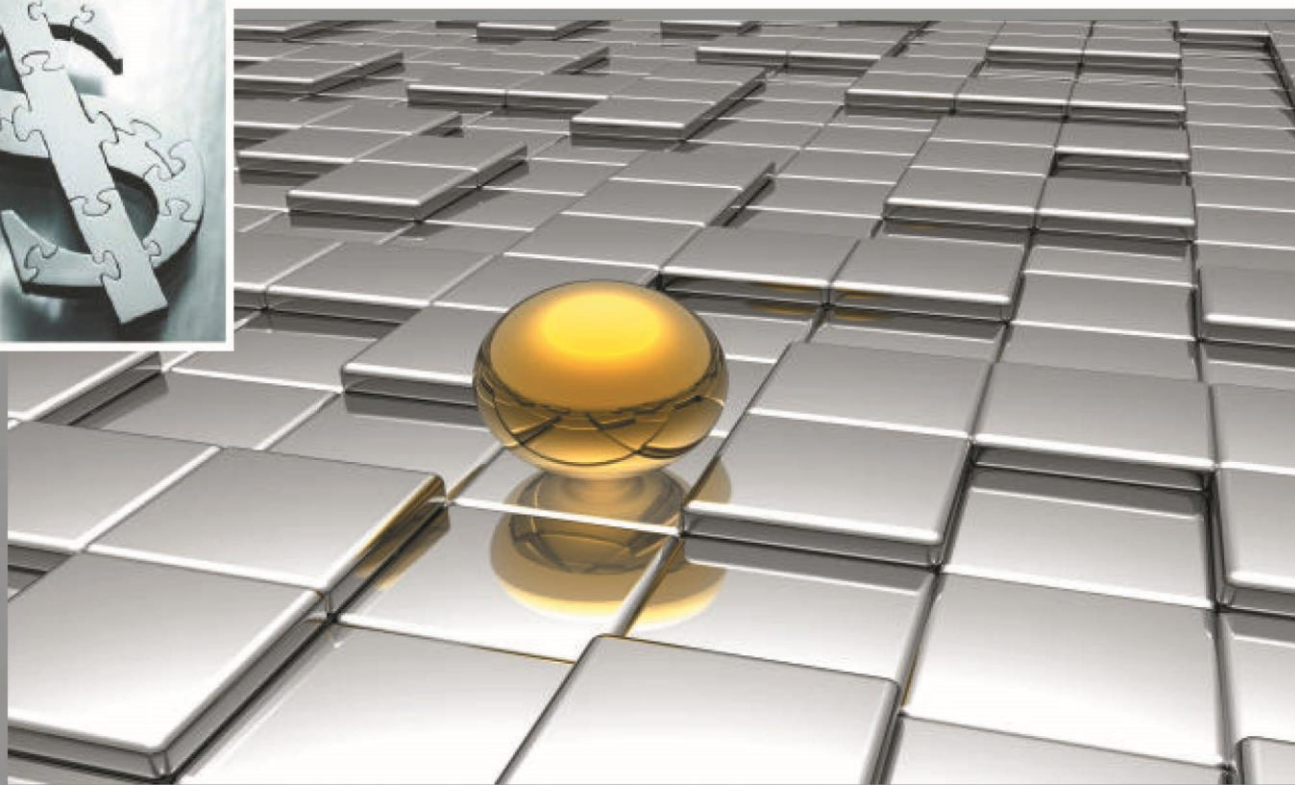


TIMOR GÁS E PETRÓLEO, EMPRESA PÚBLICA (TIMOR GAP, E.P.)



Consolidated Financial Statements for the year ended 31 December 2017

Lochan & Co.
Chartered Accountants

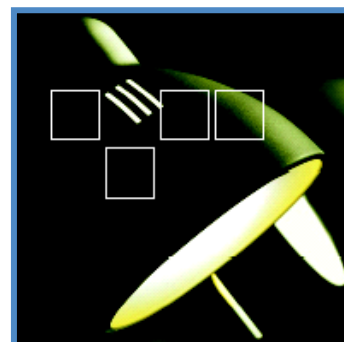
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General Information

Board of Directors

Francisco da Costa Monteiro - President & Chief Executive Officer
Antonio Jose Loyola de Sousa - Vice President
Norberta Soares da Costa
Dino Gandara Rai

Registered Office

Level 3, Timor Plaza
Rua Presidente Nicolao Lobato
Comoro
Dili
Timor-Leste

Solicitor

Miranda Correia Amendoeira & Associados

Bankers

ANZ Bank
Mandiri Bank
BNCTL Bank

Auditors

Lochan & Co, Chartered Accountants, India

Independent Auditor's Report to the Board of Directors of TIMOR GAP, E.P.

We have audited the accompanying Financial Statements of TIMOR GAP, E.P. set out on pages 5 to 33 which comprise the Consolidated Statement of Financial Position as at 31 December 2017, and the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information in respect of the consolidated entity, comprising the company and the entities it controlled at year's end of from time to time during the financial year.

The Board of Director's Responsibility for the Consolidated Financial Statements

The Board of Directors are responsible for the preparation and fair presentation of the financial report in accordance with International Financial Reporting Standards and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated financial statements.

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

Opinion

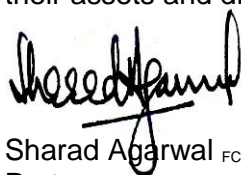
In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of TIMOR GAP, E.P. and its subsidiaries as at 31 December 2017 and their financial performance for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to note 23 in the financial statement, which indicates that the Company has earned a net profit of \$ 5,519,446 (Group: \$ 2,864,880) for the year ended 31 December 2017.

