Nexia TS NEXIA INTERNATIONAL

INTERRA RESOURCES LIMITED AND ITS SUBSIDIARIES

(Incorporated in the Republic of Singapore)
(Company Registration No.197300166Z)

Annual Report for the Financial Year Ended 31 December 2009

Associated With
Smith & Williamson

Nexia TS Public Accounting Corporation
UEN: 20050723N
Incorporated with limited liability
Nexia TS is a member of Nexia International, an international network of independent accounting and consulting firms.

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Singapore Shanghai

The directors present their report to the members together with the audited balance sheet of the Company and financial statements of the Group for the financial year ended 31 December 2009.

Directorate

The directors of the Company at the date of this report are:

Edwin Soeryadjaya	(Chairman)
Sandiaga Salahuddin Uno	(Deputy Chairman)
Tjia Marcel Han Liong	(Appointed on 20 June 2009)
Subianto Arpan Sumodikoro	
Allan Charles Buckler	
Ng Soon Kai	
Crescento Hermawan	(Alternate to Subianto Arpan Sumodikoro)
Lim Hock San	(Resigned on 31 December 2009)
Luke Christopher Targett	(Resigned on 19 June 2009)

Arrangements for Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed under "Share Options" on pages 3 and 4 of this report.

Directors' Interests in Shares or Debentures

(a) According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the particulars of interests of directors who held office at the end of the financial year in shares or debentures of the Company and of related corporations other than wholly-owned subsidiaries were as follows:

	Number of ordinary shares in the name of director or nominee		Number of ordinary shares in which the director is deemed to have an interest	
	At end of the financial year	At beginning of the financial year	At end of the financial year	At beginning of the financial year
The Company				
Edwin Soeryadjaya	-	-	39,948,000	39,958,000
Sandiaga Salahuddin Uno	-	-	39,948,000	39,958,000
Luke Christopher Targett (resigned on 19 June 2009)	-	40,000	-	-
Subianto Arpan Sumodikoro	-	-	30,000,000	30,000,000
Allan Charles Buckler	3,945,600	3,945,600	-	-

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures of the Company or related corporations either at the beginning of the financial year or at the end of the financial year.

Directors' Interests in Shares or Debentures (Cont'd)

(b) According to the register of directors' shareholdings, certain directors holding office at the end of the financial year had interests in options to subscribe for ordinary shares of the Company granted pursuant to the Interra Share Option Plan as set out below are under "Share Options" on pages 3 and 4 of this report.

	Number of unissued ordinary shares under option	
	At end of the financial year	At beginning of the financial year
Luke Christopher Targett		
2008 Options	-	700,000

On 19 June 2009, Chief Executive Officer and Executive Director, Luke Christopher Targett resigned after the expiry of his service contract and the 2008 Options granted to him lapsed on the same date.

(c) Except as disclosed above, there was no change in any of the above-mentioned interests in the Company or related corporations between the end of the financial year and 21 January 2010.

Directors' Contractual Benefits

Except as disclosed in the accompanying financial statements and in this report, since the end of previous financial year, no director of the Company had received or become entitled to receive a benefit (other than as disclosed as directors' remuneration and fees in the accompanying financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share Options

(a) Interra Share Option Plan

The Interra Share Option Plan (the "Plan") for key executives and other employees of the Group was approved by members of the Company at an Extraordinary General Meeting on 30 April 2007.

The Plan provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Group.

Under the Plan, options to subscribe for the ordinary shares of the Company are granted to key management personnel and employees after taking into account criteria such as the rank, job performance, years of service, potential for future development, contribution to the success and development of the Group and the prevailing market and economic conditions. The exercise price of the options is determined at the average of the closing prices of the Company's ordinary shares as quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST") for five market days immediately preceding the date of the grant or a price which is set at a premium to the market price, the quantum of such premium to be determined by the Remuneration Committee in its absolute discretion (amended and approved by SGX-ST on 26 December 2007). The vesting of the options is conditional on the participant completing another two years of service to the Group. Once the options are vested, they are exercisable for a period of three years. The options may be exercised in full or in part in respect of 1,000 shares or a multiple thereof, on the payment of the exercise price. There will be no restriction on the eligibility of any participant to participate in any other share option plan or share incentive plan implemented by any other companies within the Group. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share Options (Cont'd)

The aggregate number of shares over which options may be granted on any date, when added to the number of shares issued and issuable in respect of all options granted under the Plan, shall not exceed 5% of the issued share capital of the Company on the day preceding that date.

The Plan became operative upon the Company granting options to subscribe for 1,200,000 ordinary shares of the Company on 3 March 2008 ("2008 Options"). On 3 March 2008, the Company granted options to subscribe for 600,000 ordinary shares at an exercise price of S$0.45 per share and 600,000 ordinary shares at an exercise price of S$0.55 per share. The 2008 Options are exercisable from 4 March 2010 and expires on 2 March 2013. The total fair value of the 2008 Options granted was estimated to be S$49,448 (US$35,461) using the Binomial Option Pricing Model.

On 19 June 2009, Chief Executive Officer and Executive Director, Luke Christopher Targett resigned after the expiry of his service contract and the 2008 Options granted to him lapsed on the same date. Consequently, the share option expenses recognised previously was reversed from the share option reserve to the statement of comprehensive income. As at 30 June 2009, the total fair value of the 2008 Options granted and still valid was estimated to be S$20,603 (US$14,776). Details of the options granted to Chief Executive Officer and Executive Director, Luke Christopher Targett and Chief Technical Officer, Frank Overall Hollinger of the Company are as follows:

	Number of unissued ordinary shares of the Company under option			
	Aggregate granted since the commencement of plan to end of the financial year	**Aggregate forfeited at end of the financial year**	**Aggregate exercise since the commencement of plan to end of the financial year**	**Aggregate outstanding at the end of the financial year**
Luke Christopher Targett	-	700,000	-	-
Frank Overall Hollinger	500,000	-	-	500,000

No options have been granted to controlling shareholders of the Company or their associates (as defined in the Listing Manual of the SGX-ST).

No participant under the Plan has received 5% or more of the total number of shares under option available under the Plan.

(b) Share Options Outstanding

The number of unissued ordinary shares of the Company under option in relation to the Plan outstanding at the end of the financial year as follows:

Share Options (Cont'd)

	Number of unissued ordinary shares under option				
	At beginning of the financial year	Forfeited end of the financial year	At end of the financial year	Exercise price	Exercise period
Luke Christopher Targett	350,000	350,000	-	S$0.45	-
	350,000	350,000	-	S$0.55	-
Frank Overall Hollinger	250,000	-	250,000	S$0.45	4 March 2010 to 2 March 2013
	250,000	-	250,000	S$0.55	4 March 2010 to 2 March 2013

Audit Committee

The members of the Audit Committee during the financial year and at the date of this report are as follows:
Allan Charles Buckler (Chairman)*
Ng Soon Kai
Sandiaga Salahuddin Uno
Lim Hock San (Resigned on 31 December 2009)

* On 3 February 2010, Mr Allan Charles Buckler was re-designated as Chairman of the Audit Committee.

The Audit Committee carried out its function in accordance with Section 201B(5) of the Singapore Companies Act. The nature and extent of the functions performed by the Audit Committee are further described in the Corporate Governance Report.

The Audit Committee has recommended to the Board of Directors that Nexia TS Public Accounting Corporation be nominated for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has indicated its willingness to accept re-appointment.

On behalf of the Board of Directors

Edwin Soeryadjaya
Director

Tjia Marcel Han Liong
Director

Singapore

19 March 2010

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 9 to 56 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Edwin Soeryadjaya
Director

Tjia Marcel Han Liong
Director

Singapore

19 March 2010

Independent Auditors' Report to the Members of Interra Resources Limited

We have audited the accompanying financial statements of Interra Resources Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 9 to 56, which comprise the balance sheets of the Company and of the Group as at 31 December 2009, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) Devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets;

(b) Selecting and applying appropriate accounting policies; and

(c) Making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to 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 entity'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 entity's internal controls. 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 opinion.

