PETROSEYCHELLES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2015

CONTENTS

The Directors have pleasure in submitting the audited financial statements of PetroSeychelles Limited - 'The Company' for the year ended December 31, 2015.

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.

During 2015, there were two companies that was operating under signed Petroleum Agreements with the Government and the Company. The Agreement permits the oil companies to explore and if successful, produce oil/gas from their respective areas within the Seychelles Exclusive Economic Zone. The two companies were: Australian based, WHL Energy Ltd and the Eastern African Exploration Company whose ultimate parent is London-based Afren Plc. 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, Ophir then acquired 1500 sq.km of 3D seismic in 2014 and 2015 was mainly focussed in exploration. During the year, the ultimate parent of Eastern African Exploration Company went into administration and WHL Energy and partner Ophir could not maintain to their work programme. This will be detailed further in going concern Note 22. 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. This, however, does not yield any revenue for PetroSeychelles, the revenue is received by the Seychelles' Ministry of Finance, Trade and Blue Economy.

RESULTS	2015	2014
	SCR	SCR
Loss for the year	(1,820,294)	(4,889,087)
Retained earning brought forward	7,273,477	12,162,564
Retained earning carried forward	5,453,183	7,273,477

EQUIPMENT

Additions to property and equipment amounted to SCR 420,359 for the year ended December 31, 2015 (2014: SCR 23,040). Equipment is stated at cost less accumulated depreciation. The Management is of the opinion that there is no adjustment required for the impairment of equipments.

DIRECTORS AND THEIR INTERESTS IN THE COMPANY

The directors of the Company during the year ended December 31, 2015 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, 2015, 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 controls 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 has disclosed material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern in Note 22. Following the assessment, the management is satisfied that it has the resources to continue in business for the foreseeable future.

PetroSeychelles entered into an agreement with the Government of Seychelles for future capital outlay which was expected to be received from the beginning of 2015. The outlay equates to SCR 50 million and payable annually in 10 instalments of SCR 5 million. SCR5 million for 2015 was not received and the first instalment of the capital outlay has been delayed to 2016.

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 17 JUN 2016
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	

EY
Building a better working world

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 35, which comprise the statement of financial position as at December 31, 2015, 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 by management, 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.

Opinion

In our opinion, the financial statements on pages 6 to 35 give a true and fair view of the financial position of the Company as at 31 December 2015, 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.

EY
Building a better working world

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PETROSEYCHELLES LIMITED (CONTINUED)

Report on the Financial Statements (Continued)

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 24 to the financial statements, which indicate that the company is incurring losses and that subsequent to year end, the company no longer has customers from which it earns revenue. These conditions, along with other matters as set forth in Note 24 indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern.

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.

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

ERNST & YOUNG
Mahe, Seychelles
17 JUN 2016
Date............................

				As at January
		2015	2014	2014
ASSETS	Notes		Restated*	Restated*
Non-Current Assets		SCR	SCR	SCR
Property and equipment	4	984,840	800,061	949,104
Intangible asset	5	212,514	34,562	40,359
Unpaid Share Capital	10	1,000,000	-	-
Non current financial assets	6	278,037	375,284	-
		2,475,392	1,209,907	989,463
Current Assets				
Trade and other receivables	8	167,767	3,100,190	9,878,499
Cash and cash equivalents	7	6,126,234	9,482,515	2,553,074
Other current financial assets	9	5,463,833	-	-
		11,757,833	12,582,705	12,431,573
Total Assets		14,233,225	13,792,612	13,421,036
EQUITY AND LIABILITIES				
Equity				
Share Capital	10	1,000,000	1,000,000	1,000,000
Retained Earnings		5,453,183	7,273,477	12,162,564
Total Equity		6,453,183	8,273,477	13,162,564
Non-Current Liabilities				
Retirement Benefit Obligation	13	296,964	224,165	127,516
Deferred Income	12	4,698,438	2,296,380	-
		4,995,403	2,520,545	127,516
Current Liabilities				
Trade and other payables	11	232,409	100,749	130,956
Deferred Income	12	2,552,231	2,897,841	-
Total Liabilities		7,780,042	5,519,135	258,472
Total Equity and Liabilities		14,233,225	13,792,612	13,421,036

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Notes 25.