The company is majorly dependent on Government funding for its operations. Apart from government fund the company has received some income from Onshore exploration farm-out and profit on sale of fuel during the year. However, the income earned from sources other than Government funding are not sufficient to meet out the expenses of the company. These conditions, along with other matters as set forth in note 23, indicate the existence of a material uncertainty that may cast significant doubt about the ability of the company and the consolidated entity to continue

as going concerns and therefore, the company and the consolidated entity may be unable to realize their assets and discharge their liabilities in the normal course of business.





Sharad Agarwal FCA
Partner

Lochan & Co
Chartered Accountants

Date: 2 May 2018
Place: New Delhi

Approval of Financial Statements

The Board of Directors approved the financial statements of the Group and Company for the year ended 31 December 2017 set out on pages 5 to 33 on 27 April 2018 and authorized the individuals set out below to sign them on their behalf:



President & Chief Executive Officer

27 April 2018
Dili, Timor-Leste



Director of Finance Unit

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue					
Revenue from government grant	5	11,900,000	6,000,000	11,900,000	6,000,000
Income - Onshore exploration farm-out	5	2,000,000	3,000,000	2,000,000	3,000,000
Offshore vessel service income	5	-	44,777	-	44,777
Fixed contract service fees	5	8,902	8,498	8,902	8,498
Other income – Manpower cost	5	23,730	11,864	23,730	11,864
Profit on sale of fuel	5	65,071	36,960	65,071	36,960
Total revenue		13,997,703	9,102,098	13,997,703	9,102,098
Expenses					
Project expenses		(6,325,608)	(3,038,673)	(2,715,228)	(762,597)
Depreciation and amortization expense	8 & 9	(527,650)	(718,359)	(524,805)	(718,359)
Employee costs		(3,157,796)	(2,866,350)	(2,849,489)	(2,692,248)
Other expenses	6	(2,356,549)	(2,514,653)	(2,095,699)	(2,407,677)
Total expenses		(12,367,603)	(9,138,035)	(8,185,222)	(6,580,881)
Operating Profit/ (Loss)		1,630,100	(35,937)	5,812,482	2,521,217
Dividend received from associate		-	-	162,201	-
Share of profit of associate	11	(116,074)	419,959	-	-
Profit /(Loss) before tax		1,514,026	384,021	5,974,683	2,521,217
Income tax expense	7	(455,237)	-	(455,237)	-
Deferred Tax Asset	7	1,806,092	-	-	-
Income Tax paid in advance written off		-	(336,000)	-	(336,000)
Profit / (Loss) for the period		2,864,880	48,021	5,519,446	2,185,217
Other comprehensive income		-	-	-	-
Total comprehensive Profit / (Loss)		2,864,880	48,021	5,519,446	2,185,217
Total comprehensive Profit / Loss attributable to: Controlling interest		2,864,880	48,021	-	-

The above statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Assets					
Non-current assets					
Property, plant and equipment	8	938,528	1,154,588	930,782	1,154,588
Intangible assets	9	654,447	763,513	654,447	763,513
Capital Work in progress		326,005	-	326,005	-
Investment in subsidiaries	10	-	-	40,000	20,000
Investment in associates	11	354,606	624,783	6,000	3,000
		2,273,586	2,542,884	1,957,234	1,941,102
Current assets					
Deferred Tax Asset	7	1,806,092	-	-	-
Trade and other receivables	12	276,260	226,130	8,139,909	3,067,376
Inventory	13	49,138	45,788	49,138	45,788
Cash and cash equivalents	14	3,184,183	1,090,918	1,991,301	780,090
Total current assets		5,315,672	1,362,836	10,180,347	3,893,254
Total assets		7,589,258	3,905,720	12,137,582	5,834,355
Equity and liabilities					
Equity					
Contributed equity	15	2,500,000	2,500,000	2,500,000	2,500,000
Retained Earnings / (Accumulated losses)		2,492,368	(464,244)	7,083,224	1,472,046
Total equity		4,992,368	2,035,756	9,583,224	3,972,046
Current liabilities					
Trade and other payables	16	1,186,995	769,692	1,144,463	762,038
Provision for Income Tax	7	455,237	-	455,237	-
Unearned fixed contract service fees and project advances	17	954,658	1,100,272	954,658	1,100,272
Total current liabilities		2,596,890	1,869,964	2,554,358	1,862,309
Total equity and liabilities		7,589,258	3,905,720	12,137,582	5,834,355

The above statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 December

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Cash flows from operating activities					
Operating Profit / (Loss)		1,630,100	(35,937)	5,812,482	2,521,217
Adjustments for:					
Depreciation		260,974	467,118	258,129	467,118
Amortization		266,676	251,241	266,676	251,241
		2,157,750	682,422	6,337,287	3,239,576
Decrease / (increase) in trade receivables	12	(50,130)	365,368	(5,072,533)	(2,475,878)
Increase / (decrease) in trade and other payables		417,303	(121,271)	382,425	(132,926)
Cash generated from operations		2,524,923	926,519	1,647,179	630,772
Income tax paid		91,731	(427,731)	91,731	(427,731)
Net cash from operating activities		2,616,654	498,788	1,738,910	203,041
Cash flows from investing activities					
Purchase of property, plant and equipment	8	(44,913)	(835,438)	(34,323)	(835,438)
Purchase of intangible assets	9	(157,609)	(154,981)	(157,609)	(154,981)
Decrease / (increase) in Capital Work-in-Progress		(326,005)	449,813	(326,005)	449,813
Decrease / (increase) in Inventory		(3,350)	(45,788)	(3,350)	(45,788)
Investment in subsidiary	10	-	-	(20,000)	(10,000)
Investment in associate		(8,100)	-	(3,000)	-
Dividend from associate		162,201	-	162,201	-
Net cash used in investing activities		(377,776)	(586,393)	(382,086)	(596,393)
Cash flows from financing activities					
Increase / (decrease) in project advance		(145,614)	3,931	(145,614)	3,931