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Singapore Shanghai

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Independent Auditors' Report to the Members of Interra Resources Limited (Cont'd)

Opinion

In our opinion,

(a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009, and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants
Director-in-charge: Kristin YS Kim
Appointed since financial year ended 31 December 2006

Singapore

19 March 2010

		Company		Group	
	Note	**2009**	**2008**	**2009**	**2008**
		US$	**US$**	**US$**	**US$**
ASSETS					
Non-current assets					
Property, plant and equipment	4	**39,063**	76,629	**1,700,596**	1,790,043
Exploration, evaluation and development costs	5	**-**	-	**12,650,624**	10,540,075
Intangible assets	6	**4,060**	6,713	**6,124,208**	5,414,818
Investments in subsidiaries	7	**20,240,156**	18,614,952	**-**	-
Club membership	9	**-**	4,570	**-**	4,570
		20,283,279	18,702,864	**20,475,428**	17,749,506
Current assets					
Financial assets, at fair value through profit or loss	10	**-**	-	**551,178**	436,014
Inventories	11	**-**	-	**1,975,955**	1,746,355
Trade and other receivables	12	**19,152**	20,000	**4,653,510**	6,015,478
Deposits and prepayments	13	**57,421**	114,020	**252,437**	712,383
Cash and cash equivalents	14	**12,142,663**	12,212,864	**17,341,138**	17,256,829
		12,219,236	12,346,884	**24,774,218**	26,167,059
Total Assets		**32,502,515**	31,049,748	**45,249,646**	43,916,565
LIABILITIES					
Current liabilities					
Trade and other payables	15	**533,524**	528,522	**4,550,291**	5,129,640
Current income tax liabilities	16	**(11,428)**	40,564	**4,702,979**	4,258,452
		522,096	569,086	**9,253,270**	9,388,092
Non-current liabilities					
Provision for environmental and restoration costs	18	**-**	-	**684,106**	517,989
Total Liabilities		**522,096**	569,086	**9,937,376**	9,906,081
NET ASSETS		**31,980,419**	30,480,662	**35,312,270**	34,010,484
EQUITY					
Share capital	20	**40,108,575**	40,108,575	**40,108,575**	40,108,575
Reserves	22	**(8,128,156)**	(9,627,913)	**(4,796,305)**	(6,098,091)
TOTAL EQUITY		**31,980,419**	30,480,662	**35,312,270**	34,010,484

The accompanying notes form an integral part of these financial statements.

	Note	2009 US$	2008 US$
Revenue	24	**12,617,083**	17,479,459
Cost of production	26	**(9,181,711)**	(10,707,967)
Gross profit		**3,435,372**	6,771,492
Other gain, net	25	**4,263,011**	576,596
Administrative expenses	26	**(5,442,702)**	(3,900,728)
Finance costs	28	**-**	(88,848)
Profit before income tax		**2,255,681**	3,358,512
Income tax expense	17	**(777,727)**	(1,662,564)
Profit after income tax		**1,477,954**	1,695,948
Other comprehensive income			
Financial assets, available-for-sale			
- Transfer to statement of comprehensive income on disposal		**-**	(29,132)
Currency translation difference of financial statements of foreign subsidiary		**(174,963)**	34,739
		(174,963)	5,607
Total comprehensive income for the year		**1,302,991**	1,701,555
Attributable to:			
Equity holders of the Company		**1,477,954**	1,695,948
Earnings per share (cents)			
- Basic	29	**0.575**	0.660
- Fully diluted	29	**0.575**	0.660

The accompanying notes form an integral part of these financial statements.

		Attributable to equity holders of the Company						
Group	**Note**	**Share Capital US$**	**Foreign Currency Translation Reserve US$**	**Special Reserves US$**	**Fair Value Reserves US$**	**Share Option Reserves US$**	**Retained Earnings US$**	**Total Equity US$**
At 1 January 2009		**40,108,575**	**(1,128,345)**	**(16,544,140)**	**-**	**14,707**	**11,559,687**	**34,010,484**
Employee share option plan - value of employee services	**22(c)**	**-**	**-**	**-**	**-**	**(1,205)**	**-**	**(1,205)**
Total comprehensive income for the year		**-**	**(174,963)**	**-**	**-**	**-**	**1,477,954**	**1,302,991**
At 31 December 2009		**40,108,575**	**(1,303,308)**	**(16,544,140)**	**-**	**13,502**	**13,037,641**	**35,312,270**
At 1 January 2008		40,108,575	(1,163,084)	(16,544,140)	29,132	-	10,807,605	33,238,088
Employee share option plan - value of employee services	22(c)	-	-	-	-	14,707	-	14,707
Dividends relating to FY 2007 paid	23	-	-	-	-	-	(943,866)	(943,866)
Total comprehensive income for the year		-	34,739	-	(29,132)	-	1,695,948	1,701,555
At 31 December 2008		40,108,575	(1,128,345)	(16,544,140)	-	14,707	11,559,687	34,010,484

The accompanying notes form an integral part of these financial statements.

	Note	2009 US$	2008 US$
Cash flows from operating activities			
Profit before income tax		**2,255,681**	3,358,512
Adjustments for non-cash items			
Depreciation of property, plant and equipment	4	**874,175**	543,849
Amortisation of:			
- Exploration, evaluation and development costs	5	**1,031,318**	1,130,745
- Concession rights	6	**8,187**	8,187
- Computer software	6	**40,793**	10,600
- Participating rights	6	**169,200**	169,200
Impairment of exploration, evaluation and development costs	5	**1,798,744**	-
Impairment of concession rights	6	**242,160**	-
Interest income	25	**(95,794)**	(513,068)
Interest expense	28	**-**	88,848
Exchange difference		**(330,618)**	233,579
Net gain on disposal of financial assets, at fair value through profit or loss	25	**(90,284)**	-
Net gain on disposal of club membership	25	**(95)**	-
Net gain on disposal of property, plant and equipment	25	**(874)**	-
Fixed asset written off		**165**	-
Write-back of impairment of exploration, evaluation and development costs	5	**(2,081,000)**	-
Write-back of impairment of trade receivables	12	**(919,000)**	-
Financial assets, at fair value through profit or loss			
– fair value (gain) / loss	25	**(596,613)**	101,764
Financial assets, available-for-sale			
– transfer from equity on disposal	25	**-**	(29,132)
Net gain on disposal of financial assets, available-for-sale	25	**-**	(180,880)
Operating profit before working capital changes		**2,306,145**	4,922,204
Changes in working capital:			
Inventories		**(229,600)**	(671,027)
Trade and other receivables		**2,741,236**	(1,513,288)
Trade and other payables		**(1,327,919)**	417,643
Accrued operating expenses		**47,470**	(108,641)
Provision for environmental and restoration costs		**166,117**	223,660
Cash generated from operations		**3,703,449**	3,270,551
Income tax paid	16	**(332,087)**	(1,255,245)
Net cash provided by operating activities		**3,371,362**	2,015,306

	Note	2009 US$	2008 US$
Cash flows from investing activities			
Interest income received		**104,110**	557,366
Fixed deposit released as collateral for bankers' guarantees, net		**150,000**	1,227,000
Net proceeds from disposal of property, plant and equipment		**966**	-
Net proceeds from disposal of club membership		**5,085**	
Net proceeds from disposal of financial assets, at fair value through profit or loss	10	**571,733**	-
Net proceeds from disposal of financial assets, available-for-sale		**-**	1,210,012
Purchase of financial assets, at fair value through profit or loss	10	**-**	(537,778)
Acquisition cost for exploration concession in Australia		**(342,324)**	-
Capital expenditure			
- Purchase of property, plant and equipment	4	**(409,009)**	(1,306,639)
- Purchase of computer software	6	**(26,250)**	(81,186)
- Well drillings and improvements	5	**(1,442,629)**	(3,537,679)
- Geological and geophysical studies	5	**(1,751,811)**	(730,527)
Net cash used in investing activities		**(3,140,129)**	(3,199,431)
Cash flows from financing activities			
Repayment of loan from a director		**-**	(1,401,843)
Repayment of loan from a substantial shareholder		**-**	(1,489,458)
Repayment of loan from a third party		**-**	(1,489,458)
Dividend paid	23	**-**	(943,866)
Net cash used in financing activities		**-**	(5,324,625)
Net increase / (decrease) in cash and cash equivalents		**231,233**	(6,508,750)
Cash and cash equivalents			
Beginning of the financial year	14	**14,296,829**	20,806,495
Effects of currency translation on cash and cash equivalents		**3,076**	(916)
End of the financial year	14	**14,531,138**	14,296,829

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Interra Resources Limited (the "Company") is a company incorporated in the Republic of Singapore and is publicly traded on the Catalist in the Singapore Exchange Securities Trading Limited ("SGX-ST") being the primary exchange and the Australian Securities Exchange ("ASX") being the secondary exchange. The address of its registered office is at 61 Stamford Road, #04-06 Stamford Court Singapore 178892. The Company registration number is 197300166Z and the Australian registered body number is 129 575 275.

The principal activity of the Company is that of investment holding.

The principal activities, country of incorporation and place of operation of the subsidiaries and joint ventures are set out in Note 7 to the financial statements respectively. During the year, a new subsidiary, Interra Resources (Australia) Pte. Ltd. is incorporated on 30 October 2009. The principal activity is the exploration and operation of oil fields for crude petroleum production.