These financial statements have been approved for issue by the Board of Directors on: 17 JUN 2016

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

The notes on pages 10 to 35 form an integral part of these financial statements.

Auditors' report on pages 4 and 5.

	Notes	2015	2014 Restated*
		SCR	SCR
Revenue	14	2,914,437	3,356,520
Operating costs	16	(2,129,124)	(2,102,091)
Gross profit		785,313	1,254,429
Other operating income	15	-	51,613
Administrative expenses	16	(3,261,893)	(2,894,746)
Allowance for credit impairment	8 (b)	217,121	(3,311,516)
Operating profit		(2,259,459)	(4,900,220)
Finance income	7 (f)	439,166	11,133
Loss for the year	17	(1,820,294)	(4,889,087)
Other comprehensive income		-	-
Total comprehensive loss for the year		(1,820,294)	(4,889,087)

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Notes 25.

The notes on pages 10 to 35 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 2015	10	1,000,000	7,273,477	8,273,477
Loss for the year		-	(1,820,294)	(1,820,294)
Other comprehensive income		-	-	-
Total comprehensive income		1,000,000	5,453,183	6,453,183
As at 31 December 2015		1,000,000	5,453,183	6,453,183
As at 1 January 2014 (*Restated)	10	1,000,000	12,162,564	13,162,564
Loss for the year (*Restated)		-	(4,889,087)	(4,889,087)
Other comprehensive income		-	-	-
Total comprehensive income		1,000,000	7,273,477	8,273,477
As at 31 December 2014		1,000,000	7,273,477	8,273,477

* Certain amounts shown here do not correspond to the 2014 financial statements and reflect adjustments made, refer to Notes 25.

The notes on pages 10 to 35 form an integral part of these financial statements.
Auditors' report on pages 4 and 5.

	Note	2015	2014
		SCR	SCR
Operating Activities			
Profit/(Loss) for the year		(1,820,294)	(4,889,087)
Adjustments for:			
Foreign exchange movement on trade and other receivable		250,711	(51,613)
Amounts released for deferred income	12	(2,914,437)	(2,987,342)
Interest earned		(439,166)	(11,133)
Depreciation	4	235,580	172,083
Amortisation	5	76,103	23,388
Change in provision for credit impairment	8 (b)	(217,121)	3,311,516
Change in provision for retirement benefit obligation	13	84,883	96,649
Retirement benefits paid	13	(12,084)	-
Income received from contracts	12	4,970,885	8,181,563
		215,061	3,846,024
Change in working capital:			
Change in trade and other receivables	8	1,996,078	3,143,123
Change in trade and other payables	11	131,662	(30,208)
Net cash generated from operating activities		2,342,801	6,958,939
Investing Activities			
Purchase of equipment	4	(420,359)	(23,040)
Purchase of intangible assets	5	(254,055)	(17,591)
Investment in financial assets	9	(5,050,218)	-
Interest received on staff loans		25,550	11,133
Net cash used in investing activities		(5,699,082)	(29,498)
Net (decrease)/increase in cash and cash equivalents		(3,356,281)	6,929,441
Movement in cash and cash equivalents			
At January 1,	7	9,482,515	2,553,074
Net (decrease)/increase in cash and cash equivalents		(3,356,281)	6,929,441
At December 31,	7	6,126,234	9,482,515

The notes on pages 10 to 35 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.

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 2015, but they are not relevant to the Company's operations:

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. The Company does not contribute to a defined benefit plan, therefore there will be no impact.

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.

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

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

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 may have an impact on the measurement of the Company's financial assets, as impairment requirements are based on an expected credit loss model replace that of IAS39. Therefore the management will undertake an exercise to ascertain its impact on its financial assets.

IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018)

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 2018 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, the management will assess the impact on the revenue from contracts beginning January 2018.

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.

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

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

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 on 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 on the Company as the Company does not have any bearer plants.

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.

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

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

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's financial position or performance.

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

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) Cont'd

• 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 financial statements.

IFRS 16 Leases (effective 1 January 2019)

The IASB has issued IFRS 16 Leases that requires lessees to recognise most leases on their balance sheets. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. The standard contains additional disclosure requirements for leasing arrangements entered into. The new standard will be effective from 1 January 2019 with limited early application permitted. The impact of the new standard on the Company's financial statements is still to be assessed.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of these financial statements require 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(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 (e) 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.