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Net cash used in financing activities		(145,614)	3,931	(145,614)	3,931
Net increase in cash and cash equivalents		2,093,265	(83,674)	1,211,211	(389,421)
Cash & cash equivalents at start of the year		1,090,918	1,174,592	780,090	1,169,511
Cash & cash equivalents at end of the year		3,184,183	1,090,918	1,991,301	780,090

The above statements should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December

	Note	Group		Company	
		2017	2016	2017	2016
		\$	\$	\$	\$
Transactions with owners of the company					
<u>Contributed Capital</u>					
- 1 December 2011		2,000,000	2,000,000	2,000,000	2,000,000
- 23 February 2012		500,000	500,000	500,000	500,000
		2,500,000	2,500,000	2,500,000	2,500,000
Consolidated loss and comprehensive loss attributable to equity holders of the parent:					
At the beginning of the period		(464,244)	(420,534)	1,472,046	(621,439)
Profit /(Loss) for the period		2,864,880	48,021	5,519,446	2,185,217
Income tax paid during the year		91,731	(91,731)	91,731	(91,731)
At the end of the period		2,492,368	(464,244)	7,083,224	1,472,046
Non-controlling interest		-	-	-	-
Total equity at 31 December		4,992,368	2,035,756	9,583,224	3,972,046

Accounting policies and explanatory notes to the Consolidated Financial Statements for the year ended 31 December 2017

1. General information

The Consolidated Financial Statements of the Group, which comprise Timor Gas e Petroleo, Empresa Publica (TIMOR GAP, E.P. as the parent) and its subsidiary and associate, for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the directors on 27 April 2018.

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. These Consolidated Financial Statements comprise separate financial statements of the parent entity and Consolidated Financial Statements of the Group. They are presented in United States Dollars (USD or \$). The Consolidated Financial Statements have been prepared on a historical cost basis. The Consolidated Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date Group ceases to control the subsidiary. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions and unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Where the ownership of a subsidiary is less than 100% and, therefore, a Non-Controlling Interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

2. Basis of preparation and accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and gross of any sales related withholding taxes collected on behalf of the government of Timor-Leste.

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Revenue from contract fixed service fee is recognized by reference to the stage of completion of the contract as a percentage of actual expenditure incurred on the project of the total contracted amount.

Sales of Fuel are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Fuel purchased is paid for after receipt of sale proceeds from the customer.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period/year.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered. The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognized in profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realized or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period. Depending on the contractual arrangement, withholding taxes are either withheld against suppliers in specified industries or payment amounts are grossed up at the following rates and the monies are paid over to the government of Timor-Leste:

- Income from construction or building activities - 2%
- Income from construction consulting services - 4%
- Income from the provision of air or sea transportation services - 2.64%
- Contracting to petroleum services - 6%
- Rent - 10%
- Payments made to non-residents - 10%

Where the company is the recipient of income for providing any service listed above, the company can elect whether the withholding tax deducted is the final tax deducted or if they wish to be taxed on the actual profits basis.

Foreign currencies

The consolidated financial statements are presented in US dollars and all values are rounded to the nearest dollar (USD or \$), except where otherwise indicated. The Group does not have any foreign operations.

Transactions in foreign currencies are initially recorded in the functional currency at the respective spot rate of exchange ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currency are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the net cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their expected useful life using the straight-line method as follows:

- Leasehold improvements over the remaining period of the lease
- Plant and Equipment 33.3%
- Furniture, fixtures & fittings 20%
- Motor vehicles - 20% with a residual value of 20% of the cost price.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognized on a prospective basis.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Tangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Intangible assets are comprised mainly of software products and are amortized over their estimated useful lives.

Impairment of non-financial assets

At each reporting date, non-financial assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in profit or loss.

if an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial instruments- initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables. All financial assets are recognized initially at fair value. The Group's financial assets include:

- Trade and other receivables, and
- Cash and cash equivalents.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified as Trade and other receivables or Cash and cash equivalents.

De-recognition

A financial asset is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- All the risks and rewards of the asset, have been transferred.

Impairment of financial assets

The Group 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 reorganization 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 carried at amortized cost

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the statement of profit or loss. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Financial liabilities at fair value through profit or loss

Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities are classified, at initial recognition as:

- Trade and other payables, or
- Unearned contract fixed service fees and undisbursed advances.

Subsequent measurement

For purposes of subsequent measurement financial liabilities are classified as Trade and other payables, or unearned contract fixed service fees and undisbursed advances.

De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks in non-interest bearing accounts and cash on hand.

Trade payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into United State Dollars (USD or \$) using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Unearned contract fixed service fees and project advances

Cash received by the company from the Government of Timor-Leste as a project advance and for unearned contract fixed service fees is recognized as a liability on receipt.

