PETROSEYCHELLES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

PETROSEYCHELLES LIMITED

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CORPORATE INFORMATION

DIRECTORS	:	Barry Jude Jean Faure (Chairman) Eddy Belle (Chief Executive Officer) Allain Patrick Payet Eddy Dennis Matatiken Raymond Chang Tave Rony James Govinden Caroline Abel
SECRETARY	:	Veronique Dugasse La Gogue, La Retraite Mahé, Seychelles
REGISTERED OFFICE	:	New Port, Victoria, Mahé, Seychelles
PRINCIPAL PLACE OF BUSINESS	:	Seychelles
AUDITORS	:	BDO Associates Chartered Accountants Seychelles
BANKER	:	The Mauritius Commercial Bank (Seychelles) Limited Caravelle House Victoria, Mahé Seychelles

The Directors are pleased to submit their first report together with the audited financial statements of the Company for the period from July 12, 2012 to December 31, 2013.

PRINCIPAL ACTIVITIES

The main activity of PetroSeychelles Limited is to promote, conduct and supervise any activity undertaken for the purpose of the exploring, prospecting and mining of petroleum in Seychelles.

FINANCIAL PERFORMANCE

Profit and total comprehensive income for the period from July 12, 2012 to December 31, 2013 amounted to **SR 11,405,587**.

SIGNIFICANT CURRENT PERIOD EVENTS

Compensation from Seychelles Petroleum Company Limited - The activities of PetroSeychelles limited was previously carried out by Seychelles Petroleum Company Limited (SEYPEC). In that respect, a tripartite meeting was held on July 5, 2013 between the Government of Seychelles, SEYPEC and PetroSeychelles limited and the following was agreed :-

(i) PetroSeychelles limited would be compensated for its share of net assets for SR 6.3m and another SR 5.3m representing payments of licences would also be refunded, thus totalling SR 11.6m.

(ii) Investment from Government of Seychelles - Effective 2015, the Government of Seychelles would be investing up to SR 50m which will be funded out of yearly dividends of SR 5m which it is expected to receive from SEYPEC and any shortfall would be paid directly by the Government of Seychelles itself.

DIVIDENDS

The Directors did not recommend the payment of any dividend for the period under review.

DIRECTORS

The Directors of PetroSeychelles Limited from the date of incorporation to date are as follows:
Barry Jude Jean Faure (Chairman)
Eddy Belle (Chief Executive Officer)
Allain Patrick Payet
Eddy Dennis Matatiken
Raymond Chang Tave
Rony James Govinden
Caroline Abel

None of the Directors has any direct or indirect interest in the shares of the Company.

EQUIPMENT

The Company acquired equipment amounting to **SR 1,061,638** during the year comprising mainly of office equipment, furnitures and motor vehicles.

The Directors are of the opinion that the carrying value of equipment at December 31, 2013 approximates their fair value at the end of the reporting period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Company including operations and investment decisions.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Seychelles Companies Act, 1972. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Company and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Company and those that are held in trust and used by the Company.

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The auditors, Messrs. BDO Associates, retire and being eligible offer themselves for reappointment.

BOARD APPROVAL

Barry Jude Jean Faure
Director

Eddy Belle
Director

Allain Patrick Payet
Director

Eddy Dennis Matatiken
Director

Raymond Chang Tave
Director

Rony James Govinden
Director

Caroline Abel
Director

Dated: 23rd May 2014
Victoria, Seychelles

BDO

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P.O. Box 18
The Creole Spirit
Quincy Street, Mahé
Victoria, Seychelles

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of PetroSeychelles Limited (hereafter referred to as the 'Company'), as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited financial statements of PetroSeychelles Limited set out on pages 4 to 20 which comprise the Statement of Financial Position at December 31, 2013, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the period from July 12, 2012 to December 31, 2013 and a summary of significant accounting policies and other explanatory notes.

Board's Responsibility for the Financial Statements

As stated on page 2(a) of the Director's Report, the Board of Directors is responsible for preparation of the financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditors consider 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 by the Board of Directors as well as evaluating the overall presentation of the financial statements.

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

PETROSEYCHELLES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Opinion

In our opinion, the financial statements on pages 4 to 20 give a true and fair view of the financial position of the Company at December 31, 2013, and of its financial performance and its cash flows for the period from July 12, 2012 to December 31, 2013 in accordance with International Financial Reporting Standards and comply with the provisions of the Seychelles Companies Act, 1972.

