PETROSEYCHELLES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2014

The Directors have pleasure in submitting the audited financial statements of PetroSeychelles Limited - 'The Company' for the year ended December 31, 2014.

INCORPORATION

The Company was incorporated in Seychelles under the Companies Act 1972, in July 2012. The Company's principal place of business is in the Seychelles. The Company's registered place of business is New Port, Victoria, Mahe, Seychelles.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year has been to promote, conduct and supervise any activity undertaken for the purpose of exploring for petroleum and hydrocarbon deposits in Seychelles' Exclusive Economic Zone (EEZ). The Company's activity has also been to generate, acquire, interpret and classify data or any other information necessary to sustain or further commercial interest in the exploration of petroleum and hydrocarbon deposits in Seychelles' EEZ.

DEVELOPMENT IN THE OIL SECTOR

Hydrocarbons exploration in Seychelles started in the early 1970's following the discovery of thick sedimentary sequences offshore the granitic islands during the International Indian Ocean Expedition in the 1960's. Since then, several oil companies have conducted geophysical surveys and four wells have been drilled with the aim of finding commercial accumulations of hydrocarbons. Although no commercial discovery has been made to date, the results from three wells and data from the geophysical surveys are very encouraging.

Currently there are two companies that have signed Petroleum Agreements with the Government. The Agreement permits to the oil company to explore and if successful, produce oil/gas from their respective areas within the Seychelles Exclusive Economic Zone. The two companies are: Australian based, WHL Energy Ltd and the London-based Afren Plc. Recently WHL has farmed out 75% of its interest to Ophir Energy Plc. Afren completed a 3D seismic survey of 2500 sq.km in early 2013 and Ophir acquired 1500 sq.km of 3D seismic in 2014. Both Afren and WHL have drilling commitments in terms of work programme. A third company, Japanese Oil Gas and Minerals Exploration Company, (JOGMEC) has an exploration license with the Government and they completed a 2D seismic survey and a geochemical survey in May 2014.

RESULTS	2014	2013
	SCR	SCR
(Loss)/Profit for the year	(2,320,912)	11,427,517
Retained earning brought forward	11,427,517	-
Retained earning carried forward	9,106,605	11,427,517

EQUIPMENT

Additions to property and equipment amounted to SCR 23,040 for the year ended December 31, 2014 (2013: SCR 1,061,638). Equipment is stated at cost less accumulated depreciation. The Management is of the opinion that there is no adjustment required for the impairment of equipment.

CONTENTS

REPORTING PERIOD

We note that the financial statements are prepared at least annually, except for the prior period. As per the Companies Act 1972, in the year of incorporation a company is allowed to prepare financial statements up to 18 months. Therefore given that the Company was incorporated in July 2012, the first set of financial statements was prepared for period ended December 31, 2013 consisting of 18 months. The amounts for the prior period are therefore not entirely comparable to the current year.

DIRECTORS AND THEIR INTERESTS IN THE COMPANY

The directors of the Company during the year ended December 31, 2014 and since incorporation were as follows:

NAMES	NATIONALITY	CATEGORY	DATE OF APPOINTMENT
Barry Jude Jean Faure (Chairman)	Seychellois	Non-Executive Director	12 July 2012
Eddy Roch Belle (CEO)	Seychellois	Executive Director	12 July 2012
Allain Patrick Payet	Seychellois	Non-Executive Director	12 July 2012
Eddy Dennis Matatiken	Seychellois	Non-Executive Director	12 July 2012
Raymond F. ChangTave	Seychellois	Non-Executive Director	12 July 2012
Rony James Govinden	Seychellois	Non-Executive Director	12 July 2012
Caroline Abel	Seychellois	Non-Executive Director	12 July 2012

None of the directors has any direct or indirect interest in the shares of the Company. There has not been any changes in rotation of directorship, resignation or new members since the Company was incorporated.

DIRECTORS' RESPONSIBILITIES

The directors of the Company are responsible for the preparation and fair presentation of these financial statements, comprising the Company's statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements which includes a summary of significant accounting policies and other explanatory notes and, in accordance with International Financial Reporting Standards (IFRS) the manner and the requirements of the Companies Act 1972.

This directors' responsibility include designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors are of the opinion that they have met their responsibilities as set out in the Companies Act 1972.

GOING CONCERN & FUTURE OUTLOOK

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

PetroSeychelles has entered into an agreement with the Government of Seychelles for future capital outlay from the beginning of 2015. The outlay equates to SCR 50 million and payable annually in 10 instalments of SCR 5 million.

AUDITORS

The auditors, Ernst & Young (Seychelles) have been appointed for a period of 5 years in office. The appointment is subject to yearly reviews which will be confirmed in the next Annual General Meeting in accordance with and subject to the provision to section 155(2) of the Companies Act 1972.