The consolidated financial statements relate to the Company and its subsidiaries (the "Group") and the Group's interests in joint ventures.

2. Summary of Significant Accounting Policies

The significant accounting policies which have been consistently applied in the preparation of the financial statements of the Group and of the Company are as follows:

(a) Basis of Preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). The financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2009

On 1 January 2009, the Group adopted the following new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

2. Summary of Significant Accounting Policies (Cont'd)

The following are the new or amended FRS and INT FRS that are relevant to the Group:-

FRS 1 (revised) Presentation of financial statements (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 January 2008 in the current financial year.

FRS 108 Operating segments (effective from 1 January 2009) replaces FRS 14 Segment reporting, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

Amendment to FRS 107 Improving disclosures about financial statements (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy (see Note 32). The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

(b) Group Accounting

(i) Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses. Subsidiaries are consolidated with the Company in the Group's financial statements. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

On 10 July 2003, the Company became the legal parent of Goldwater Company Limited ("Goldwater") as part of its restructuring process. The shareholders of Goldwater became the majority shareholders of the Company with 76.18% of the enlarged share capital before the placement exercise. Further, the Company's continuing operations and executive management were those of Goldwater. Accordingly, the substance of the business combination was that Goldwater acquired the Company in a reverse acquisition. As a result of applying the reverse acquisition accounting, the Group's consolidated financial statements reflect the continuation of the financial statements of its legal subsidiary, Goldwater.

(ii) Joint Ventures

Joint ventures are entities over which the Group has contractual arrangements to jointly share the control with one or more parties. The Group's interests in joint ventures are accounted for in the consolidated financial statements by proportionate consolidation.

2. Summary of Significant Accounting Policies (Cont'd)

Proportionate consolidation involves combining the Group's share of joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture to the extent that it is attributable to the other venturers. The Group does not recognise its share of results from the joint venture that arises from its purchase of assets from the joint venture until the Group resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the current assets or an impairment loss.

(c) Intangible Assets

(i) Goodwill on Reverse Acquisition

Goodwill arising from reverse acquisition represents the excess of the deemed cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less impairment losses. Goodwill is tested for its impairment annually or more frequently if events or changes in circumstances indicate that the goodwill might be impaired.

(ii) Participating Rights for TAC TMT

Participating rights represent the excess of the fair value of the identifiable assets acquired and the liabilities assumed over the cost of acquisition of the 70% interest in the Technical Assistance Contract for Tanjung Miring Timur ("TAC TMT"). Participating rights are amortised on a straight line basis from the date of initial recognition over the remaining period of TAC TMT.

(iii) Participating Rights for Petroleum Concession Agreements ("PCAs") and Petroleum Exploration Permit ("PEP")

Participating rights represent the excess of the fair value of the identifiable assets acquired and the liabilities assumed over the cost of acquisition of the 50% interests in the PCAs in Thailand and PEP in Australia. Participating rights are amortised on a straight line basis from the date of initial recognition over the remaining period of PCAs and PEP in upon successful exploration.

(iv) Intangible Benefits

Intangible benefits are capitalised and amortised on a straight line basis over their remaining useful life.

(v) Concession Rights

Concession rights are capitalised and amortised on a straight line basis over their remaining useful life.

(vi) Computer Software

Computer software is capitalised and amortised on a straight line basis over its useful life of 3 to 4 years.

2. Summary of Significant Accounting Policies (Cont'd)

(d) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. When assets are sold or retired, their costs and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Depreciation

Depreciation is provided for all property, plant and equipment on a straight-line basis so as to write off the cost of these assets over the following estimated useful life:

Pumping tools	4 years
Drilling and field equipment	4 years
Computers	3 years
Office equipment	3 years
Renovations, furniture and fittings	2 to 3 years

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the statement of comprehensive income when incurred.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income.

(e) Exploration, Evaluation and Development Costs

(i) Exploration and Evaluation Phase

Exploration and evaluation costs are accumulated in respect of each area of interest. Exploration and evaluation costs include the cost of acquisition, drilling, seismic, technical evaluation and feasibility studies and include manpower and associated overhead charges incurred during the initial study period.

Exploration, evaluation and development costs are carried forward to where the right to tenure of the area of interest is current and they are expected to be recouped through successful development and exploitation of the area of interest, or where activities in the area of interest have not yet reached a stage that allows reasonable assessment of the existence of economically recoverable reserves.

Costs of evaluation and unsuccessful exploration in areas of interest where economically recoverable reserves do not currently exist (or is held under Retention Lease or equivalent) are expensed as incurred even if facilities in this area of interest are continuing. When an area of interest is abandoned or the directors decide that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of a financial period and accumulated costs written off to the extent that they will not be recoverable. Each potential or recognised area of interest is evaluated as and when the management deems there are indications of significant change in the oil reserves.

2. Summary of Significant Accounting Policies (Cont'd)

(ii) Development and Production Phase

Development costs are only incurred within an area of interest as a component of a commercial development phase only upon commitment to a commercial development.

Recoverable costs included in the production phase represent costs recoverable under the production sharing type of petroleum contracts. Under these contracts, cost is recoverable monthly to the extent and out of a maximum allowable depending on the production output. Any excess expenses not recovered for the period are carried forward to the extent where they may be recouped in the following periods. The carrying amount of the recoverable cost is reviewed to determine whether there is any indication of impairment. Capitalisation of recoverable cost will cease if there is such indication.

(iii) Amortisation

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs will be amortised on a units of production basis over the life of the economically recoverable reserves.

Capitalised recoverable costs are amortised on a units of production basis over the life of the reserves.

(f) Impairment of Non-Financial Assets

(i) Goodwill

Goodwill is reviewed for impairment whenever there is an indication that the assets may be impaired or at least once a year.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") which are expected to benefit from synergies of the business combination. An impairment loss is recognised in the statement of comprehensive income when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and value-in-use. The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

Impairment loss on goodwill is not reversed in a subsequent period.

(ii) Non-Financial Assets other than Goodwill

Intangible assets, exploration, evaluation and development costs, property, plant and equipment and investments in subsidiaries and joint ventures are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

2. Summary of Significant Accounting Policies (Cont'd)

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If that is the case the recoverable amount is determined for the CGU to which the asset belongs. When estimating these future cash flows, the Company makes reasonable and supportable assumptions based on a range of economic conditions that will exist over the remaining useful life of the asset. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income.

(g) Payables

Trade and other payables, and interest-bearing liabilities are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest method.

(h) Provisions

A provision is recognised in the balance sheet when the Company or the Group has a legal constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for onerous contracts is recognised when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

(i) Income Taxes

(i) Current Income Tax

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities.

(ii) Deferred Income Tax

Deferred income tax is recognised for all temporary difference except when the deferred income tax arises from the initial recognition of an asset or liability affects neither accounting nor taxable profit or loss at the time of the transaction.

2. Summary of Significant Accounting Policies (Cont'd)

Current and deferred income taxes are measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date and are recognised as income or expenses in the statement of comprehensive income for the period, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

(j) Borrowings and Finance Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are de-recognised as well as through the amortisation process.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Interest expense and similar charges are expensed in the statement of comprehensive income in the period in which they are incurred, except to the extent that they are being capitalised as part of a cost that is directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All borrowing costs are recognised in the statement of comprehensive income using the effective interest method.

(k) Environmental and Restoration Expenditure

Liabilities for environmental remediation resulting from past operations or events are recognised in the period in which an obligation to a third party arises and the amount can be reasonably estimated.

The environmental and restoration expenditure is accumulated using the units of production basis. Subsequent revisions to the environmental and restoration expenditure are considered as a change in estimates and will be accounted for on a prospective basis.

(l) Employee Benefits

(i) Post Employment Benefits

The Group and its joint ventures operate both defined benefit and defined contribution post-employment benefit plans.

Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group and its joint ventures pay fixed contributions to entities such as the Central Provident Fund ("CPF") Board on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions are paid. The Group's contributions are recognised as employee compensation expense when they are due.

Defined Benefit Plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive upon or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

2. Summary of Significant Accounting Policies (Cont'd)

The liability recognised in the balance sheet in respect of defined benefits plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is estimated using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency and the country in which the benefits will be paid, and have tenures approximating to that of the post-employment benefit obligations.

Past service costs are recognised immediately in the statement of comprehensive income. If there is a change to the plan which is conditional on the employee remaining in service for a specified period of time (the vesting period), the past service costs are amortised on a straight-line basis over the vesting period.