The project advance liability is reduced by costs incurred with suppliers of services plus applicable withholding taxes.

The unearned project management fee is reduced by reference to the stage of completion of the contract as a percentage of actual expenditure incurred on the project of the total contracted amount.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Taxation

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign income and withholding taxes. Given the company and group work in different international and tax jurisdictions, differences arising between the actual income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective jurisdictions in which it operates. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

4. Application of new and revised International Financial Reporting Standards (IFRS)

4.1 New and revised IFRSs applied with no effect on the financial statements.

4.2 New and revised IFRS in issue but not yet effective

The company has not applied the following new and revised IFRSs that have been issued but are not yet effective. The Directors of the Company have not yet had an opportunity to consider the potential impact of the adoption of standards and interpretations in issue but not yet effective and anticipate that these amendments will be adopted in the Company's financial statements when they become effective.

Standard / Interpretation	Effective date (periods beginning on or after)
IFRS 9 Financial Instruments – Finalized version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	Effective for annual periods beginning on or after 1 January 2018.
IFRS 15 Revenue from Contracts with Customers	Effective for annual periods beginning on or after 1 January 2018.
IFRS 16 Leases	Effective for annual periods beginning on or after 1 January 2019.
Amendments to IAS 28 Investments in Associates and Joint Ventures	Effective for annual periods beginning on or after 1 January 2018.

5. Revenue and other income

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Revenue and other income				
Government grant	11,900,000	6,000,000	11,900,000	6,000,000
Income - Onshore exploration farm-out	2,000,000	3,000,000	2,000,000	3,000,000
Offshore vessel service income	-	44,777	-	44,777
Revenue from fixed contract service fee	8,902	8,498	8,902	8,498
Other income- Manpower cost	23,730	11,864	23,730	11,864
Revenue	13,932,632	9,065,138	13,932,632	9,065,138
Sales of Fuel	370,015	176,013	370,015	176,013
Cost of fuel sold	304,944	139,053	304,944	139,053
Profit on Sales of Fuel	65,071	36,960	65,071	36,960

6. Other Expenses

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Other Expenses				
Consultant Expenses	300,976	231,586	147,784	231,586
Staff Training & Development Expenses	220,974	176,622	220,974	176,622
Office Lease & Related Expenses	691,951	779,780	691,951	779,780
Telephone & Internet Expenses	124,392	170,717	123,715	170,717
Travel & Expenses				
Local	191,674	166,297	155,533	166,297
Overseas	288,107	84,039	249,627	84,039
Motor Vehicle Expenses	47,890	44,875	47,890	44,875
General Overhead Expenses	490,585	860,737	458,226	753,761
Total	2,356,549	2,514,653	2,095,699	2,407,677

7. Income Tax

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Income tax				
Income tax expense:				
Current income tax:				
Current income tax charge	455,237	-	455,237	-
Deferred income tax:				
Relating to origination and reversal of temporary differences	(1,806,092)	-	-	-
Total tax expense reported in profit or loss	(1,350,855)	-	455,237	-

8. Property, plant & equipment

	Group				
	Leasehold Improvem ents	Plant & Equipment	Furniture , fixtures, & fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2017					
Cost:					
Balance at beginning of year	492,403	1,459,694	420,420	739,540	3,112,057
Additions	-	42,023	2,890	-	44,913
Balance at end of year	492,403	1,501,718	423,310	739,540	3,156,970
Depreciation:					
Balance at beginning of year	(475,847)	(690,750)	(365,986)	(424,886)	(1,957,468)
Charge for the period	(12,914)	(151,841)	(26,000)	(70,218)	(260,974)
Balance at end of year	(488,761)	(842,591)	(391,985)	(495,105)	(2,218,442)
Book value at beginning of year	16,556	768,945	54,434	314,653	1,154,588
Book value at end of year	3,642	659,127	31,325	244,436	938,528
Year ended 31 December 2016					
Cost:					
Balance at beginning of year	465,543	745,892	412,645	652,540	2,276,619
Additions	26,860	713,803	7,775	87,000	835,438
Balance at end of year	492,403	1,459,694	420,420	739,540	3,112,057
Depreciation:					
Balance at beginning of year	(369,822)	(514,527)	(296,669)	(309,333)	(1,490,351)
Charge for the period	(106,025)	(176,223)	(69,317)	(115,553)	(467,118)
Balance at end of year	(475,847)	(690,750)	(365,986)	(424,886)	(1,957,468)
Book value at beginning of year	95,721	231,365	115,976	343,206	786,268
Book value at end of year	16,556	768,945	54,434	314,653	1,154,588

	Company				
	Leasehold Improvements	Plant & Equipment	Furniture , fixtures, & fittings	Motor Vehicles	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2017					
Cost:					
Balance at beginning of year	492,403	1,459,694	420,420	739,540	3,112,057
Additions	-	31,773	2,550	-	34,323
Balance at end of year	492,403	1,491,468	422,970	739,540	3,146,380
Depreciation:					
Balance at beginning of year	(475,847)	(690,750)	(365,986)	(424,886)	(1,957,468)
Charge for the period	(12,914)	(149,053)	(25,943)	(70,218)	(258,129)
Balance at end of year	(488,761)	(839,803)	(391,929)	(495,105)	(2,215,598)
Book value at beginning of year	16,556	768,945	54,434	314,653	1,154,588
Book value at end of year	3,642	651,664	31,041	244,436	930,782
Year ended 31 December 2016					
Cost:					
Balance at beginning of year	465,543	745,892	412,645	652,540	2,276,619
Additions	26,860	713,803	7,775	87,000	835,438
Balance at end of year	492,403	1,459,694	420,420	739,540	3,112,057
Depreciation:					
Balance at beginning of year	(369,822)	(514,527)	(296,669)	(309,333)	(1,490,351)
Charge for the period	(106,025)	(176,223)	(69,317)	(115,553)	(467,118)
Balance at end of year	(475,847)	(690,750)	(365,986)	(424,886)	(1,957,468)
Book value at beginning of year	95,721	231,365	115,976	343,206	786,268
Book value at end of year	16,556	768,945	54,434	314,653	1,154,588