BOARD APPROVAL

Approved by the Board of Directors in Victoria, Seychelles on 20 MAY 2015
and signed on its behalf by:

Barry Jude Jean Faure	Eddy Roch Belle	Allain Patrick Payet
Eddy Dennis Matatiken	Raymond F. ChangTave	Rony James Govinden
	Caroline Abel	

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PETROSEYCHELLES LIMITED

Report on the Financial Statements

We have audited the financial statements of PetroSeychelles Limited ('the Company') on pages 6 to 34, which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Seychelles Companies Act 1972 and for such internal control as the management determine is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 6 to 34 give a true and fair view of the financial position of the Company as at 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Seychelles Companies Act 1972.

INDEPENDENT AUDITORS' REPORT TO THE shareholders OF

PETROSEYCHELLES LIMITED

Report on the Financial Statements (Continued)

Other matter

This report has been prepared solely for the Company's shareholders, as a body, in accordance with the Seychelles Companies Act 1972. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

The financial statements of the Company for the period ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on them on 23 May 2014.

Report on Other Legal and Regulatory Requirements

Seychelles Companies Act 1972

We have no relationship with or interests in the Company other than in our capacity as auditors, and dealings in the ordinary course of business.

We have obtained all the information and explanations required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Public Enterprise Monitoring Act, 2013

The financial statements have been prepared in the manner and meet the requirements specified by the Public Enterprise Monitoring Act, 2013.

ERNST & YOUNG
Mahe, Seychelles

Date 20 MAY 2015

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	Notes	2014	July 2012 - December 2013 Restated *
		SCR	SCR
Revenue	12	5,924,696	4,113,424
Operating costs	14	(2,102,091)	(2,424,972)
Gross profit		3,822,605	1,688,453
Other operating revenue	13	51,613	13,495,554
Administrative expenses	14	(2,894,746)	(3,756,489)
Allowance for credit impairment	14	(3,311,516)	-
Operating profit		(2,332,045)	11,427,517
Finance income	7 (f)	11,133	-
Profit for the year	15	(2,320,912)	11,427,517
Other comprehensive income		-	-
Total comprehensive income for the year		(2,320,912)	11,427,517

* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Notes 5, 10, 11, 12 and 14.

The notes on pages 10 to 34 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

	Note	Issued capital	Retained Earnings	Total
		SCR	SCR	SCR
As at 1 January 2014	8	1,000,000	11,427,517	12,427,517
Profit for the period		-	(2,320,912)	(2,320,912)
Other comprehensive income		-	-	-
Total comprehensive income		1,000,000	9,106,605	10,106,605
As at 31 December 2014		1,000,000	9,106,605	10,106,605
Profit for the period (Restated *)		-	11,427,517	11,427,517
Other comprehensive income				-
Total comprehensive income		-	11,427,517	11,427,517
Issued during the year	8	1,000,000	-	1,000,000
As at 31 December 2013		1,000,000	11,427,517	12,427,517

* Certain amounts shown here do not correspond to the 2013 financial statements and reflect adjustments made, refer to Notes 5, 10, 11, 12 and 14.

The notes on pages 10 to 34 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

	Note	2014	2013
		SCR	SCR
Operating Activities			
Profit/(Loss) for the year		(2,320,912)	11,427,517
Adjustments for:			
Exchange gains on cash and cash equivalents	13	(51,613)	(7,483)
Depreciation	4	172,083	112,534
Amortisation	5	23,389	22,474
Change in provision for credit impairment	7	3,311,516	-
Change in provision for retirement benefit obligation	11	96,648	127,516
		1,231,111	11,682,559
Change in working capital:			
Change in trade and other receivables	7	2,356,462	(8,143,452)
Change in trade and other payables	9	(30,207)	130,956
Change in deferred income	10	-	-
Net cash generated from operating activities		3,557,366	3,670,063
Investing Activities			
Purchase of equipment	4	(23,040)	(1,061,638)
Purchase of intangible assets	5	(17,591)	(62,834)
Net cash used in investing activities		(40,631)	(1,124,472)
Net increase in cash and cash equivalents		3,516,735	2,545,591
Movement in cash and cash equivalents			
At January 1,	6	2,553,074	-
Net increase in cash and cash equivalents		3,516,735	2,545,591
Exchange gains on cash and cash equivalents	13	51,613	7,483
At December 31,	6	6,121,422	2,553,074

The notes on pages 10 to 34 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

1 CORPORATE INFORMATION AND ACTIVITIES

The Company was incorporated in Seychelles under the Companies Act 1972, in July 2012. The Company's principal place of business is in the Seychelles. The Company's registered place of business is New Port, Victoria, Mahe, Seychelles.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared under the historical cost basis.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 1972.

Reporting period

With reference to IAS 1.36, note that the financial statements are prepared at least annually, except for the prior period. As per the Companies Act 1972, in the year of incorporation a company is allowed to prepare financial statements up to 18 months. Therefore given that the Company was incorporated in July 2012, the first set of financial statements was prepared for period ended December 31, 2013 consisting of 18 months. The amounts for the prior period are therefore not entirely comparable to the current year.