Report on Other Legal and Regulatory Requirements

Companies Act, 1972

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

We have obtained all information and explanations we 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 Commission Act, 2013

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

We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

BDO Associates

BDO ASSOCIATES
Chartered Accountants

Dated: May 28, 2014
Victoria, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

	Notes	2013
		SR
ASSETS		
Non-current assets		
Equipment	5	949,104
Intangible asset	6	40,360
		989,464
Current assets		
Other receivables	7	9,143,452
Cash and cash equivalents		2,553,074
		11,696,526
Total assets		12,685,990
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	8	1,000,000
Retained earnings		11,405,587
Total equity		12,405,587
LIABILITIES		
Non-current liability		
Retirement benefit obligations	9	149,445
Current liability		
Other payables		130,958
Total Liabilities		280,403
Total equity and liabilities		12,685,990

These financial statements have been approved for issue by the Board of Directors on 23rd May 2014

Barry Jude Jean Faure
Director

Eddy Belle
Director

Allain Patrick Payet
Director

Eddy Dennis Matatiken
Director

Raymond Chang Tave
Director

Rony James Govinden
Director

Caroline Abel
Director

The notes on pages 8 to 20 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

PETROSEYCHELLES LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME - PERIOD FROM JULY 12, 2012 TO DECEMBER 31, 2013

	Notes	Period from July 12, 2012 to December 31, 2013 SR
Revenue	2(h)	4,113,424
Operating costs	10	(2,392,013)
Gross profit		1,721,411
Other income	12	13,495,554
Administrative expenses	10	(3,811,378)
Profit and total other comprehensive income for the period	13	11,405,587

The notes on pages 8 to 20 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENTS OF CHANGES IN EQUITY - PERIOD FROM JULY 12, 2012 TO DECEMBER 31, 2013

	Share capital	Retained earnings	Total
	SR	SR	SR
Issue of shares	1,000,000	-	1,000,000
Total comprehensive income for the period	-	11,405,587	11,405,587
At December 31, 2013	**1,000,000**	**11,405,587**	**12,405,587**

The notes on pages 8 to 20 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

PETROSEYCHELLES LIMITED

STATEMENT OF CASH FLOWS - PERIOD FROM JULY 7, 2012 TO DECEMBER 31, 2013

	Notes	2013
		SR
Cash flows from operating activities		
Profit and total comprehensive income for the period		11,405,587
Adjustments for:		
Depreciation	5	112,534
Amortisation	6	22,474
Provision for retirement benefit obligations	9	149,445
		11,690,040
Changes in working capital:		
- trade and other receivables		(8,143,452)
- trade and other payables		130,958
Cash generated and net cash inflow from operations		3,677,546
Cash flows from investing activities		
Purchase of property and equipment	5	(1,061,638)
Purchase of intangible asset	6	(62,834)
Net cash outflow from investing activities		(1,124,472)
Net increase in cash and cash equivalents		2,553,074
Movement in cash and cash equivalents		
At July 12, 2012		-
Increase		2,553,074
At December 31,		2,553,074

The notes on pages 8 to 20 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

1. GENERAL INFORMATION

PetroSeychelles Limited is a limited liability company, incorporated and domiciled in Seychelles. Its registered office and principal place is at New Port, Victoria, Mahé, Seychelles.

These financial statements will be submitted for consideration and approval at the forthcoming Board meeting of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 1972. These financial statements are prepared under the historical cost convention, except that relevant financial assets and liabilities are carried at amortised costs.

Standards, Amendments to published Standards and Interpretations effective in the reporting period

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. *The standard is not expected to have any impact on the Company's financial statements.*

IAS 27, 'Separate Financial Statements' deals solely with separate financial statements. *The standard has no impact on the Company's financial statements.*

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. *The standard is not expected to have any impact on the Company's financial statements.*

2. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

(a) **Basis of preparation (Cont'd)**

Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

IAS 28, 'Investments in Associates and Joint Ventures'. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. *The standard has no impact on the Company's financial statements.*

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. *The standard has no impact on the Company's financial statements.*

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19, 'Employee benefits' was revised in June 2011. The changes on the accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). *This revision to the standard is not expected to have any impact on the financial statements.*