9. Intangible Assets

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cost:				
Balance at beginning of year	1,311,271	1,156,290	1,311,271	1,156,290
Additions	157,609	154,981	157,609	154,981
Balance at end of year	1,468,880	1,311,271	1,468,880	1,311,271
Amortization:				
Balance at beginning of year	(547,756)	(296,515)	(547,756)	(296,515)
Charge for period	(266,676)	(251,241)	(266,676)	(251,241)
Balance at end of year	(814,433)	(547,756)	(814,433)	(547,756)
Net Book Value at beginning of year	763,513	859,774	763,513	859,774
Net Book Value at end of year	654,447	763,513	654,447	763,513

10. Investment in Subsidiaries

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
The Company holds a 100% interest in a Timor - Leste incorporated entity, TIMOR GAP PSC 11-106, Unipessoal, Lda which was formed on 10 February 2012 at a cost of:	-	-	5,000	5,000
The Company holds a 100% interest in a dormant Timor - Leste incorporated entity, TIMOR GAP Marine Oil & Gas & Logistic Services, Unipessoal, Lda which was formed on 10 September 2014 at a cost of:	-	-	5,000	5,000
The Company holds a 100% interest in a Timor - Leste incorporated entity, TIMOR GAP Offshore Block, Unipessoal, Lda which was formed on 16 December 2015 at a cost of:	-	-	5,000	5,000
The Company holds a 100% interest in a Timor - Leste incorporated entity, TIMOR GAP Onshore Block, Unipessoal, Lda which was formed on 16 February 2016 at a cost of:	-	-	5,000	5,000
The Company holds a 100% interest	-	-	5,000	-

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
in a Timor - Leste incorporated entity, TIMOR GAP Onshore Block B, Unipessoal, Lda which was formed on 3 April 2017 at a cost of:				
The Company holds a 100% interest in a Timor - Leste incorporated entity, TIMOR GAP Onshore Block C, Unipessoal, Lda which was formed on 3 April 2017 at a cost of:	-	-	5,000	-
The Company holds a 100% interest in a Timor - Leste incorporated entity, TIMOR GAP Drilling Service, Unipessoal, Lda which was formed on 11 March 2017 at a cost of:	-	-	5,000	-
The Company holds a 100% interest in a Timor - Leste incorporated entity, TIMOR GAP Chuditch, Unipessoal, Lda which was formed on 3 April 2017 at a cost of:	-	-	5,000	-
			40,000	20,000
Disclosure of Subsidiary Company operations				
TIMOR GAP PSC 11-106, Unipessoal, Lda During 2013, the company entered into a Joint Operating Agreement with ENI JPDA 11-106 B.V. and Inpex Offshore Timor-Leste Ltd with respect to Contract Area JPDA 11-106 Joint Petroleum Development Area, Timor Sea. In terms of the agreement TIMOR GAP PSC 11-106, Unipessoal, Lda is not obligated to contribute to costs incurred for the joint account for its carried interest. Its share of such costs are borne by the carrying parties (ENI and Inpex) proportionately. Each carrying party will recover its prorated share of its costs, with an uplift, from TIMOR GAP PSC 11-106, Unipessoal, Lda after the Designated authority approves a development plan and subject to other conditions specified in the agreement. The company's share of the Joint Operating Agreement is				

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
24%.				
Total approved authority for expenditure	-	-	26,705,000	18,753,000
Unaudited expenditure incurred since commencement	-	-	(15,032,129)	(10,365,130)
Unspent at year end	-	-	11,672,871	8,387,870
TIMOR GAP Marine Oil & Gas & Logistic Services, Unipessoal, Lda During 2014, TIMOR GAP created a wholly owned subsidiary TIMOR GAP Marine Oil & Gas & Logistic Services, Unipessoal, Lda to provide general services for the marine industry and to render logistic and support services to the petroleum industry operating in the Timor Sea, Timor - Leste and elsewhere. The subsidiary is expected to not only manage but eventually own and operate supply vessels, tug boats, and general marine services required in the petroleum industry. This company is dormant till now.				
Total approved authority for expenditure	-	-	30,000	30,000
Unaudited expenditure incurred since commencement	-	-	(498)	(350)
Unspent at year end	-	-	29,502	29,650
TIMOR GAP Offshore Block, Unipessoal, Lda TIMOR GAP through its subsidiary TIMOR GAP Offshore Block, entered in its second Production Sharing Contract, a PSC for the block TL-SO-15-01 contract area of the Timor - Leste Exclusive Area. The PSC was signed on 23rd December 2015 and followed by the signing of Serviec Agreement with TGSS & BGP Geoexplorer to execute the 3D Seismic Survey for the contract area as part of the exploration work program.				
Total approved authority for expenditure	-	-	6,463,223	2,692,945
Unaudited expenditure incurred since	-	-	(3,623,107)	(2,373,966)