2.2 Changes in accounting policy and disclosures

New and amended standards and interpretations

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2014, but they are not relevant to the Company's operations:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)- Effective as from January 2014

The application guidance to IFRS 10 clarifies that an entity must consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. An entity must meet all three elements of the definition to be an investment entity to obtain exemption from preparing consolidated financial statements. In other words, it does not consolidate its subsidiaries and does not apply IFRS 3 Business Combinations when it obtains control of an entity. Instead, an investment entity is required to measure subsidiaries at fair value through profit or loss in accordance with IFRS 9. However, if an investment entity has a subsidiary that provides investment-related services, such as investment management services, to the entity or other parties, then the investment entity must consolidate its subsidiary. The amendment applies for annual periods beginning on or after 1 January 2014, with earlier application permitted. The standard is not applicable to the Company as it is not an investment entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policy and disclosures (Cont'd)

IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities- Effective January 2014*

The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. These amendments are not expected to impact on the Company's financial position or performance as it does not have any offsetting arrangements.

Novation of Derivatives and Continuation of Hedger Accounting - Amendments to IAS 39 *(effective 1 January 2014)*

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. The Company does not hold any hedging instrument, and hence will not be affected by the change.

IFRIC 21 *Levies (effective 1 January 2014)*

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Company as it did not incur any levy during the financial year.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

The amendments to IAS 36 Impairment of Assets clarify the disclosure requirements in respect of fair value less costs of disposal. The amendments remove the requirement to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant. This has no impact on the Company.

Amendments to IAS 19 Defined Benefits Plans: Employee contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit.

These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. There is no impact on the Company as there is no contribution from its employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Company has not adopted early.

IFRS 9 *Financial Instruments: Disclosures (effective 1 January 2018)*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 will have no effect on the classification and measurement of the Company's financial assets and liabilities.

IFRS 15 *Revenue from Contracts with Customers (effective 1 January 2017)*

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company has not chosen to early adopt the standard, hence there is no impact on the financial statements as at year end.

IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests (effective 1 January 2016)*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (Cont'd)

IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests (effective 1 January 2016)*

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation *(effective 1 January 2016)*

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants *(effective 1 January 2016)*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (Cont'd)

Amendments to IAS 27: Equity Method in Separate Financial Statements *(effective 1 January 2016)*

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements.

IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2016)*

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3 Business Combinations, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. These amendments will not have any impact on the Company's financial statements.

IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception (effective 1 January 2016)*

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption (in IFRS 10.4) from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments will not have any impact on the Company's financial statements.

IFRS 14 *Regulatory Deferral Accounts (effective 1 January 2016)*

The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. The Company is not associated with rate-regulation and hence IFRS 14 will have no effect on the Company financial position or performance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (Cont'd)

IAS 1 *Disclosure Initiative (effective 1 January 2016)*

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify

• The materiality requirements in IAS 1

• That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated

• That entities have flexibility as to the order in which they present the notes to financial statements

• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and other comprehensive income. These amendments will not have any impact on the Company's consolidated financial statements.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of these financial statement requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these asumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Recoverable amount on trade and other receivables

In preparing the financial statements, the directors have made estimates of the recoverable amounts of trade and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involve an assessment of the financial condition of the counterparties concerned and estimate of the timing and the extent of cash flows likely to be received by the Company.

(ii) Data rights and related sale of data

With reference to Note 2.5 (c) *Data packages* below, the management makes assumptions on the possible future cash inflow relating to sale of data and discount factor in order to determine the fair value of data rights as an intangible asset.

(iii) Retirement Benefit Obligations

With reference to Note 2.5 (d) below, the management makes assumptions on the probability that the employees of the Company will work for at least five years with the Company in order to determine an estimation of the provision.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Significant accounting judgements, estimates and assumptions (Cont'd)

(iv) Training fee deferred income and related income statement movement

With reference to Note 2.5 (h) *(ii)* below, the management makes estimates relating to the expense associated with training income in order to amortise the income over the financial years. Estimate is also used to determine the discount factor used to calculate the fair value of the deferred income.

2.5 Significant accounting policies

(a) Property & equipment

Equipment is initially recognised at cost and subsequently stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any attributable costs of bringing the asset to working condition for its intended use. Subsequent expenditure for additions, improvements and renewals are capitalised only when they increase the current economic benefits and meet the recognition criteria. Subsequent expenditure that do not meet the recognition criteria are expensed.

Depreciation is calculated using the straight line method and charged to profit and loss to write down the cost of the property and equipment to their residual values over their estimated useful lives. Depreciation commences from the date when the item of property and equipment is available for use as intended by management. Depreciation ceases when the asset is derecognised or classified as held for sale. The estimated useful lives and residual values are as follows:

	Years	*Residual Value (% of Cost)*
Motor vehicles	5	40%
Furniture and fittings	1 - 10	1%
Office equipment	5	5%

These residual values and expected useful lives are re-assessed at each financial year and adjusted prospectively if applicable, at the end of each reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is deemed as impaired and it is written down immediately to its recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in 'Other operating income' or 'Other operating expenses' in the Statement of Comprehensive Income in the year the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(b) Operating lease

The Company occupies a floor within the building of a related party for their operation. The floor is leased out to the Company at nil cost with a defined period terminating when the Company has established itself in its own buidling. This is characterised as an operating lease with no future cash outflow, hence no asset or cost recognised in the financial statements.