(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.

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:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant accounting policies (Cont'd)

(a) Property & equipment (Cont'd)

	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.

(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 finite 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 Cont'd

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

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

2.5 Significant accounting policies (Cont'd)

Computer Software Cont'd

Development Costs Cont'd

-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. Management applies judgement when assessing the technological and economic feasibility of when a product development project has reached a defined milestone in order to capitalise it. Management has therefore determined that the project has not yet met all the criterion in order to capitalise it.

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.

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

2.5 Significant accounting policies (Cont'd)

(c) Intangible assets (Cont'd)

Data rights Cont'd

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.

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	Finite	None, Impairment	Acquired
Licenses	1	Over useful lives	Acquired

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an assetexceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

2.5 Significant accounting policies (Cont'd)

(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.

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. Management incorporated an assumption of whether its employees will remain in service for at least five years, this changes annually depending on staff turnover during the financial year and therefore provision changes depending on assumptions.

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

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

2.5 Significant accounting policies (Cont'd)

(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. Loans and receivables also include treasury bill and fixed term deposit that represent non-derivative financial assets with determinable payments that are not quoted in an active market. 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.

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(ii) Cash and cash equivalents

Cash and cash equivalents as referred to in the statement of cash flows, comprise of cash on hand and in bank, 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.

	2015 - Foreign currency	2015 - SCR equivalent	2014 - Foreign currency	2014 - SCR equivalent
	USD	SCR	USD	SCR
United States Dollars	244,077	3,096,509	387,692	5,263,929

3 MANAGEMENT OF FINANCIAL RISKS (CONT'D)

3.1.1 Market risk (Cont'd)

(i) Foreign exchange risk (Cont'd)

The impact on the Company's profits and equity of a reasonable change in exchange rates is demonstrated in the table below:

		2015	2015	2014	2014
		Impact on profit	Impact on equity	Impact on profit	Impact on equity
Currency		SCR	SCR	SCR	SCR
USD	5%	154,825	154,825	263,196	263,196
USD	-5%	(154,825)	(154,825)	(263,196)	(263,196)

3.1.2 Credit risk

Credit risk is the risk that a counter party will be unable to pay amounts owing in full when due. The Company's credit risk is primarily attributable to its trade and other receivables and cash and cash equivalents. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The Company assesses the creditworthiness of parties to exploration agreements based on details of recent payment history, past experience and by taking into account their financial position.

The Company is also exposed to the possibility of default by its employees on car and general purpose loan provided. In order to mitigate this risk, management binds its employees to loans with a term equal to the minimum employment period with the Company in order to ensure that they meet the loan repayments. Additionally, there is an obligation to refund the balances due if the clause of minimum employment is breached. To further mitigate the default risk, management also issue only two car loans at one time over a period of three years to minimise their credit risks.

The following table shows the maximum exposure to credit risk for the components of the financial position:

	2015	2014
	SCR	SCR
Non-current financial assets	278,037	375,284
Trade and other receivable	167,767	3,100,190
Cash and cash equivalents	6,126,234	9,482,515
Other current financial assets	5,463,833	-
	12,035,871	12,957,988

There is a concentration of risk with respect to the trade receivable and cash balance. The former is not widely spread over a number of customers and the latter is held with a single financial institution, the Mauritius Commercial Bank in Seychelles.

The company manages this risk by imposing a tight credit period and charging interest on default payments. The company also invested its fund into a treasury bill in order to generate additional revenue than maintain in the single financial institution.

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 impaired	Past due but not impaired < 90 days	90 - 365 days	> 365 days
	SCR	SCR	SCR	SCR	SCR
2015	12,035,871	12,033,758	-	1,923	190
2014	11,957,988	9,482,515	1,980,700	494,773	-

At 31 December 2015 there are impaired trade receivables of SR 3,094,396 (2014: SR 3,311,516).