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
commencement				
Unspent at year end	-	-	2,840,116	318,979
TIMOR GAP Onshore Block, Unipessoal, Lda TIMOR GAP Onshore Block, Unipessoal, Lda is a 100% subsidiary of TIMOR GAP and the object of the company is to exploit hydrocarbon resources in TIMOR GAP Onshore Block.				
Total approved authority for expenditure	-	-	519,445	224,205
Unaudited expenditure incurred since commencement	-	-	(323,247)	(155,337)
Unspent at year end	-	-	196,198	68,868
TIMOR GAP Onshore Block B, Unipessoal, Lda TIMOR GAP Onshore Block B, Unipessoal, Lda is a 100% subsidiary of TIMOR GAP and the object of the company is to participate in oil exploration & production activities in Timor Leste. This company is dormant till now.				
Total approved authority for expenditure	-	-	110,375	-
Unaudited expenditure incurred since commencement	-	-	(65)	-
Unspent at year end	-	-	110,310	-
TIMOR GAP Onshore Block C, Unipessoal, Lda TIMOR GAP Onshore Block C, Unipessoal, Lda is a 100% subsidiary of TIMOR GAP and the object of the company is to participate in oil exploration & production activities in Timor Leste. This company is dormant till now.				
Total approved authority for expenditure	-	-	70,181	-
Unaudited expenditure incurred since commencement	-	-	(65)	-

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Unspent at year end	-	-	70,116	-
TIMOR GAP Drilling Service, Unipessoal, Lda TIMOR GAP Drilling Service, Unipessoal, Lda is a 100% subsidiary of TIMOR GAP and the object of the company is to provide drilling services and other related services for the oil & gas industry. This company is dormant till now.				
Total approved authority for expenditure	-	-	-	-
Unaudited expenditure incurred since commencement	-	-	(90)	-
Unspent at year end	-	-	(90)	-
TIMOR GAP Chuditch, Unipessoal, Lda TIMOR GAP Chuditch, Unipessoal, Lda is a 100% subsidiary of TIMOR GAP and the object of the company is to participate in exploration and exploitation activities in the JPDA, including exploration & production of crude oil and natural gas and respective sale activities. This company is dormant till now.				
Total approved authority for expenditure	-	-	50,000	-
Unaudited expenditure incurred since commencement	-	-	-	-
Unspent at year end	-	-	50,000	-

11. Investment in Associate

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
GAP MHS Aviation, Lda The Company holds a 60% interest in a Timor-Leste incorporated entity, GAP MHS Aviation Lda, and the remaining 40% interest is held by MHS Aviation (TL) Lda. The activities of GAP MHS Aviation Lda are to provide logistical and support services for the operations of MHS Aviation (TL) Lda who provide aviation services and facilities to other parties. The Group's interest in GAP MHS Aviation Lda is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investment in GAP MHS Aviation Lda:				
Current assets	632,197	2,123,731	-	-
Non-current assets	-	-	-	-
Current liabilities	(74,113)	(1,082,426)	-	-
Equity	558,084	1,041,305	-	-
Proportion of the Group's ownership	60%	60%	-	-
Carrying amount of the investment	334,850	624,783	-	-
Revenue	-	806,928	-	-
Cost of sales	-	(53,759)	-	-
Administrative expenses	(226,816)	(809,180)	-	-
Other income	13,932	-	-	-
Profit before tax	(212,884)	(56,012)	-	-
Income tax expense	-	(43,574)	-	-
Over provision of taxation for prior years written back	-	799,517	-	-
Profit for the year (continuing operations)	(212,884)	699,931	-	-
Group's share of profit for the year	(127,730)	419,959	-	-
The 60% interest held by TIMOR GAP, E.P. was acquired by the Company in July 2012 at a cost of:	-	-	3,000	3,000

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
TIMOR GAP Seismic Services, Unipessoal, Lda TIMOR GAP Seismic Services was established on 26 November 2015 through a joint venture agreement between TIMOR GAP, E.P. (60%) and BGP Geosplorer Pte Ltd. (40%). The purpose of establishing the company was to provide seismic survey services within the Timor - Leste's territory and foresee an expansion to overseas projects. The Group's interest in TIMOR GAP Seismic Services, Unipessoal, Lda is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in TIMOR GAP Seismic Services, Unipessoal, Lda:				
Current assets	32,278	5,000	-	-
Non-current assets	-	-	-	-
Current liabilities	(7,511)	-	-	-
Equity	24,767	5,000	-	-
Proportion of the Group's ownership	60%	60%	-	-
Carrying amount of the investment	14,860	3,000	-	-
Revenue	27,278	-	-	-
Cost of sales	-	-	-	-
Administrative expenses	(200)	-	-	-
Other income	-	-	-	-
Profit before tax	27,078	-	-	-
Income tax expense	(7,311)	-	-	-
Over provision of taxation for prior years written back	-	-	-	-
Profit for the year (continuing operations)	19,767	-	-	-
Group's share of profit for the year	11,860	-	-	-
The 60% interest held by TIMOR GAP, E.P. was acquired by the	-	-	3,000	3,000