(c) Intangible assets

Computer Software

Intangible assets include computer software. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortisation (calculated on astraight-line basis over their useful lives) and accumulated impairment losses, if any.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Development Costs

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate the following:

-The technical feasibility to complete the intangible asset so that it will be available for use;
-Its intention to complete and its ability and intention to use the asset ;
-How the asset will generate future economic benefits;
-The availability of resources to complete the asset; and,
-The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in administrative expense. During the period of development, the asset is tested for impairment annually.

Development relates to a system for processing of application of exploration companies' agreements and licenses. It is called Exploration and Processing Information Central (EPIC). The software is still in development and amortisation of the asset will commence when development is complete and available for use. The Company capitalises development costs for a project in accordance with the accounting policy. The management's incorporates judgement on the technological and economic feasibility when a product development project has reached a defined milestone in order to capitalise it. The management has therefore determined that the project has not yet met all the criterion in order to capitalise it.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(c) Intangible assets (Cont'd)

Data rights

Data acquisition in the Seychelles for petroleum exploration purposes can occur under either an Exploration License or a Petroleum Agreement as specified in the Petroleum Mining Act. In both cases ownership of all data acquired is vested in the Government and a copy of the raw and processed data has to be made available to Government. The Company has been mandated to perform Governments roles with regards to petroleum data and is thus the receiver, manager and repository for such data.

Under a multi-client business model, seismic contractors acquire seismic data for sale to multiple oil and gas companies. In the Seychelles this type of activity can be performed under an Exploration License. In such cases, an agreement between the seismic contractor, the Company and Government gives the seismic contractor certain exclusive rights to market and sell the data for a specified length of time and through revenue sharing terms and conditions, the Company can benefit from the data sales. At the end of the exclusivity period, all rights to the data are returned to Government and the Company can market and sell the data to third parties.

Data acquired under a Petroleum Agreement as part of a work program remains proprietary and confidential for a length of time specified in the Petroleum Agreement. Following the end of the confidentiality period, the Company can market and sell the data to interested third parties.

PetroSeychelles has available for sale data in storage and has potential to sell packages of data on external hard drives to any interested parties. The data rights have indefinite useful lives and are measured on initial recognition at cost. The Company does not incur any costs in acquiring the data, they only incur the cost of the external hard drives to bring the data packages to condition at point of available for sale. Following initial recognition, assets with indefinite useful lives are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Company utilises the discounted future cash flow model to determine any impairment. Future cash flow is estimated using past trends, expected number of interested parties, selling price and appropriate discount factor. Based on the uncertainty around reliably estimating the future cash inflow, the Company has not recognised any data rights as at 31 December 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(c) Intangible assets (Cont'd)

Licenses

The Company made upfront payments to licences for the use of softwares granted for a period of one year. The Company expenses the license as they are incurred.

A summary of the policies applied to the Group's intangible assets is, as follows:

	Useful lives (years)	Amortisation method	Internally generated or acquired
Computer Software	3	None, expensed	Acquired
Development Costs	3	Over useful lives	Internally generated
Data rights	Indefinite	None, Impairment	Acquired
Licenses	1	Over useful lives	Acquired

(d) Foreign currency translation

Items included in the financial statements of the Company are measured in Seychelles rupees, the currency of the primary economic environment in which the entities operate ("functional currency").

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date when recognised. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair

(e) Retirement Benefit Obligations

The Company commenced operations in July 2012. As per the Employment Act of Seychelles, retirement benefit obligation is only paid to employees retiring after five years of continued service.

This type of employee benefit has characteristics of a jubilee benefit. The entitlement to jubilee benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. In Seychelles, this is conditional on the employee remaining in employment for at least five years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(e) Retirement Benefit Obligations (Cont'd)

The obligation is calculated and initially recognised by using a projected unit credit method, adjusted for a probability that the employee will remain in service up to five years. The management computed the obligation and did not utilise any external, independent actuaries. They are of the assumption that 100% of its employees will remain in service for at least five years, therefore full provision is made for all employees that have completed five years of service.

The obligation is calculated annually, along with unrecognised gains and losses which are recognised in Statement of Comprehensive Income when incurred. Obligations are derecognised upon settlement or curtailment of the obligation.

(f) Financial instruments - initial recognition and subsequent measurement

(i) Loans and other receivables

Loans and receivables and cash and cash equivalents are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in profit or loss. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is recognised in the profit or loss.

(ii) Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement, comprises of cash on hand, denominated both in Seychelles Rupees and foreign currency.

(iii) Other payables

Other payables are initially stated at fair value and subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial instruments

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(iii) Other payables

Derecognition of financial instruments

-The Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(g) Taxes

Current income tax

The Company is exempt from the provisions of the Business Tax Act, 2009 under Schedule II(20).

Deferred income tax

Exemption from Business Tax Act implies that deferred income tax is not applicable to the Company.