IFRIC 20, 'Stripping costs in the production phase of a surface mine', *has no impact on the Company's financial statements.*

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting. *This amendment includes new disclosures and is not expected to have any impact on the Company's financial statements.*

Amendment to IFRS 1 (Government Loans) *has no impact on the Company's financial statements.*

Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 1 (Amendment), 'First time adoption of IFRS', *has no impact on the Company's operations.*

IAS 1 (Amendment), 'Presentation of financial statements', clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors' or voluntarily.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Annual Improvements to IFRSs 2009-2011 Cycle (Cont'd)

IAS 16 (Amendment), 'Property, plant and equipment', clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. *This amendment does not impact the Company's operations.*

IAS 32 (Amendment), 'Financial instruments: Presentation', clarifies the treatment of income tax relating to distributions and transaction costs. *The amendment does not have an impact on the Company's operations.*

IAS 34 (Amendment), 'Interim financial reporting', clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2014 or later periods, but which the Company has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

IFRS 9 Financial Instruments
IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
IFRIC 21: Levies
Recoverable Amount Disclosures for Non- financial Assets (Amendments to IAS 36)
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)
Annual Improvements to IFRSs 2010-2012 cycle
Annual Improvements to IFRSs 2011-2013 cycle

Where relevant, the Company is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Equipment

Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight line method to write off the cost of the assets, to their residual values over their estimated useful life as follows:

	Years
Motor vehicles	5
Plant & equipment	5
Furniture and fittings	1 - 10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of equipment are determined by comparing proceeds with carrying amount and are included in profit or loss.

(c) Intangible assets - Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives of 3 years.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

(d) Financial instruments

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument. The company's accounting policies in respect of the main financial instruments are set out below.

(i) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of other 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 receivables.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) **Financial instruments (Cont'd)**

(i) Other receivables (Cont'd)

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in statement of profit or loss.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank.

(iii) Other payables

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

(iv) Share capital

Ordinary shares are classified as equity.

(e) **Retirement benefit obligations**

Defined benefit plans

The Company provides for payment of compensation to permanent employees for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefit has the characteristics of a defined benefit plan. The liability recognised in the statement of financial position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Company does not do any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(f) **Tax**

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

2. **PRINCIPAL ACCOUNTING POLICIES (CONT'D)**

(g) **Foreign currencies**

Functional and presentation currency

Items included in the financial statements are measured using Seychelles Rupee, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Company are presented in Seychelles Rupee, which is the Company's functional and presentation 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 profit or loss and other comprehensive Income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(h) **Revenue recognition**

Sales and other income earned by the Company are recognised on the following basis:

Revenue comprises the fair value of sale of data rights relating to the exploration and development of petroleum and hydrocarbon deposits in Seychelles' Exclusive Economic Zone, sea acreage rental and training income.

Other income comprises interest income which is recorded on a time-proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. interest income on impair loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) Provisions

Provisions are recognised when the Company has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest risk), credit risk and liquidity risk.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of it's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk

(i) Currency risk

The Company invoices its customers in US Dollar and is exposed to foreign exchange risk arising from US Dollar.

As at December 31, 2013, the Company's receivables, payables and cash and cash equivalents only include balances denominated in Seychelles Rupees and was therefore not exposed to any foreign exchange fluctuations.

(ii) Cash flow and fair value interest rate risk

The Company does not have any significant interest-bearing assets and consequently its income and operating cash flows are substantially independent of changes in market interest rates.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(b) Credit risk

The Company is presently not exposed to credit risk since all of its trade receivables were settled before the end of the reporting period.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities. Furthermore, management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

The Company's financial assets and liabilities mature in less than one year.

3.2 Fair Value Estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

3.3 Capital Risk Management

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

At December 31, 2013, the Company was debt free.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(a) Functional currency

The choice of the functional currency of the Company has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The functional currency has been assumed by the Directors to be the Seychelles Rupee.

(b) Retirement benefit obligations

The cost of defined benefit pension plans has been determined using the method as per the Seychelles Employment Act and the Directors have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(c) Assignment of Sea Rights

The Company has been leasing out sea areas which in fact belongs to its main shareholder, the Government of Seychelles (GOS). It has been assumed that the GOS will be assigning those Sea Rights to the Company for leasing purposes.