(ii) Employee Leave Entitlements

Employee entitlements to annual leave are recognised when accrued to employees. An accrual is made for the estimated liabilities for annual leave as a result of services rendered up to the balance sheet.

(iii) Share-based Compensation

The share option plan allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense in the statement of comprehensive income with a corresponding increase in the share option reserve over the vesting period. The fair value is measured at grant value and spread over the period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expenses and in a corresponding adjustment to equity over the remaining vesting period.

When the options are exercised, the proceeds received net of any directly attributable transaction costs are credited to share capital accounts when new ordinary shares are issued.

(m) Financial Assets

The Group's and Company's financial assets which are within the scope of FRS 39 are classified in the following categories: loans and receivables, financial assets, available-for-sale and at fair value through profit or loss. The classification depends on the purpose for which the assets were acquired. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provision of the financial instrument. The Group and the Company determine the classification of the financial assets after initial recognition and, where allowed and appropriate, re-evaluate this designation at each financial year end. The designation of financial assets at fair value through profit or loss is irrevocable.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

2. Summary of Significant Accounting Policies (Cont'd)

Loans and receivables, including trade and other receivables, are initially recognised at fair value and subsequently at fair value less allowances for impairment.

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(ii) Financial Assets, Available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories within the scope of FRS 39. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

Financial assets, available-for-sale are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Unrealised gains and losses arising from the changes in the fair value of the financial assets, available-for-sale are recognised in the fair value reserves within equity. When financial assets, available-for-sale are sold the accumulated fair value adjustments recognised in the fair value reserves within equity are reversed to the statement of comprehensive income.

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired. The impairment amount charged to the statement of comprehensive income shall be the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income. This impairment loss shall not be reversed through the statement of comprehensive income.

(iii) Financial Assets, At Fair Value through Profit or Loss

Financial assets designated as fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis, in accordance with a documented Group investment strategy. Assets in this category are presented as current assets.

Financial assets, at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. Transaction costs are recognised immediately in the statement of comprehensive income.

Changes in the fair values of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the statement of comprehensive income when the changes arise.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, bank balances, fixed deposits and fixed deposits as collateral for bankers' guarantees which are subject to an insignificant risk of change in value. For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents are presented net of bank overdrafts (if any) which are repayable on demand and which form an integral part of the Group's cash management.

2. Summary of Significant Accounting Policies (Cont'd)

(o) Inventories

Inventories comprise mainly consumable stocks which are stated at the lower of cost and net realisable value. Cost is determined by applying the first-in-first-out basis.

(p) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably. Revenue is recognised in the statement of comprehensive as follows:

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and it can be reliably measured.

(ii) Interest Income

Interest income from bank deposits and advances made to subsidiaries are accrued on a time basis, by reference to the principal outstanding and the interest the applicable.

(iii) Dividend Income

Dividend income from subsidiaries is recognised when the right to receive payment is established.

(iv) Management and Petroleum Services Fees

Management and petroleum services fees are recognised upon the rendering of management and consultation services to and the acceptance by subsidiaries and joint ventures.

(q) Foreign Currency Translation

(i) Functional and Presentation Currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The financial statements are presented in United States Dollars, which is the functional and presentation currency of the Group.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into the functional currency at the exchange rate prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at financial year end exchange rates of monetary assets and liabilities denominated in foreign currencies, are taken to the statement of comprehensive income.

2. Summary of Significant Accounting Policies (Cont'd)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(iii) Translation of Group Entities' Financial Statements

The results and financial position of Group entities that are in functional currencies other than United States Dollars are translated into United States Dollars on the following basis:

(1) Assets and liabilities for each balance sheet presented are translated at the rate of exchange approximating those ruling at the balance sheet date;

(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(3) All resulting foreign currency translation differences are taken into the shareholders' equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

(r) Operating Leases

Leases of property, plant and equipment where a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of comprehensive income on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in the statement of comprehensive income in the financial period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial period in which termination takes place.

(s) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors ("BOD") whose members are responsible for allocating resources and assessing performance of the operating segments.

(t) Dividends to Company's Shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

3. Critical Accounting Estimates, Assumptions and Judgements

Estimates, assumptions concerning the future and judgements are made in preparation of the financial statements. They affect the application of the Group's accounting policies and the reported amounts of the financial statements and disclosures made. They are assessed on an on-going basis and are based on experience, relevant factors and conditions including current and the expectation of future events that are believed to be reasonable under the circumstances.

Key Sources of Estimating Uncertainty

(a) Petroleum Reserves

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows including many factors beyond the Group's control. Evaluation of reserves and cash flows includes a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future petroleum prices, future operating costs and government levies that may be imposed over the producing life of the reserves. Many of these assumptions are subject to change and are beyond the Group's control. The determination of petroleum reserves has a significant impact on the future cash flows which will affect the production level and hence future sales. Petroleum reserves also affect the future amortisation rates of certain capitalised costs, such as exploration, evaluation and development costs. It also affects the future provision rates for the provision for environmental and restoration costs.

(b) Amortisation of Exploration, Evaluation and Development Costs

The amounts recorded for amortisation as well as the recovery of the carrying value of petroleum properties depend on the estimates of petroleum reserves and the useful lives of the related assets. The Group currently amortises exploration, evaluation and development costs using the units of production method against management's estimates of petroleum reserves. Changes in the petroleum reserves could impact future amortisation charges. Accordingly, there may be material adjustments to the carrying amount of the respective assets.

(c) Estimated Impairment of Exploration, Evaluation and Development Costs, Intangible Assets and Allowances for Impairment of Trade Receivables

The Group performs assessment of the carrying value of its assets on a regular basis. The recoverable amounts of CGU have been determined based on value-in-use calculations. These calculations require the use of estimates and key assumptions, *inter alia*, petroleum reserves, future crude oil prices, operating costs, capital expenditure and number of payments of invoices received by the Group in a year. Management has used the 2010 budgets which have been reviewed by the relevant joint ventures' Owner Committees and also past experience as a guide. The period beyond 2010 until the contracts expire assumes some drilling activities are undertaken to further develop the existing fields. The future cash flows are discounted using weighted average cost of capital of 10% per annum (a comparable rate used by other companies in the region and in the similar nature of business sector).

Actual results may ultimately differ from the estimates and key assumptions utilised in the calculations. Accordingly, there may be material adjustments to the carrying amount of the respective assets.

3. Critical Accounting Estimates, Assumptions and Judgements (Cont'd)

Although the number of collection of the trade receivables in Myanmar decreased slightly during 2009 compared to the previous year, the total amount collected increased significantly. Due to consistent higher payment in Myanmar, the management wrote back the impairment of exploration, evaluation and development costs of US$2,081,000 (see Note 5) and allowances for impairment of trade receivables of US$919,000 (see Note 12) as at 31 December 2009 in the consolidated balance sheet.

In addition, the Company wrote back the impairment on its investment in Goldwater Company Limited of US$2,510,067 (see Note 7) in 2009. However, this write back does not have any impact on Group's consolidated statement of comprehensive income as it is eliminated on consolidation.

If the management's estimated pre-tax discount rate applied to the discounted cash flows for the Myanmar and Indonesia's operations at 31 December 2009 are raised by 5%, the carrying amounts of exploration, evaluation and development costs and trade receivables for each operation would have been reduced in aggregate by approximate US$413,000 and US$1,089,000 respectively.

(d) Provision for Environmental and Restoration Costs

Environmental and restoration costs are a normal consequence of oil extraction and the majority of this expenditure is incurred at the end of a well's life or area of interest. In determining an appropriate level of provision, consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the wells), and the expected useful life of the areas of interest and wells. The ultimate cost of environmental and restoration is uncertain and costs can also vary in response to many factors including changes to the relevant legal requirements and the emergence of new restoration techniques or experience at other wells. The Group currently makes provisions for environmental and restoration costs using the units of production method. Changes in the petroleum reserves could impact future provision charges.

(e) Income Taxes

The Group is subjected to income tax mainly in Indonesia, Myanmar and Singapore. Significant judgement is required in determining the Group-wide provision for income taxes including capital allowances and deductibility of certain expenses. The Group has made the necessary tax provisions under the respective petroleum contracts. In FY 2009, the Group has not paid income tax in respect of Indonesian operations as there was still unrecovered cost pool. As for Myanmar operations, the Group paid the tax assessment for 2002 to 2004, and the prior year overprovision of US$209,627 (see Note 17) was reversed through the statement of comprehensive income. If the final tax outcome allows the deduction of unrecovered cost pools against profit oil, the actual tax expenses may be lower than the current tax provision. If such over provision occurs, it will be reversed when it is determined. Please also see Note 31(b) for contingent liabilities for possible capital gains tax in Myanmar.