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.The specific recognition criteria described below must also be met before revenue is recognised. Revenue from the different sources are recognised when the significant risks and rewards have passed to the applicant, usually on signing of the agreement.

(i) Application fee income

Application fee relates to a non-refundable income paid at inception of application for exploration. The income is recognised in the year in which the application is made with the Company whether or not application for agreement is successful. The agreements are tripartite, between the Government of Seychelles, the Company and the exploration company.

(ii) Income from petroleum agreements

This is an exclusive agreement which grants exploration and exploitation rights to companies for 28 years, [first 9 years being the exploration phase]. The exploration phase consists of three periods of three years each and the exploration companies can opt to progress to other periods or drop out at the end of each period. Income derived from the exploration phase of the petroleum agreements to date by the Company are as follows:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(h) Revenue recognition (Cont'd)

(ii) Income from petroleum agreements (Cont'd)

-Concessionary fees of sea acreage

The fee to be paid by the exploration company in respect of each contract year is specified in the agreement is a factor of the square kilometres leased out. Revenue in each contract year are time-apportioned for the amount which relates to the financial year.

-Training fee income

This is an amount paid annually at the commencement of each contract year along with settlement of the rental of acreage. It is fixed at different amounts for each of the stages of exploration, it is however subject to change in the event of commercial discovery. As per the agreements training income is used for the following purpose:

*sending Seychelles' nationals on petroleum and energy-related courses at universities, colleges and other training institutions;

*expenses in attending petroleum and energy-related conferences and workshops; and/or

*purchases for the Company and Government technical books, professional publications, scientific instruments or other equipment required by the Company and the Government.

The company recognises training income in line with the terms and conditions of the agreement giving rise to the income. This occurs as and when the Company incurs any of the training costs specified above, regardless of when the payment is being made. Revenue in respect to a financial year is therefore recognised as a deferred income and released to the Statement of Comprehensive Income to the extent that the Company has incurred training expenses during the same financial year.

(iii) Profit commission on sale of data by exploration companies

Once Multi-client data have been acquired, the service company is given a fixed period within which it can commercially sell the data which it has gathered during the survey. The servcice company must remit specific commission on future sales of these data. The factors considered to arrive at the profit commission are detailed per individual contracts. Once the fixed period is over the service company can no longer market the data and it is considered to be the property of the Government of Seychelles, but managed by PetroSeychelles.

(iv) Sale of data packages

As specified in Note 2.5 (c) *Intangibles - Data Rights*, PetroSeychelles has available for sale data in storage and has potential to sell packages of data on external hard drives to any interested parties. Revenue with respect to data sales are recognised on accruals basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(h) Revenue recognition (Cont'd)

(v) Other revenues

Other revenues are recognised on the accrual basis in accordance with the substance of the relevant agreements.

(i) Related party and intercompany transaction

Transactions between the Company and the government are made at nominal market price. The balances represents income and expenses incurred in transactions to and from the related parties, including outstanding monies for unpaid share capital. The oustanding balance at year-end is unsecured, interest free and settlement normally occurs in cash. There has been no guarantees provided for any related party payable.

3 MANAGEMENT OF FINANCIAL RISKS

The Company's activities expose it to a variety financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

3.1 Financial Risks

The Company is exposed to financial risks through its financial assets and financial liabilities. The main risks to which the Company is exposed include:

- Market risk (which include foreign exchange risk);
- Credit risk; and
- Liquidity risk.

3.1.1 Market risk

This is the risk of adverse financial impact due to changes in fair value or future cash flows of financial instruments from fluctuations in foreign currency exchange and interest rates.

(i) Foreign exchange risk

Currency risks that the fair value or future cashflows will fluctuate because of changes in foreign exchange rates. Daily exposure to foreign currency risk is not hedged but closely monitored by management.

As of 31 December, the Company had the following significant net foreign currency exposures in the form of trade receivable balances.

	2014 - Foreign currency	2014 - SCR equivalent	2013 - Foreign currency	2013 - SCR equivalent
	USD	SCR	USD	SCR
United States Dollars	387,692	5,263,929	12,185	143,452

3 MANAGEMENT OF FINANCIAL RISKS (CONT'D)

3.1.2 Credit risk (Cont'd)

Age analysis of financial assets past due but not impaired:

	Total	Neither past due or	Past due but not impaired		
			< 90 days	90 - 365 days	> 365 days
	SCR	SCR	SCR	SCR	SCR
2014	12,957,988	9,482,515	1,980,700	494,773	1,000,000
2013	11,696,526	2,553,074	8,130,154	-	1,013,298

At 31 December 2014 there are impaired trade receivables of SR 3,311,516 (2013: SR Nil).

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity risk is considered to be low since the Company maintains an adequate level of cash resources or assets that are readily available on demand.