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, 2015 based on a undiscounted payment method:

Financial asset	< 3 months	3 - 12 months	1 - 5 years	Total
	SCR	SCR	SCR	SCR
Non-current financial assets	-	-	278,037	278,037
Cash and bank	6,126,234	-	-	6,126,234
Trade and other receivables	40,129	127,638	-	167,767
Other current financial assets	51,731	5,412,102		5,463,833
	6,218,093	5,539,740	278,037	12,035,871
Financial liabilities				
Trade and other payables	149,667	10,263	-	159,930
Retirement Benefit Obligation	-	-	296,964	296,964
	149,667	10,263	296,964	456,894

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:

	< 3 months	3 - 12 months	1 - 5 years	Total
	SCR	SCR	SCR	SCR
Non-current financial assets	-	-	375,284	375,284
Cash and bank	9,482,515	-	-	9,482,515
Trade and other receivables	1,986,210	113,979	-	2,100,189
	11,468,725	113,979	375,284	11,957,988
Financial liabilities				
Trade and other payables	20,922	3,000	76,826	100,748
Retirement Benefit Obligation	-	-	224,164	224,164
	-	-	127,516	324,914

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

Cash and short-term deposits, trade receivables 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
2015				
Staff loan receivable (Note 8f)	-	300,779	-	300,779
Unpaid share capital (Note 10	-	-	883,096	883,096
2014				
Staff loan receivable(Note 8f)	-	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.

Fair value of unpaid share capital is evaluated based on discounted cash flow model, using market effective interest rate as the discount factor. It also uses individual shareholder's credit risk which is an unobservable input. As at 31 December 2014, unpaid share capital was considered to be of short term nature, hence the fair value approximated its carrying amount.

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 2015 and 31 December 2014.

4 PROPERTY AND EQUIPMENT

	Motor vehicles	Furniture & Fixtures	Office Equipment	Total
	SCR	SCR	SCR	SCR
Cost:				
At 1 January 2014	428,519	9,800	623,319	1,061,638
Additions	-	-	23,040	23,040
At 31 December 2014	428,519	9,800	646,359	1,084,678
Additions	-	8,267	412,092	420,359
At 31 December 2015	428,519	18,067	1,058,452	1,505,038
Depreciation:				
At January 1, 2014	(59,993)	(404)	(52,137)	(112,534)
Depreciation charge for the period	(51,422)	(970)	(119,691)	(172,083)
At December 31, 2014	(111,415)	(1,374)	(171,828)	(284,617)
Depreciation charge for the year	(51,422)	(2,081)	(182,077)	(235,580)
At December 31, 2015	(162,837)	(3,455)	(353,905)	(520,197)
Net Carrying Amount:				
At 31 December 2014	317,104	8,426	474,531	800,061
At 31 December 2015	265,682	14,612	704,547	984,840

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, 2015 (2014: nil).

Cash outflow for the purchase of office equipment was SCR420,359 (2014: SCR23,040).

There is no pledge held against any assets of the Company as at December 31, 2015 (2014: 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

	Licenses	Computer Software	Total
Cost:	SCR	SCR	SCR
At 1 January 2014	-	62,834	62,834
Additions	-	17,591	17,591
At 31 December 2014	-	80,425	80,425
Additions	74,513	179,542	254,055
At 31 December 2015	74,513	259,967	334,480
Amortisation:			
At January 1, 2014	-	(22,475)	(22,475)
Amortisation charge for the period	-	(23,388)	(23,388)
At December 31, 2014	-	(45,863)	(45,863)
Amortisation charge for the period	-	(76,103)	(76,103)
At December 31, 2015	-	(121,965)	(121,965)
Net Carrying Amount:			
At 31 December 2014	-	34,562	34,562
At 31 December 2015	74,513	138,001	212,514

The total cost relating to fully amortised assets still in use amount to nil as at December 31, 2015 (2014: nil).

Cash outflow for the purchase of intangible assets was SCR254,055 (2014: SCR17,951).

6 NON CURRENT FINANCIAL ASSETS

	2015	2014 *Restated
	SCR	SCR
Non-current portion of staff loans (Note 8f)	278,037	375,284

Restated (*)

Refer to Note 25 (b) Prior Period Error which explains the nature and impact of the restatement in 2014.

7 CASH AND CASH EQUIVALENTS

	2015	2014
	SCR	SCR
Cash in hand	1,000	653
Cash at bank	6,125,234	9,481,862
	6,126,234	9,482,515

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.