4. Property, Plant and Equipment

Company	Computers US$	Office Equipment US$	Renovations, Furniture and Fittings US$	Total US$
2009				
Cost				
Opening balance	**124,225**	**4,426**	**80,824**	**209,475**
Additions	18,586	513	2,356	**21,455**
Disposals	(34,122)	(1,078)	(40,818)	**(76,018)**
Closing balance	**108,689**	**3,861**	**42,362**	**154,912**
Accumulated depreciation				
Opening balance	**68,290**	**4,426**	**60,130**	**132,846**
Charge	21,465	85	15,118	**36,668**
Disposals	(12,027)	(1,078)	(40,560)	**(53,665)**
Closing balance	**77,728**	**3,433**	**34,688**	**115,849**
Net book value as at 31 December 2009	**30,961**	**428**	**7,674**	**39,063**

	Computers US$	Office Equipment US$	Renovations, Furniture and Fittings US$	Total US$
2008				
Cost				
Opening balance	**81,698**	**4,426**	**80,824**	**166,948**
Additions	42,527	-	-	42,527
Closing balance	**124,225**	**4,426**	**80,824**	**209,475**
Accumulated depreciation				
Opening balance	**53,327**	**4,417**	**40,449**	**98,193**
Charge	14,963	9	19,681	34,653
Closing balance	**68,290**	**4,426**	**60,130**	**132,846**
Net book value as at 31 December 2008	**55,935**	**-**	**20,694**	**76,629**

4. Property, Plant and Equipment (Cont'd)

Group	Computers US$	Office Equipment US$	Renovations, Furniture and Fittings US$	Pumping Tools US$	Drilling and Field Equipment US$	Total US$
2009						
Cost						
Opening balance	**202,009**	**34,060**	**172,336**	**2,063,944**	**1,858,726**	**4,331,075**
Additions	35,261	1,065	14,727	501,310	20,222	572,585
Transfer from asset under construction	-	-	-	-	375,664	375,664
Adjustment	-	-	-	-	(120,541)	(120,541)
Disposals	(46,169)	(5,029)	(49,580)	-	-	(100,778)
Foreign currency realignment	464	55	113	-	-	632
Closing balance	**191,565**	**30,151**	**137,596**	**2,565,254**	**2,134,071**	**5,058,637**
Accumulated depreciation						
Opening balance	**95,550**	**24,113**	**74,988**	**1,041,111**	**1,305,270**	**2,541,032**
Charge	42,048	2,011	25,171	515,196	289,749	874,175
Disposals	(15,847)	(1,078)	(40,560)	-	-	(57,485)
Foreign currency realignment	156	50	113	-	-	319
Closing balance	**121,907**	**25,096**	**59,712**	**1,556,307**	**1,595,019**	**3,358,041**
Net book value as at 31 December 2009	**69,658**	**5,055**	**77,884**	**1,008,947**	**539,052**	**1,700,596**
2008						
Cost						
Opening balance	**108,440**	**23,708**	**87,753**	**1,063,557**	**1,742,388**	**3,025,846**
Additions	93,878	10,612	85,424	1,000,387	116,338	1,306,639
Foreign currency realignment	(309)	(260)	(841)	-	-	(1,410)
Closing balance	**202,009**	**34,060**	**172,336**	**2,063,944**	**1,858,726**	**4,331,075**
Accumulated depreciation						
Opening balance	**71,567**	**21,062**	**44,826**	**870,368**	**989,430**	**1,997,253**
Charge	24,023	3,061	30,182	170,743	315,840	543,849
Foreign currency realignment	(40)	(10)	(20)	-	-	(70)
Closing balance	**95,550**	**24,113**	**74,988**	**1,041,111**	**1,305,270**	**2,541,032**
Net book value as at 31 December 2008	**106,459**	**9,947**	**97,348**	**1,022,833**	**553,456**	**1,790,043**

5. Exploration, Evaluation and Development Costs

	Exploration and Evaluation			Development and Production			
	Initial Joint Study Cost	Contractual Bonus	Exploration, Geological and Geophysical Costs	Asset under Construction	Completed Assets	Cost Recovery	Total
Group	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
2009							
Cost							
Opening balance	**1,890,616**	**598,298**	**1,756,741**	**147,931**	**15,214,180**	**4,249,173**	**23,856,939**
Additions	-	-	1,751,811	1,059,934	382,695	-	3,194,440
Transfer to tangible assets	-	-	-	(375,664)	-	-	(375,664)
Transfer to completed assets	-	-	-	(540,219)	540,219	-	-
Foreign currency realignment	-	1,490	39,409	-	-	-	40,899
Closing balance	**1,890,616**	**599,788**	**3,547,961**	**291,982**	**16,137,094**	**4,249,173**	**26,716,614**
Accumulated amortisation and impairment loss							
Opening balance	**1,271,100**	**540,000**	**153,390**	**-**	**7,639,877**	**3,712,497**	**13,316,864**
Charge	79,343	-	9,025	-	870,472	72,478	1,031,318
Impairment loss	-	14,883	1,783,861	-	-	-	1,798,744
Write-back of impairment loss	-	-	(116,873)	-	(1,964,127)	-	(2,081,000)
Foreign currency realignment	-	64	-	-	-	-	64
Closing balance	**1,350,443**	**554,947**	**1,829,403**	**-**	**6,546,222**	**3,784,975**	**14,065,990**
Net book value as at 31 December 2009	**540,173**	**44,841**	**1,718,558**	**291,982**	**9,590,872**	**464,198**	**12,650,624**

5. Exploration, Evaluation and Development Costs (Cont'd)

	Exploration and Evaluation			Development and Production			
	Initial Joint Study Cost	**Contractual Bonus**	**Exploration, Geological and Geophysical Costs**	**Asset under Construction**	**Completed Assets**	**Cost Recovery**	**Total**
Group	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
2008							
Cost							
Opening balance	**1,890,616**	**599,023**	**1,117,424**	**-**	**11,824,432**	**4,249,173**	**19,680,668**
Additions	-	-	730,527	723,207	2,895,658	-	4,349,392
Transfer to intangible assets	-	-	-	(81,186)	-	-	(81,186)
Transfer to completed assets	-	-	-	(494,090)	494,090	-	-
Foreign currency realignment	-	(725)	(91,210)	-	-	-	(91,935)
Closing balance	**1,890,616**	**598,298**	**1,756,741**	**147,931**	**15,214,180**	**4,249,173**	**23,856,939**
Accumulated amortisation and impairment loss							
Opening balance	**1,110,719**	**540,000**	**137,592**	**-**	**6,812,368**	**3,585,440**	**12,186,119**
Charge	160,381	-	15,798	-	827,509	127,057	1,130,745
Closing balance	**1,271,100**	**540,000**	**153,390**	**-**	**7,639,877**	**3,712,497**	**13,316,864**
Net book value as at							
31 December 2008	**619,516**	**58,298**	**1,603,351**	**147,931**	**7,574,303**	**536,676**	**10,540,075**

An impairment loss in exploration, evaluation and development costs of US$1,798,744 is included in the statement of comprehensive income under Administrative expenses (see Note 26). The impairment charge arose from the Thailand operations following a decision from the management to plug and abandon the exploration well (MS-1) of Block L17/48 and to relinquish Block L3/48 in Thailand in April 2010.

6. Intangible Assets

Group	Goodwill on Reverse Acquisition	Participating Rights	Concession Rights	Computer Software	Total
	US$	US$	US$	US$	US$
2009					
Cost					
Opening balance	**1,488,902**	**4,567,271**	**600,000**	**120,302**	**6,776,475**
Additions	-	1,144,526	-	26,250	1,170,776
Closing balance	**1,488,902**	**5,711,797**	**600,000**	**146,552**	**7,947,251**
Accumulated amortisation and impairment loss					
Opening balance	**-**	**802,125**	**532,453**	**27,079**	**1,361,657**
Charge	-	169,200	8,187	40,793	218,180
Impairment loss	-	242,160	-	-	242,160
Foreign currency realignment	-	1,046	-	-	1,046
Closing balance	**-**	**1,214,531**	**540,640**	**67,872**	**1,823,043**
Net book value					
31 December 2009	**1,488,902**	**4,497,266**	**59,360**	**78,680**	**6,124,208**
2008					
Cost					
Opening balance	**1,488,902**	**4,585,436**	**600,000**	**39,116**	**6,713,454**
Additions	-	-	-	81,186	81,186
Adjustment	-	(18,165)	-	-	(18,165)
Closing balance	**1,488,902**	**4,567,271**	**600,000**	**120,302**	**6,776,475**
Accumulated amortisation and impairment loss					
Opening balance	**-**	**632,925**	**524,266**	**16,479**	**1,173,670**
Charge	-	169,200	8,187	10,600	187,987
Closing balance	**-**	**802,125**	**532,453**	**27,079**	**1,361,657**
Net book value					
31 December 2008	**1,488,902**	**3,765,146**	**67,547**	**93,223**	**5,414,818**

Note: Amortisation charge is included in the statement of comprehensive income under Cost of Production (see Note 26) and Administrative expenses are US$38,139 and US$180,041 (2008: US$9,984 and US$178,003) respectively.