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Company in November 2015 at a cost of:				
South Horizon Offshore Services, Unipessoal, Lda South Horizon Offshore Services was established on 25 March 2015 through a joint venture agreement between TIMOR GAP Marine Oil & Gas Logistic Services (51%) and Siglar Offshore Services Timor (49%). The object of the company is to provide support services to vessels and offshore facilities operating in the Timor Sea (both JPDA and TLEA), to own and operate offshore support vessels and to render any other services for the marine and oil & gas industry. The Group's interest in South Horizon Offshore Services, Unipessoal, Lda is accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarised financial information of the Group's investment in South Horizon Offshore Services, Unipessoal, Lda:				
Current assets	10,000	10,000	-	-
Non-current assets	-	-	-	-
Current liabilities	(400)	-	-	-
Equity	9,600	10,000	-	-
Proportion of the Group's ownership	51%	51%	-	-
Carrying amount of the investment	4,896	5,100	-	-
Revenue	-	-	-	-
Cost of sales	-	-	-	-
Administrative expenses	(400)	-	-	-
Other income	-	-	-	-
Profit before tax	(400)	-	-	-
Income tax expense	-	-	-	-
Over provision of taxation for prior years written back	-	-	-	-

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Profit for the year (continuing operations)	(400)	-	-	-
Group's share of profit for the year	(204)	-	-	-
The 60% interest held by TIMOR GAP Marine Oil & Gas Logistic Services was acquired by the Company in March 2015 at a cost of \$ 5,100.	-	-	-	-

12. Trade and Other Receivables

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Other receivables and prepayments	96,746	46,616	228,904	137,533
Refundable deposits	179,514	179,514	179,514	179,514
Loan receivable from subsidiaries:				
TIMOR GAP Offshore Block, Unipessoal, Lda	-	-	6,510,000	2,510,000
TIMOR GAP Onshore Block, Unipessoal, Lda	-	-	840,329	140,329
TIMOR GAP PSC 11-106, Unipessoal, Lda	-	-	650,116	368,954
Impairment of Loan Account	-	-	(268,954)	(268,954)
	276,260	226,130	8,139,909	3,067,376

13. Inventory

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Inventory - Suai Fuel Station (Diesel)	23,186	27,510	23,186	27,510
Inventory - Suai Fuel Station (ULP)	25,952	18,278	25,952	18,278
	49,138	45,788	49,138	45,788

14. Cash & Cash Equivalents

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash at Bank – ANZ Bank	2,258,336	1,036,209	1,066,776	727,381
Cash at Bank – ANZ Bank (Project Accounts)	808,130	-	808,130	-
Cash at Bank - Mandiri	371	619	371	619
Cash at Bank – BNCTL	100,804	44,017	100,804	44,017
Cash on hand (Petty Cash)	16,541	10,074	15,220	8,074
Cash at banks and on hand	3,184,183	1,090,918	1,991,301	780,090

15. Contributed Capital

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
The initial capital was subscribed and paid by appropriation from the General State budget of the Government of the Republic of Timor-Leste in the following tranches:				
- 1 December 2011	2,000,000	2,000,000	2,000,000	2,000,000
- 23 February 2012	500,000	500,000	500,000	500,000
	2,500,000	2,500,000	2,500,000	2,500,000

16. Trade and Other Payables

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Trade payables	292,723	77,512	292,723	77,512
Other payables	788,382	495,064	749,984	461,374
Withholding taxes payable	97,790	197,116	81,256	219,151
Amount owed to subsidiary company				
Timor Gap Marine Oil & Gas & Logistic Services, Unipessoal, Lda	-	-	-	4,000
Timor Gap Onshore Block B,	-	-	5,000	-

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Unipessoal, Lda				
Timor Gap Onshore Block C, Unipessoal, Lda	-	-	5,000	-
Timor Gap Drilling and Service, Unipessoal, Lda	-	-	2,500	-
Timor Gap Chuditch, Unipessoal, Lda	-	-	5,000	-
Amount owned to Associate company:				
Timor Gap Seismic Services, Unipessoal, Lda	3,000	-	3,000	-
South Horizon Offshore Services	5,100	-	-	-
	1,186,995	769,692	1,144,463	762,038

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and normally settled on 60 day terms
- Other payables are non-interest bearing and have an average term of 6 months

17. Unearned fixed contract service fees and advances

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Unearned fixed contract service fee at beginning of period	69,502	78,000	69,502	78,000
Contract fixed service fees earned based on the degree of completion of the projects	(8,902)	(8,498)	(8,902)	(8,498)
Unearned contract fixed fee at end of the year	60,600	69,502	60,600	69,502
Advances at beginning of period	1,030,770	1,018,341	1,030,770	1,018,341
Amounts disbursed and accruing to contractors	(136,712)	12,429	(136,712)	12,429
Advances at end of the year	894,058	1,030,770	894,058	1,030,770
Unearned contract fixed service fees and advances	954,658	1,100,272	954,658	1,100,272

18. Related Party Transactions

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Compensation of key management personnel:				
Salaries and annual allowance	930,227	829,558	705,793	653,772
Due by related parties:				
TIMOR GAP Offshore Block, Unipessoal, Lda	-	-	6,510,000	2,510,000
TIMOR GAP Onshore Block, Unipessoal, Lda	-	-	840,329	140,329
TIMOR GAP PSC 11-106, Unipessoal, Lda	-	-	650,116	368,954
Impairment of loan account	-	-	(268,954)	(268,954)
Due to related parties:				
Timor Gap Marine Oil & Gas & Logistic Services, Unipessoal, Lda	-	-	-	4,000
Timor Gap Onshore Block B, Unipessoal, Lda	-	-	5,000	-
Timor Gap Onshore Block C, Unipessoal, Lda	-	-	5,000	-
Timor Gap Drilling and Service, Unipessoal, Lda	-	-	2,500	-
Timor Gap Chuditch, Unipessoal, Lda	-	-	5,000	-
Timor Gap Seismic Services, Unipessoal, Lda	-	-	3,000	-

19. Financial Instruments

a) Financial risk management objectives and policies

The Group's principal financial instruments comprise receivables, payables, and cash. The Company manages its exposure to financial risks, in accordance with its policies. The objectives of the policies are to maximize the income to the Company whilst minimizing the downside risk.

