivering our organic growth strategy, with capacity to also pursue inorganic growth opportunities in line with our price disciplined approach if and when they become available.