An impairment loss in participating rights of US$242,160 is included in the statement of comprehensive income under Administrative expenses (see Note 26). The impairment charge arose from the Thailand operations following a decision from the management to relinquish Block L3/48 in Thailand in April 2010.

Company

Intangible assets include computer software with net book value of US$4,060 (2008: US$6,713).

6. Intangible Assets (Cont'd)

Goodwill on Reverse Acquisition

Goodwill on reverse acquisition represents the goodwill arising from the business combination in which Goldwater acquired the Company through a reverse acquisition on 10 July 2003. Goodwill on reverse acquisition is the difference between Goldwater's deemed cost of acquisition over the fair value of the assets acquired and liabilities of the Company on the reverse acquisition date (see Note 2(b)(i)).

The deemed cost of acquisition is derived from the total percentage of shareholdings held by the shareholders of the former Van der Horst Limited (now known as "Interra Resources Limited") as at the reverse acquisition date and Shantex Holdings Pte Ltd multiplied by the net assets of Goldwater as at the reverse acquisition date. As a result of applying the above, goodwill on reverse acquisition amounting to US$1,488,902 is recognised in the consolidated financial statements. The Group has previously amortised this cost over the remaining period of the IPRCs of approximately 14 years from 10 July 2003 to 31 March 2017.

FRS 103, FRS 36 and FRS 38 which deal with the treatment of goodwill arising from business combinations were adopted prospectively from 1 April 2004 and hence no amortisation charges were made from the financial year ended 31 December 2005.

The management is of the view that no impairment is required as at 31 December 2009 and 31 December 2008 as the Company's net assets have increased since the reverse acquisition took place on 10 July 2003. As at 31 December 2009, the Company's net assets amounted to US$31,980,419 (2008: US$30,480,662) whereas as at 10 July 2003 (reverse acquisition date), the Company did not possess any assets of substance.

Participating Rights for TAC TMT

Participating rights recognised in the Group's balance sheet arose from the acquisition of the 70% interest in TAC TMT. The amount recognised as participating rights is the excess of the net fair value of the identifiable assets acquired and liabilities assumed over the cost of acquisition. The participating rights cost is amortised on a straight line basis over the remaining life of TAC TMT of 12.75 years from 1 April 2004 to 31 December 2016.

Participating Rights for Petroleum Concession Agreements ("PCAs") and Petroluem Exploration Permit ("PEP")

Participating rights recognised in the Group's balance sheet arose from the acquisition of the 50% interests in the PCAs in Thailand and PEP in Australia. The amount recognised as participating rights is the excess of the net fair value of the identifiable assets acquired and liabilities assumed over the cost of acquisition. The participating rights cost will be amortised on a straight line basis over the remaining life of PCAs and PEP upon commencement of production.

Concession Rights

Concession rights refer to the amount paid to acquire the interest in IPRCs which is amortised over the remaining period of the IPRCs of approximately 14 years on a straight line basis from 1 March 2003 to 31 March 2017.

Computer Software

Computer software is amortised on a straight line basis so as to write off the cost of these assets over their useful life of 3 to 4 years.

7. Investments in Subsidiaries

	Company	
	2009	**2008**
	US$	**US$**
Unquoted equity shares at cost		
Goldwater Company Limited	**19,062,000**	19,062,000
Goldwater TMT Pte. Ltd.	**1**	1
Goldwater Eagle Limited	**1**	1
Goldwater Indonesia Inc.	**1**	1
Goldwater Energy Limited	**1**	1
Interra Resources (Thailand) Limited	**76,325**	76,325
Interra Resources (Australia) Pte. Ltd.	**100**	-
	19,138,429	19,138,329
Advances made to / (from) subsidiaries		
Goldwater Company Limited	**3,872,287**	7,051,397
Goldwater TMT Pte. Ltd.	**6,106,024**	5,570,013
Goldwater Eagle Limited	**(245,169)**	324,274
Interra Resources (Thailand) Limited	**5,994,225**	4,146,099
Interra Resources (Australia) Pte. Ltd.	**479,453**	-
	16,206,820	17,091,783
Net investment in subsidiaries	**35,345,249**	36,230,112
Less:		
Allowance for impairment		
Goldwater Company Limited	**(15,105,093)**	(17,615,160)
Investments in subsidiaries	**20,240,156**	18,614,952

Advances made to / (from) subsidiaries

The advances made to / (from) subsidiaries form part of the Company's net investment in the subsidiaries. Advances made to / (from) subsidiaries are interest free advances for the purpose of operating and development activities in their respective fields. These advances are not expected to be repaid within the next twelve months.

The Company will assess annually whether there is evidence showing that the character of the advance is changed. When evidence of change exists, the Company would consider the effects of the change in determining the fair value of the advance.

7. Investments in Subsidiaries (Cont'd)

The principal activities, country of incorporation and place of business of the subsidiaries and joint ventures as at 31 December 2009 are as follows:-

Name of Company / Entity	Principal Activities	Country of Incorporation / Operation	Group's Effective Interest 2009 %	Group's Effective Interest 2008 %
Subsidiaries				
Goldwater Company Limited [a]	Exploration and operation of oil fields for crude petroleum production	British Virgin Islands / Myanmar	100	100
Goldwater TMT Pte. Ltd. [b]	Exploration and operation of oil fields for crude petroleum production	Singapore / Indonesia	100	100
Goldwater Eagle Limited [c]	Investment holding	British Virgin Islands	100	100
Goldwater Indonesia Inc [c]	Dormant	British Virgin Islands	100	100
Goldwater Energy Limited [c]	Dormant	British Virgin Islands	100	100
Interra Resources (Thailand) Limited [d]	Exploration and operation of oil fields for crude petroleum production	Thailand / Thailand	100	100
Interra Resources (Australia) Pte. Ltd. [f]	Exploration and operation of oil fields for crude petroleum production	Singapore / Australia	100	-
Joint Venture of Goldwater Company Limited				
Goldpetrol Joint Operating Company Inc. [a]	Exploration and operation of oil fields for crude petroleum production	Republic of Panama / Myanmar	60	60
Joint Venture of Goldwater TMT Pte. Ltd.				
TAC Tanjung Miring Timur [e]	Exploration and operation of oil fields for crude petroleum production	Indonesia / Indonesia	70	70

[a] Audited by Nexia TS Public Accounting Corporation, for consolidation purposes
[b] Audited by Nexia TS Public Accounting Corporation
[c] Not required to be audited under the laws of the country of incorporation
[d] Audited by V.A.T Accounting, a member firm of Nexia International
[e] Audited by Johan Malonda Astika & Rekan
[f] No audit is required as the Company is incorporated on 30 October 2009

8. Financial Assets, Available-For-Sale

	Group	
	2009	**2008**
	US$	**US$**
Opening balance	**-**	1,029,132
Proceeds from disposal	**-**	(1,210,012)
Net gain recognised in the statement of comprehensive income upon disposal	**-**	180,880
Closing balance	**-**	-

Financial assets, available-for-sale are analysed as follows:		
Listed securities		
- Equity securities – Salamander Energy PLC, listed on London Stock Exchange	**-**	-

9. Club Membership

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Club membership at cost				
Opening balance	**4,570**	4,570	**4,570**	4,570
Disposal	**(4,570)**	-	**(4,570)**	-
Closing balance	**-**	4,570	**-**	4,570

During the year, the Company disposed of the British Club membership for cash consideration of US$5,085, resulting in a gain on disposal of US$95 (see Note 25).

10. Financial Assets, At Fair Value Through Profit or Loss

	Group	
	2009	**2008**
	US$	**US$**
Opening balance	**436,014**	-
Additions	**-**	537,778
Fair value gain / (loss) recognised in the statement of comprehensive income (see Note 25)	**596,613**	(101,764)
Proceeds from disposal	**(571,733)**	-
Net gain recognised in the statement of comprehensive income upon disposal (see Note 25)	**90,284**	-
Closing balance	**551,178**	436,014

At fair value on initial recognition		
Listed securities:		
- Equity securities – PT Adaro Energy TBK, listed on Jakarta Stock Exchange	**551,178**	436,014

During the year, the Group disposed of 7,000,000 PT Adaro Energy TBK shares for cash consideration of US$571,733, resulting in a gain on disposal of US$90,284. As at 31 December 2009, the Group has balance of 3,000,000 of the shares.