The Company's activities expose it to normal commercial financial risk. The main risk arising from the Company financial instruments are foreign exchange risk, credit risk and liquidity risk. Risks are considered to be low.

Primary responsibility for the identification and control of financial risk rests with management under the authority of the TIMOR GAP, E.P. Board of Directors.

b) Net fair value of financial assets and liabilities

Cash and cash equivalents: The carrying amount approximates fair value because of their short-term maturity.

Trade and other receivables and trade and other payables: Their carrying amounts approximate fair value due to their short-term nature.

c) Foreign exchange risk

The Company generally operates using United States denominated currency held in US dollar bank account. TIMOR GAP, E.P. is exposed to foreign exchange risk with respect to the Australian Dollar arising primarily from amounts owing to suppliers denominated in foreign currencies.

d) Credit Risk

Credit risk arises from the financial assets of the company, which comprises cash and cash equivalents and trade and other receivables. The company's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure as at balance sheet date is addressed in each applicable note.

The Company has a significant concentration to credit risk through its cash and deposits with their international bank. The Company does not utilize banks debts.

e) Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity and the Company's subsequent ability to meet its obligations to repay its financial liabilities as and when they fall due.

The Company has a system of reducing its exposure to liquidity risk by monitoring its cash flows closely through rolling future cash flows and monitoring the ageing of receivables and payables.

f) Categories of Financial Instruments

The categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	Group		Company	
	2017	2016	2017	2016
Trade and other receivables	276,260	226,130	8,139,909	3,067,376
Cash and cash equivalents	3,184,183	1,090,918	1,991,301	780,090
Total financial assets	3,460,442	1,317,048	10,131,210	3,847,466
Financial liabilities				
Trade and other payables	1,186,995	769,692	1,144,463	762,038
Unearned contract fixed service fees and project advances	954,658	1,100,272	954,658	1,100,272
Total financial liabilities	2,141,653	1,869,964	2,099,120	1,862,309

g) Maturity of financial instruments

The table below details the Group's expect maturity for it non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. No interest will be earned as the company does not have surplus funds.

Financial assets	Group		Company	
	2017	2016	2017	2016
	1-3	1-3	1-3	1-3
	Months	Months	Months	Months
Trade and other receivables	276,260	226,130	8,139,909	3,067,376
Cash and cash equivalents	3,184,183	1,090,918	1,991,301	780,090
Total financial assets	3,460,442	1,317,048	10,131,210	3,847,466

The table below details the Group's financial guarantee contracts are for the maximum the Group could be forced to settle under the arrangement for the full guaranteed amount if the amount is claimed by the counterparty to the guarantee.

Financial liabilities	Group		Company	
	2017	2016	2017	2016
	3-12	3-12	3-12	3-12
	Months	Months	Months	Months
Trade and other payables	1,186,995	769,692	1,144,463	762,038
Unearned contract fixed service fees and project advances	954,658	1,100,272	954,658	1,100,272
Total financial liabilities	2,141,653	1,869,964	2,099,120	1,862,309

h) Financing Facilities

The Group is reliant on Government funding for its operations.

20. Contingent Liability

There is no contingent liability as on 31 December 2017.

21. Operating Lease Arrangements Leasing Arrangements

	Group		Company	
	2017	2016	2017	2016
	\$	\$	\$	\$
Operating leases relate to leases of office premises with lease terms of between 1 and 5 years. The operating lease contracts contain clauses for 5 yearly market rental reviews. The Company does not have an option to purchase the leased property at the expiry of the lease periods.				
Payments recognize as an expense				
Minimum Lease payments	573,301	578,611	573,301	578,611
Contingents rentals	-	-	-	-
Sub-lease payments received	-	-	-	-
	573,301	578,611	573,301	578,611
Non-cancelable operating lease commitments				
No Later than 1 year	584,767	573,301	584,767	573,301
Later than 1 year and not later than 5 Years	445,121	1,029,889	445,121	1,029,889
Later than 5 years	-	-	-	-
	1,029,889	1,603,190	1,029,889	1,603,190

22. Prior period expense

In the financial statements for the year 2017, the company has reported expenditure of \$ 159,891.68 which relates to the year 2016.

23. Going concern

The financial report has been prepared on the going concern basis, which assumes the realization of assets and the discharge of liabilities in the normal course of business. The company has earned a net profit of \$ 5,519,446 (Group: \$ 2,864,880) for the year ended 31 December 2017.

The ability of the company and the group to continue as going concerns is dependent on the receipt of government grants to fund their operations.

The company is engaged in developing the petroleum industry and therefore evaluating identified investment opportunities and opportunities that are brought to its attention. This creates a degree of unpredictability in forecasting expenditure.

As a result of the above matters there is material uncertainty as to the ability of the company and the group to continue as going concerns and, therefore, whether they will realize their assets and discharge their liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be necessary should the company and the group not continue as going concerns.



Lochan & Co.
Chartered Accountants