8 TRADE AND OTHER RECEIVABLES

	2015	2014
	SCR	SCR
Trade receivables	3,096,509	5,263,958
Less: Allowances for credit impairment (see note (b) below)	(3,094,396)	(3,311,516)
	2,113	1,952,441
Current portion of staff loans (Note 8f)	135,278	119,036
Other receivables	30,376	28,712
Unpaid share capital (Note 8g)	-	1,000,000
	167,767	3,100,190

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

	2015	2014
	SCR	SCR
Up to 3 months	19,550	1,952,209
Up to 12 months	27,905	147,981
> 12 months	120,312	1,000,000
	167,767	3,100,190

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

	2015	2014
	SCR	SCR
At January 1,	3,311,516	-
Charged to profit and loss	3,081,030	3,311,516
Recovered during the year	(3,297,212)	-
Effect of foreign exchange difference	(939)	-
At December 31,	3,094,396	3,311,516

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

(d) The carrying amounts of trade receivable and other receivable 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) The staff loan balance relate to staff car loans expected to be repaid in the subsequent financial period and general purpose loans issued by the Company which are receivable in instalments over the period of the loan agreement. The non-current portion of the staff car loan is classified as non-current assets in Note 6. 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.

8 TRADE AND OTHER RECEIVABLES (CONT'D)

(f) 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:

	2015	2014
	SCR	SCR
Amortised cost	413,315	494,320
Fair Value	300,779	363,863

(g) In 2015, the Shareholder indicated that the Company can manage itself with the current funds for a period of more than one year and took the decision to delay the payment to the end of its term specified in Note 10 below.

9 LOANS AND RECEIVABLE	2015	2014
	SCR	SCR
Fixed term investment	51,731	-
Treasury Bill	5,412,102	-
	5,463,833	-

The fixed term deposit is held with the company's banker and treasury bill with the Seychelles Central Bank. Both instruments have a one year term to maturity, where interest is due upon maturity. Its carrying amount approximate its fair value given its short term nature.

10 SHARE CAPITAL

	2015	2014
Authorised, issued and unpaid ordinary shares	SCR	SCR
100 ordinary shares of SCR10,000 each	1,000,000	1,000,000
Fair Value	883,096	1,000,000

The share capital remains unpaid as at year end, it has a five year term and will be due in 2017.

11 TRADE AND OTHER PAYABLES	2015	2014
	SCR	SCR
Trade payables and accruals	232,409	100,749

All trade and other payable balances are due within a year and relate to bills and audit fees.

12 DEFERRED INCOME	2015	2014
		*Restated
	SCR	SCR
At January 1,	5,194,221	-
Received during the year	4,970,885	8,181,563
Released to profit and loss (Note 14)	(2,914,437)	(2,987,342)
At December 31,	7,250,669	5,194,221
Represented by:		
Current Deferred Income		
Unutilised portion of training income	843,930	1,064,713
Unutilisation concessionary fees of sea acreage	1,708,300	1,833,128
Non-Current Deferred Income		
Unutilised portion of training income	4,698,438	2,296,380
	7,250,669	5,194,221

The company recognises training income in line with the conditions of agreements, occuring when training expenses are recognised. The concessionary fees of sea acreage is time-apportioned for the amount which relates to the financial year, and recognised as such. Accordingly, any unused portion of the training income and concessionary fees of sea acreage which relates to the subsequent period is deferred until incurred. Refer to Note2.5(h)(ii) for the accounting policy.

Restated (*)
Refer to Note 25 (a) Prior Period Error which explains the nature and impact of the restatement in 2014.

13 RETIREMENT BENEFIT OBLIGATION

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

	2015	2014
	SCR	SCR
Present value of unfunded obligation	296,964	224,165

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

	2015	2014
	SCR	SCR
Current service cost	89,615	87,817
Interest cost	13,135	8,832
Settlement loss	1,495	-
Actuarial gains	(19,361)	-
	84,883	96,649

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

	2015	2014
	SCR	SCR
At January 01,	224,165	127,516
Total expenses as above	84,883	96,649
Settlement Cost	(12,084)	-
At December 31,	296,964	224,165

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

	2015	2014
	%/year old	%/year old
Discount rate	6.41%	6.79%
Future salary increases	0%	0%
Years liability fall due	5	5
% of liability to fall due after 5 years	90%	100%

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.