11. Inventories

Inventories comprise consumables including tubing, casing, well heads, chemicals, tools and spare parts required for drilling, oil wells and field maintenance.

12. Trade and Other Receivables

Trade receivables are receivables from the Myanma Oil and Gas Enterprise ("MOGE") and PT Pertamina in respect of sales of the Group's share of petroleum entitlement. Allowances for impairment of trade receivables are in respect of the Group's crude oil sales to MOGE in its Myanmar operations. The Group wrote back the impairment of trade receivables as at 31 December 2009 of US$919,000 (2008: Nil) (see Note 3(c)).

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Trade receivables – non-related parties	**-**	-	**6,454,440**	8,616,867
Less: Allowances for impairment of trade receivables	**-**	-	**(1,997,754)**	(2,916,754)
Trade receivables - net	**-**	-	**4,456,686**	5,700,113
Other receivables	**19,152**	20,000	**196,824**	315,365
	19,152	20,000	**4,653,510**	6,015,478

13. Deposits and Prepayments

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Deposits	**26,953**	61,691	**89,577**	158,015
Prepayments	**30,468**	52,190	**73,328**	121,673
Advance payment to suppliers	**-**	139	**89,532**	432,695
	57,421	114,020	**252,437**	712,383

14. Cash and Cash Equivalents

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Cash at bank and on hand	**1,018,744**	253,366	**3,613,145**	3,078,980
Short term fixed deposits	**11,123,919**	11,959,498	**13,727,993**	14,177,849
Cash and bank balances	**12,142,663**	12,212,864	**17,341,138**	17,256,829
Cash collateral			**(2,810,000)**	(2,960,000)
Cash and cash equivalents (as per consolidated cash flow statement)			**14,531,138**	14,296,829

14. Cash and Cash Equivalents (Cont'd)

Cash Collateral

Cash collateral represents bank deposits of the Company pledged as security for issuance of the bank guarantees in favour of the Ministry of Energy, Thailand for a period of up to 3 years with effect from 19 April 2007.

On 16 March 2009, the banker's guarantees were reduced by US$820,000 as approved by Ministry of Energy, Thailand. On 1 August 2009, a further fixed deposit of US$670,000 was held as collateral for banker's guarantees in favour of Department of Custom, Thailand to facilitate the importation of goods into Thailand. As at 31 December 2009, the outstanding banker's guarantees were US$2,810,000.

On 19 March 2010, the Group obtained the confirmation from the bank that the banker's guarantee of US$2,060,000 was discharged thereafter the outstanding banker's guarantees were reduced to US$750,000.

15. Trade and Other Payables

	Company		Group	
	2009	2008	2009	2008
	US$	US$	US$	US$
Trade payables - third parties	**-**	-	**1,392,830**	2,473,094
Accrued expenses	**474,024**	482,988	**1,534,557**	1,491,420
Other payables	**59,500**	45,534	**921,880**	790,695
Amounts due to joint venture partners	**-**	-	**701,024**	374,431
	533,524	528,522	**4,550,291**	5,129,640

Amounts due to joint venture partners comprises mainly the deemed purchase consideration due to Bass Strait Oil Company Ltd ("BAS") in relation to the acquisition of 50% participating interests in PEP167 in Australia. Subsequent to financial year end, the Group has settled US$361,036 to joint venture partner.

16. Current Income Tax Liabilities

	Company		Group	
	2009	2008	2009	2008
	US$	US$	US$	US$
Opening balance	**40,564**	145,761	**4,258,452**	3,850,135
Current income tax	**-**	32,447	**777,727**	1,662,564
Income tax paid	**(52,150)**	(137,641)	**(332,087)**	(1,255,245)
Currency translation differences	**158**	(3)	**(1,113)**	998
Closing balance	**(11,428)**	40,564	**4,702,979**	4,258,452

The Company is liable to income tax in Singapore on its chargeable income arising from interest income earned and the management and petroleum services fees that the Company charges its subsidiaries. The fees charged are based on a cost plus 5% mark up basis.

16. Current Income Tax Liabilities (Cont'd)

The subsidiaries are liable to pay income taxes in the countries where the petroleum contracts are domiciled. The subsidiaries and joint ventures of the Company have made the necessary tax provisions under their respective petroleum contracts. In FY 2009, the Group has not paid income tax in respect of Indonesian operations as there was still unrecovered cost pool. As for Myanmar operations, the Group paid the tax assessment for 2002 to 2004 and the prior year overprovision of US$209,627 was reversed through the statement of comprehensive income.

17. Income Tax Expense

Tax expense attributable to profit is made up of:

	Group	
	2009	**2008**
	US$	**US$**
Current year income tax		
- Singapore	**-**	32,447
- Foreign	**944,578**	1,676,990
	944,578	1,709,437
Under / (Over) provision in prior financial years		
- Singapore	**42,776**	13,500
- Foreign	**(209,627)**	(60,373)
	(166,851)	(46,873)
	777,727	1,662,564

The tax expense on profit differs from the amount that would arise using the Singapore standard rates of income tax as explained below:

	Group	
	2009	**2008**
	US$	**US$**
Profit before income tax	**2,255,681**	3,358,512
Notional income tax expense using Singapore tax rate at 17% (2008: 18%)	**383,465**	604,532
Effect of different tax rates in other countries	**467,575**	806,617
Tax effect of income not subject to tax	**182,582**	(465,623)
Tax effect of expenses not deductible for tax purposes	**(89,044)**	763,911
	944,578	1,709,437

18. Provision for Environmental and Restoration Costs

The Group continued to make provision for environmental and restoration costs for its TAC TMT operations. Provisions are made based on a unit of production basis. The Group has not made any provision for environmental and restoration costs for its Myanmar operations as the Group believes that there are no significant costs involved in meeting the legal and regulatory requirements laid down at the current time (see Note 31(a)).

18. Provision for Environmental and Restoration Costs (Cont'd)

	Group	
	2009 US$	2008 US$
Opening balance	**517,989**	294,329
Allowance for the year	**166,117**	223,660
Closing balance	**684,106**	517,989

19. Retirement Benefit Obligations

The Group's joint venture, TAC TMT, has a funded defined benefit plan relating to its employees. This plan is a final salary retirement and severance benefit. The assets of the plan are held independently of the Group's assets in an insurance fund managed by Paninlife Financial Services in Indonesia.

The amounts recognised in the balance sheet are as follows:

	Group	
	2009 US$	2008 US$
Net present value of funded obligations	**49,836**	85,051
Fair value of plan assets	**(418,990)**	(282,351)
Assets not recognised on balance sheet	**369,154**	197,300
Net liabilities recognised on balance sheet	**-**	-

The amounts recognised in the statement of comprehensive income are as follows:

	Group	
	2009 US$	2008 US$
Interest cost	**3,083**	2,426
Current service costs	**44,905**	95,598
Past service costs	**32,656**	57,233
Total included in employee compensation (see Note 27)	**80,644**	155,257

Retirement benefit costs included in Administrative expenses was US$80,644 (2008: US$155,257). The actual return on plan assets was US$19,206 (2008: US$23,142).

The movements in the defined benefit obligation are as follows:

	Group	
	2009 US$	2008 US$
Opening balance	**85,051**	99,954
Interest cost	**3,083**	2,426
Current service costs	**44,905**	95,598
Past service costs	**32,656**	57,233
Benefits paid	**(22,959)**	(58,144)
Actuarial (losses)	**(104,333)**	(85,513)
Exchange difference	**11,433**	(26,503)
Closing balance	**49,836**	85,051

19. Retirement Benefit Obligations (Cont'd)

The movements in the fair value of plan assets are as follows:

	Group	
	2009 US$	2008 US$
Opening balance	**282,351**	220,405
Employer contributions	**81,660**	144,468
Net return on plan assets	**19,206**	23,142
Withdrawn for settlement	**(23,896)**	(58,144)
Exchange difference	**59,669**	(47,520)
Closing balance	**418,990**	282,351

The principal actuarial assumptions used are as follows:

	Group	
	2009 %	2008 %
Discount rate	**7.0**	7.0
Expected return on plan assets	**7.0**	7.0
Future salary increases	**10.0**	10.0

20. Share Capital

	2009 Number of ordinary shares	2008 Number of ordinary shares	2009 US$	2008 US$
Company and Group				
Opening and closing balance	**256,920,238**	256,920,238	**40,108,575**	40,108,575

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

On 19 May 2008, the Company successfully quoted all the Company's current issued ordinary shares on the Australian Securities Exchange ("ASX"). Upon admission to the official list of the ASX, the Company is now dual listed on both the Catalist in the SGX-ST being the primary exchange and the ASX being the secondary exchange on which the Company's shares will be traded.