The table below summarises the maturity profile of the Company's financial assets and liabilities at December 31, 2014 based on a undiscounted payment method:

Financial asset	< 3 months	3 - 12 months	1 - 5 years	Total
	SCR	SCR	SCR	SCR
Cash and bank	9,482,515	-	-	9,482,515
Trade and other receivables	1,986,210	113,979	1,375,284	3,475,473
	11,468,725	113,979	1,375,284	12,957,988
Financial liabilities				
Trade and other payables	20,922	3,000	76,826	100,748
Retirement Benefit Obligation	-	-	224,164	224,164
	20,922	3,000	300,990	324,913

The table below summarises the maturity profile of the Company's financial assets and liabilities at December 31, 2013 based on a undiscounted payment method:

	< 3 months	3 - 12 months	1 - 5 years	Total
	SCR	SCR	SCR	SCR
Cash and bank	2,553,074	-	-	2,553,074
Trade and other receivables	2,000,000	6,129,484	1,013,968	9,143,452
	4,553,074	6,129,484	1,013,968	11,696,526
Financial liabilities				
Trade and other payables	-	111,156	19,800	130,956
Retirement Benefit Obligation	-	-	127,516	127,516
	-	-	127,516	258,472

3 MANAGEMENT OF FINANCIAL RISKS (CONT'D)

3.2 Fair Value

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Long-term fixed-rate staff loans are evaluated by the Company based on interest rates and individual creditworthiness of the employees. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2014, the carrying amounts of such receivables, net of allowances, are not materially different from their calculated fair values.

Fair Value Hierarchy	Level 1	Level 2	Level 3	Total
	SCR	SCR	SCR	SCR
Trade and other receivable (Note 7c):				
Staff loans receivable	-	363,863	-	363,863

Fair value of loans receivable are significantly derived from observable inputs. The fair value of loans receivable is computed using a discounted future expected cash flow model, using market effective interest rate as the discount factor.

3.3 Capital Management

Capital includes equity and retained earnings.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, by pricing agreements in such a way to meet its obligations.

No changes were made in the objectives, policies, or process during the years end 31 December 2014 and 31 December 2013.

4 PROPERTY AND EQUIPMENT

	Motor vehicles	Furniture & Fixtures	Office Equipment	Total
	SCR	SCR	SCR	SCR
Cost:				
At 1 January 2013	-	-	-	-
Additions	428,519	9,800	623,319	1,061,638
Disposals	-	-	-	-
At 31 December 2013	428,519	9,800	623,319	1,061,638
Additions	-	-	23,040	23,040
Disposals	-	-	-	-
At 31 December 2014	428,519	9,800	646,359	1,084,678
Depreciation:				
At January 1, 2013	-	-	-	-
Depreciation charge for the period	(59,993)	(404)	(52,137)	(112,534)
Disposals	-	-	-	-
At December 31, 2013	(59,993)	(404)	(52,137)	(112,534)
Depreciation charge for the year	(51,422)	(970)	(119,691)	(172,083)
Disposals	-	-	-	-
At December 31, 2014	(111,415)	(1,374)	(171,828)	(284,617)
Net Carrying Amount:				
At 31 December 2013	368,526	9,396	571,182	949,104
At 31 December 2014	317,104	8,426	474,531	800,061

The useful lives and residual values are estimated as follows:

	Years	*Residual Value (% of Cost)*
Motor vehicles	5	40%
Furniture and fittings	1 - 10	1%
Office equipment	5	5%
Computer Software	3	0%

The total cost relating to fully depreciated assets still in use amount to nil as at December 31, 2014 (2013: nil).

Cash outflow for the purchase of office equipment was SCR23,040 (2013: SCR1,061,638).

There is no pledge held against any assets of the Company as at December 31, 2014 (2013: nil).

The Company occupies a floor within the SEYPEC building for their operations. The floor is leased out to the Company by Seypec at nil cost with a defined period terminating when the Company has established itself in its own buidling. This is characterised as an operating lease with no future cash outflow, hence no asset or cost recognised in the financial statements.

5 INTANGIBLE ASSET

	Computer Software	Total
	SCR	SCR
Cost:		
At 1 January 2013	-	-
Additions	62,834	62,834
Disposals	-	-
At 31 December 2013	62,834	62,834
Additions	17,591	17,591
Disposals	-	-
At 31 December 2014	80,425	80,425
Amortisation:		
At January 1, 2013	-	-
Amortisation charge for the period	(22,475)	(22,475)
Disposals	-	-
At December 31, 2013	(22,475)	(22,475)
Amortisation charge for the period	(23,388)	(23,388)
Disposals	-	-
At December 31, 2014	(45,863)	(45,863)
Net Carrying Amount:		
At 31 December 2013	40,359	40,359
At 31 December 2014	34,562	34,562

The total cost relating to fully amortised assets still in use amount to nil as at December 31, 2014 (2013: nil).

Cash outflow for the purchase of intangible assets was SCR17,951 (Period 2013: SCR62,834).

6 CASH AND CASH EQUIVALENTS

	2014	2013
	SCR	SCR
Cash in hand	653	211
Cash at bank	9,481,862	2,552,863
	9,482,515	2,553,074

The carrying amount of the bank balance approximates its fair value, given its short term nature. It represents bank balance with Mauritius Commercial Bank (MCB) Seychelles, and does not earn any interest.