14 REVENUE

	2015	2014
		*Restated
	SCR	SCR
Application fee	-	369,178
Concessionary fees of sea acreage (Note 12)	2,512,072	2,263,667
Release of training income (Note 12)	402,364	723,675
Total	2,914,437	3,356,520

Restated (*)

Refer to Note 25 (a) Prior Period Error which explains the nature and impact of the restatement in 2014.

15 OTHER OPERATING INCOME

	2015	2014
	SCR	SCR
Foreign exchange gains	-	51,613

16 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:

	2015	2014
	SCR	SCR
Operating expenses	2,129,124	2,102,091
Administrative expenses	3,261,893	2,894,746
	5,391,016	4,996,837

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

	2015	2014
	SCR	SCR
Depreciation	235,580	172,083
Amortisation	76,103	23,388
Employee benefit expenses (Note 18)	3,467,882	3,220,730
Director's emoluments	240,500	240,500
Training expenses (Note 12)	445,306	723,675
Repairs and maintenance	26,700	87,026
Transportation expenses	44,660	83,888
Other office and administrative expenses	603,574	445,547
Foreign exchange losses	250,711	-
Total	5,391,016	4,996,837

a) 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.

b) 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.

17 PROFIT FOR THE YEAR

	2015	2014
The profit for the year has been arrived at after charging:	SCR	SCR
Auditors' remuneration	53,284	57,026
Employee benefit expenses (Note 18)	3,467,882	3,220,730
Directors' remuneration (Note 19)	240,500	240,500
Depreciation on property and equipment (Note 4)	235,580	172,083
Amortisation on intangible assets (Note 5)	76,103	23,388

21 RELATED PARTY TRANSACTIONS (CONT'D)

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.

22 CAPITAL COMMITMENTS

The Company had no capital commitments as at December 31, 2015 (2014: Nil)

23 EVENTS AFTER THE REPORTING DATE

A significant event after the reporting date requiring disclosure in or amendments to the December 31, 2015 annual financial statements is detailed in Note 24.

24 MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

In January 2016, PetroSeychelles Limited terminated its contract with two of the oil companies that was engaged in exploration activities, WHL Energy Limited (which operated a farm-in agreement with Ophir Seychelles) and Eastern African Exploration Company. Additionally, attracting new exploration companies remains a challenge in the current low oil price environment globally.

PetroSeychelles has a relatively strong cash position standing at SCR6,126,234 as at December 31, 2015. Cash flow forecast suggest that the Company will be able to meet its obligations within 12 months post reporting period. Investment in Treasury Bill of SCR5,000,000 can be converted to cash on hand in the event of further uncertainty.

The Government has interest in PetroSeychelles Limited through its shareholder Societe Seychellois D'investissement Limitée (SSIL), and will support PetroSeychelles financially in the event that it is required.

25 PRIOR PERIOD ERROR

(a) The Company earns rental acreage revenue based on an annual fee which is invoiced for each agreement, and needs to be apportioned between the financial periods to which the revenue relates.

25 PRIOR PERIOD ERROR (CONT'D)

(a) There were invoices recorded in 2014 that related to the 2013 and 2015 financial years, resulting in concessionary revenue being overstated for 2014 and understated for 2013. The impact of the error correction is shown as follows:

	2014	2013
	SCR	SCR
Increase in accounts receivable		735,047
Increase in concessionary revenue		(735,047)
Increase in retained earnings		(735,047)
Decrease in concessionary revenue	2,568,175	
Increase in deferred income	(1,833,128)	
Decrease in accounts receivable	(735,047)	
Decrease in retained earnings	(2,568,176)	

(b) The company has staff car loans receivable with 5 year maturity period. The non-current portion of the staff car loan receivable was understated for 2014. The impact if the correction is shown as follows:

Increase in non-current financial assets	375,284
Decrease in other receivables	(375,284)

(c) Revenue in respect to a financial year for training income is 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. Refer to Note 2.5 (h) (ii) for the accounting policy. The portion expected to be released in the 12 months subsequent to the financial year should be classified as current deferred income. The current portion for 2014 was not presented, therefore understating the current deferred income and overstating the non-current deferred income. The impact if the correction is shown as follows:

Increase in current deferred income	1,064,713
Decrease in non-current deferred income	(1,064,713)