5. PROPERTY AND EQUIPMENT

	Motor vehicles	Office equipment	Furniture & fixtures	Total
COST	SR	SR	SR	SR
Additions and balance at December 31, 2013	428,519	623,319	9,800	1,061,638
ACCUMULATED DEPRECIATION				
Charge for the period and balance at December 31, 2013	59,993	52,137	404	112,534
NET BOOK VALUE				
At December 31, 2013	368,526	571,182	9,396	949,104

(a) Depreciation for the period has been wholly charged to administrative expenses.

6. INTANGIBLE ASSET

Computer software	2013
	SR
COST	
Additions and balance at December 31,	62,834
ACCUMULATED DEPRECIATION	
Charge for the period and balance at December 31,	22,474
NET BOOK VALUE	
At December 31,	40,360

Amortisation charge for the period has been wholly charged to administrative expenses.

7. OTHER RECEIVABLES

	2013
	SR
Receivable from related company	8,000,000
Other receivables	143,452
Unpaid share capital	1,000,000
	9,143,452

(a) The carrying amount of other receivables approximate their fair values.

(b) As at December 31, 2013, no receivables were impaired and consequently no provision for credit impairment was required.

(c) The carrying amount of the Company's other receivables are denominated in Seychelles Rupees.

8. SHARE CAPITAL

	2013
Authorised, issued and unpaid	SR
100 ordinary shares of SR 10,000 each	1,000,000

9. RETIREMENT BENEFIT OBLIGATIONS

It comprises length of service compensation payable under the Seychelles Employment Act and movement is as follows:

	2013
	SR
At July 12,	-
Charged to profit or loss	149,445
At December 31,	149,445

10. EXPENSES BY NATURE

	2013
	SR
Employee benefit expenses (note 11)	3,611,677
Training expenses	99,703
Communication expenses	178,085
Vehicle expenses	186,935
Overseas travelling expenses	372,247
Consultancy fees	362,868
Directors' remuneration (note 13(a))	333,000
Depreciation (note 5)	112,534
Amortisation (note 6)	22,474
Other expenses	923,868
	6,203,391

(a) *Summarised as follows:*

	2013
	SR
- Operating costs	2,392,013
- Administrative expenses	3,811,378
	6,203,391

11. EMPLOYEE BENEFIT EXPENSES

	2013
	SR
Salaries & wages	2,876,666
Employee benefits and related expenses	428,271
Provision for retirement benefit obligations	149,445
Other staff costs	157,295
	3,611,677

12. OTHER INCOME

	2013
	SR
Compensation received from a related company	8,188,071
Refund of licencing rounds	5,300,000
Sundry income	7,483
	13,495,554

13. PROFIT FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME

Profit for the period is arrived at after charging:	2013
	SR
Charging:	
Depreciation (note 5)	112,534
Amortisation (note 6)	22,474
Directors' remuneration	333,000
Auditors' remuneration	40,000

(a) Directors' remuneration are as follows:

			2013
	Director fees	Other emoluments	Total
	SR	SR	SR
Eddy Belle	-	1,206,932	1,206,932
Barry Jude Jean Faure	108,000	-	108,000
Allain Patrick Payet	45,000	-	45,000
Eddy Dennis Matatiken	45,000	-	45,000
Raymond Chang Tave	45,000	-	45,000
Rony James Govinden	45,000	-	45,000
Caroline Abel	45,000	-	45,000
	333,000	1,206,932	1,539,932

14. CAPITAL COMMITMENTS

There were no capital commitments as at December 31, 2013.

15. CONTINGENT LIABILITIES

There were no contingent liabilities as at December 31, 2013.

16. RELATED PARTY TRANSACTIONS AND BALANCES

	2013
Transactions	SR
Directors' remuneration	1,539,932
Compensation received from related company	13,488,071
Issue of shares to shareholders	1,000,000
Balance	
Receivable from shareholder	1,000,000
Receivable from related company	8,000,000

(a) Key management personnel

	2013
	SR
Salaries and other benefits	1,189,091
Pension costs	17,841
	1,206,932

17. FINANCIAL SUMMARY

	Period 2013
	SR '000
Profit for the period and retained earnings carried forward	11,406
Capital and reserves	
Share capital	1,000
Retained earnings	11,406
Total equity	12,406