7. TRADE AND OTHER RECEIVABLES

	2014	2013
	SCR	SCR
Trade receivables	5,263,958	143,452
Less: Allowances for credit impairment (see note (b) below)	(3,311,516)	-
	1,952,441	143,452
Other receivables (Note 7f)	523,032	8,000,000
Unpaid share capital	1,000,000	1,000,000
	3,475,473	9,143,452

(a) The ageing of the above debtors are as follows:

	2014	2013
	SCR	SCR
Up to 3 months	1,952,209	2,000,000
Up to 12 months	523,265	6,129,484
> 12 months	1,000,000	1,013,968
	3,475,473	9,143,452

(b) Movement in allowances for credit impairment is given below:

	2014	2013
	SCR	SCR
At January 1,	-	
Charged to profit and loss	3,311,516	-
At December 31,	3,311,516	-

(c) Trade and other receivables are denominated in United States dollars and Seychelles rupees.

(d) The carrying amounts of trade and other receivables approximate their fair values.

(e) Trade receivable balances are due within 1 month of inception, unless specified otherwise in the agreement. All debtors above one month are considered past due, analysis of age analysis of financial assets past due but not impaired is disclosed in Note 3.1.2 Credit risk.

(f) Other receivables comprise of staff car and general purpose loans issued by the Company which are receivable in instalments over the period of the loan agreement. Car loans have a maturity of 5 years and general purpose loans have a maturity of 1 year. The balances are neither past due nor impaired. With respect to the car loans, the vehicles are pledged to PetroSeychelles and a lien clause to insurance policy, wherein the event of any claims, proceeds will be paid directly to PetroSeychelles. The Company does not hold any collateral as security in respect of general purpose loans receivables.

The Company earns interest on the staff loans, classified as finance income on the face of the Statement of Comprehensive Income. The rates are heavily discounted compared to market rate implying a difference in fair value compared to carrying amount. Refer to Note 3.2 where assumptions used to determine fair value are described. The following illustrates the carrying amount and fair value of the staff loans:

	2014	2013
	SCR	SCR
Amortised cost	494,320	-
Fair Value	363,863	-

8 SHARE CAPITAL

	2014	2013
Authorised, issued and unpaid ordinary shares	SCR	SCR
100 ordinary shares of SCR10,000 each	1,000,000	1,000,000

9 TRADE AND OTHER PAYABLES

	2014	2013
	SCR	SCR
Trade payables and accruals	100,748	130,956

All balances relating to trade payables and accruals are payable within one year and it mostly relate to Company bills and audit fee.

10 DEFERRED INCOME

	2014	2013
	SCR	SCR
Unutilised portion of training income	3,361,093	-

The company recognises training income in line with the terms and conditions of agreements giving rise to training income. This occurs as and when training expense are recognised. Accordingly, any unused portion of the training fee are deferred until uncurred. Refer to Note 2.5 (h) (ii) for the accounting policy.

11 RETIREMENT BENEFIT OBLIGATION

(i) Amount recognised in the statement of financial position:

	2014	2013
		Restated *
	SCR	SCR
Present value of unfunded obligation	224,165	127,516

(ii) Amount recognised in the statement of comprehensive income:

	2014	2013
	SCR	SCR
Current service cost	87,817	127,516
Interest cost	8,832	-
	96,649	127,516

(iii) Movement in liability recognised in statement of financial position:

	2014	2013
		Restated *
	SCR	SCR
At January 01,	127,516	-
Total expenses as above	96,649	127,516
At December 31,	224,165	127,516

11 RETIREMENT BENEFIT OBLIGATION (CONT'D)

(iv) The principal actuarial assumptions used were as follows:

	2014	2013
	%/year old	%/year old
Discount rate	6.79%	6.79%
Future salary increases	0%	0%
Years liability fall due	5	5

The figure of 0% used to calculate future salary increases in no way commits the Company to such increase in salary and has been used for calculation purposes only.

(*) The balance of 2013 is restated by SCR 21, 930 to adjust the obligation to its closing present value as per IAS 19 Employee benefits.

12 REVENUE

	2014	July 2012 - December 2013
	SCR	SCR
Application fee	369,178	236,633
Concessionary fees of sea acreage	4,831,843	1,321,076
Release of training income (*)	723,675	967,267
Profit commission on data sales	-	1,588,448
Total	5,924,696	4,113,424

13 OTHER OPERATING REVENUE

	2014	July 2012 - December 2013
	SCR	SCR
Compensation received from related party	-	13,488,071
Foreign exchange gains	51,613	7,483
Total	51,613	13,495,554

14 OPERATING COSTS AND ADMINSTRATIVE EXPENSES

The Company classified costs which relate directly to its operation as operational costs and the remaining expenses as administrative costs. This is summarised as shown below:

	2014	July 2012 - December 2013
		Restated *
	SCR	SCR
Operating expenses	2,102,091	2,424,972
Administrative expenses	2,894,746	3,756,489
Provision for credit impairment	3,311,516	
	8,308,353	6,181,462

14 OPERATING COSTS AND ADMINSTRATIVE EXPENSES (CONT'D)

The operating costs and administrative expenses are detailed as per the nature of the expense:

	2014	July 2012 - December 2013 Restated *
	SCR	SCR
Depreciation	172,083	112,534
Amortisation	23,388	22,475
Provision for credit impairment	3,311,516	-
Employee benefit expenses (Note 16)	3,220,730	3,589,660
Director's emoluments	240,500	333,000
Training expenses (Note 14 b)	723,675	1,405,752
Repairs and maintenance	87,026	61,559
Transportation expenses	83,888	81,495
Other office and administrative expenses	445,547	574,987
Total	8,308,353	6,181,461

Restated (*)

The retirement benefit obligation of 2013 in Note 11 is restated by SCR 21, 930 to adjust to its closing present value as per IAS 19 Employee benefits. The amounts of SCR6, 322 and SCR 15, 608 charged in excess in operating and administrative expenses, respectively, was corrected.

b) In the petroleum agreements, the petroleum company shall, annually, pay an amount relating to training expense of PetroSeychelles. The agreement stipulates that the Company shall use these amounts for the following expenses: educational courses and related expense, expenses relating to attendence of petroleum and energy related conferences and workshops and, or, purchases of technical books, publications, scientific instruments and other equipments required.

c) Lease arrangements

Operating lease commitments - Company as lessee

The Company has entered into a rental lease agreement for a floor within a related party's building. The lessor has placed restrictions on the lessee with respect to the lease periods, whereby it is determined by hitherto PetroSeychelles establishes itself in its own building. During these periods, the building shall remain the property of the lessor and the lease payments set out at nil cost.

15 PROFIT FOR THE YEAR

	2014	July 2012 - December 2013
The profit for the year has been arrived at after charging:	SCR	SCR
Auditors' remuneration	57,026	40,000
Directors' remuneration (Note 15 a)	240,500	333,000
Employee benefit expenses (Note 16)	3,220,730	3,589,660
Depreciation on property and equipment (Note 4)	172,083	112,534
Amortisation on intangible assets (Note 5)	23,388	22,474

a) The directors' remuneration are detailed as follows:

			2014	July 2012 - December 2013
			SCR	SCR
	Fee	Other emoluments	Total	Total
Eddy Roch Belle	-	925,155	925,155	1,206,932
Barry Jude Jean Faure	78,000	-	78,000	108,000
Allain Patrick Payet	32,500	-	32,500	45,000
Eddy Dennis Matatiken	32,500	-	32,500	45,000
Raymond F. ChangTave	32,500	-	32,500	45,000
Rony James Govinden	32,500	-	32,500	45,000
Caroline Abel	32,500	-	32,500	45,000
	240,500	925,155	1,165,655	1,539,932

16 EMPLOYEE BENEFIT EXPENSES

	2014	July 2012 - December 2013
		Restated
	SCR	SCR
Wages and salaries	2,978,385	3,363,189
Defined benefit obligation charges (Note 11)	96,649	127,516
Pension costs	120,036	98,890
Other employee benefits	25,660	65
Total	3,220,730	3,589,660

The categories of employee benefit expenses has been classified differently in 2014 compared to prior year. The comparatives have been reclassified accordingly to ensure comparability.

17 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial and operating decisions. For presentation in the note below, Seychelles Petroleum Company Limited is referred to as Seypec.

17 RELATED PARTY TRANSACTIONS (CONT'D)

The following are transactions between the Company and their related parties :

		Relationship	2014 SCR	July 2012 - December 2013 SCR
(a)	Authorised, issued share capital			
	Government of Seychelles	Shareholders	1,000,000	1,000,000
(b)	Income received			
	Seypec	Government-related entity	-	13,488,071
(c)	Expense transactions with related party			
	Seypec	Government-related entity	3,000	
	Government of Seychelles	Shareholders	3,469	466
	Attorney General's Office	Government-related entity	42,000	4,000
(d)	Loans received and paid			
	Government of Seychelles	Shareholders	-	3,000,000
(e)	Outstanding balances receivable			
	Seypec	Government-related entity	-	8,000,000
	Government of Seychelles	Shareholders	1,000,000	1,000,000
(f)	Remuneration of key management personnel:			
	Salaries and other short-term benefits		925,155	1,206,932
(g)	Remuneration of directors:			
	Salaries and other short-term benefits		240,500	333,000

Key management personel consist of the CEO of the Company and the Board of Directors.

Terms and conditions of transactions with related party

Transactions between the Company and the government are made at nominal market price. The balances represents income and expenses incurred in transactions to and from the related parties, as well as share capital outstanding. The oustanding balance at year-end is unsecured, interest free and settlement normally occurs in cash. Refer to Directors' report for guarantee provided by the related parties.

18 CAPITAL COMMITMENTS

The Company had no capital commitments as at December 31, 2014 (2013: Nil)

19 EVENTS AFTER THE REPORTING DATE

There is no significant event after the balance sheet date up to the reporting date which needs disclosure in or amendments to the December 31, 2014.