21. Share Options

Please refer to the Director's Report under "Share Options" on pages 3 and 4 of this report for detailed disclosure and movement in the number of unissued ordinary shares under option.

22. Reserves

(a) Special Reserves

As a result of applying the reverse acquisition accounting as set out in Note 2b(i), the Group's consolidated financial statements reflect the continuation of the financial statements of its legal subsidiary, Goldwater. As such, the cost of investment to acquire Goldwater and the reserves of the Company immediately prior to the reverse acquisition were transferred to special reserves when consolidating the financial statements. These reserves include share premium immediately before the debt restructuring on 10 July 2003 and accumulated losses immediately before the reverse acquisition on 10 July 2003.

	Group	
	2009	**2008**
	US$	**US$**
Cost of investment	**(18,319,492)**	(18,319,492)
Share capital of Goldwater	**200,000**	200,000
Goodwill on reverse acquisition	**1,575,352**	1,575,352
	(16,544,140)	(16,544,140)

(b) Fair Value Reserves

	Group	
	2009	**2008**
	US$	**US$**
Opening balance	**-**	29,132
Transfer to the statement of comprehensive income on disposal	**-**	(29,132)
Closing balance	**-**	-

(c) Share Option Reserves

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Opening balance	**14,707**	**-**	**14,707**	-
Employee share option plan				
- value of employee services (see Note 27)	**11,642**	14,707	**11,642**	14,707
- reverse from equity to the statement of comprehensive income (see Note 27)	**(12,847)**	-	**(12,847)**	-
Closing balance	**13,502**	14,707	**13,502**	14,707

22. Reserves (Cont'd)

(d) Retained Earnings / (Accumulated Losses)

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Opening balance	**(9,642,620)**	(7,613,977)	**11,559,687**	10,807,605
Net profit / (loss) for the financial year	**1,500,962**	(1,084,777)	**1,477,954**	1,695,948
Dividend paid (see Note 23)	**-**	(943,866)	**-**	(943,866)
Closing balance	**(8,141,658)**	(9,642,620)	**13,037,641**	11,559,687

23. Dividends

	Group	
	2009	**2008**
	US$	**US$**
Ordinary dividends paid		
Final exempt dividend paid in 2008 respect of the previous financial year of SGD 0.50 cents per ordinary share (see Note 22(d))	**-**	**943,866**

24. Revenue

	Group	
	2009	**2008**
	US$	**US$**
Sales of crude oil	**12,617,083**	17,479,459

25. Other Gain, Net

	Group	
	2009	**2008**
	US$	**US$**
Bank interest income	**95,794**	513,068
Petroleum services fees	**145,968**	191,265
Other income	**2,766**	50
Write-back of impairment of trade receivables (see Note 12)	**919,000**	-
Write-back of impairment of exploration, evaluation and development costs (see Note 5)	**2,081,000**	-
Foreign exchange gain / (loss)	**330,617**	(236,035)
Financial assets, at fair value through profit or loss – fair value gain / (loss) (see Note 10)	**596,613**	(101,764)
Financial assets, available-for-sale – transfer from equity on disposal (see Note 22(b))	**-**	29,132
Net gain on disposal of financial assets, at fair value through profit or loss (see Note 10)	**90,284**	-
Net gain on disposal of property, plant and equipment	**874**	-
Net gain on disposal of club membership (see Note 9)	**95**	-
Net gain on disposal of financial assets, available-for-sale	**-**	180,880
	4,263,011	576,596

26. Expenses by Nature

	Group 2009 US$	Group 2008 US$
Royalty	**941,474**	1,112,381
Production expenses	**6,160,262**	7,673,667
Depreciation of property, plant and equipment (see Note 4)	**874,175**	543,849
Amortisation of exploration, evaluation and development costs (see Note 5)	**1,031,318**	1,130,745
Amortisation of computer software (see Note 6)	**40,793**	10,600
Amortisation of concession rights (see Note 6)	**8,187**	8,187
Amortisation of participation rights (see Note 6)	**169,200**	169,200
Impairment of exploration, evaluation and development costs (see Note 5)	**1,798,744**	-
Impairment of concession rights (see Note 6)	**242,160**	-
Total amortisation, depreciation and impairment	4,164,577	1,862,581
Employee compensation (see Note 27)	**2,002,119**	2,209,849
Rental expense on operating lease	**493,935**	630,662
Administrative expenses	**862,046**	1,119,555
Total cost of production and administrative expenses	**14,624,413**	14,608,695

27. Employee Compensation

	Group 2009 US$	Group 2008 US$
Wages and salaries	**1,752,658**	1,787,767
Defined contribution plan	**57,746**	48,124
Defined benefit plan (see Note 19)	**80,644**	155,257
Other benefits	**112,276**	203,994
Share option expense, net (see Note 22 (c))	**(1,205)**	14,707
Total employee compensation (see Note 26)	**2,002,119**	2,209,849

28. Finance Costs

	Group 2009 US$	Group 2008 US$
Amortisation of deemed interest expense	**-**	88,848

This amount relates to the interest free loans from a director, a substantial shareholder and a third party for which repayment was deferred to 30 April 2008 in April 2005. In accordance with FRS 39, the difference between the present value of the loans and the carrying amount is amortised as interest expense over the life of these loans. The present value of the loans is discounted at the interest rates which were originally due to be charged on the loans of approximately 6.21% per annum. The loans were repaid in full on 30 April 2008.

29. Earnings per Share

Earnings per share is calculated by dividing the Group's results for the financial year by the weighted average number of ordinary shares on issue during the financial year as follows:

	Group	
	2009	**2008**
Net profit (US$)	**1,477,954**	1,695,948
Weighted average number of ordinary shares outstanding	**256,920,238**	256,920,238
Basic earnings per share (US cents)	**0.575**	0.660
Fully diluted earnings per share (US cents)	**0.575**	0.660

30. Commitments

(a) Operating Lease Commitments

The Group has operating lease commitments in respect of rental of office premises, vehicles and equipment in Singapore, Myanmar, Indonesia and Thailand.

	Company		Group	
	2009	**2008**	**2009**	**2008**
	US$	**US$**	**US$**	**US$**
Not later than one year	**58,372**	203,306	**1,480,742**	1,422,695
Between one and five years	**-**	84,475	**1,240,937**	438,621
	58,372	287,781	**2,721,679**	1,861,316

(b) Capital Commitments

The Group has capital commitments in respect of the investment in the petroleum concessions in Thailand. As per the terms of the PCAs, the Group is required to expend a minimum expenditure of US$3,015,000 for Block L17/48 within the Second Obligation Period ("SOP") from 8 December 2009 to 7 December 2012. For Block L9/48 and L3/48, the Group is required to expend a minimum expenditure of US$900,000 from 20 April 2007 to 19 April 2010. The Group has applied to proceed to the Second Obligation Period ("SOP") for Block L9/48. As for Block L3/48, the Group has requested to Ministry of Energy, Thailand to relinquish the block.

As at 31 December 2009, the Group has essentially met the minimum work commitments for Blocks L17/48, L9/48 and L3/48.

	Group	
	2009	**2008**
	US$	**US$**
Not later than one year	**1,005,000**	655,085
Between one and five years	**2,010,000**	3,809
	3,015,000	658,894

31. Contingent Liabilities

(a) The operations and earnings of the Group have been, and in the future may be, affected from time to time in varying degrees by political developments in Myanmar, and laws and regulations both in Myanmar and in countries in response to developments in Myanmar. These may include sanctions by other countries on trade with Myanmar, forced divestment of assets, expropriation of property, cancellation of contracts, restrictions on production, changes in tax rules and environmental regulations. The likelihood of such occurrences and their overall effect upon the Group are not predictable.

The Myanmar Investment Commission (''MIC") resolved at its meeting in August 1994 that all projects established with the permission of the Commission shall be responsible for the preservation of the environment at and around the area of the project sites. The enterprises are entirely responsible for controlling pollution of air, water and land, and other environmental aspects and keeping the project site environmentally friendly. To meet the requirements of the MIC, the Group may be exposed to the cost of restoring the project sites. The potential costs are not estimated as the Group does not foresee any circumstances to arise which may require it to make such provisions to comply with the MIC.

(b) In late 2005, the Ministry of Finance and Revenue of Myanmar issued a notification stating that all capital gains arising from any transaction in foreign currencies relating to the sale, exchange or transfer of company shares, capital assets, ownership of, or any interest in a company doing business in the oil and gas sector in Myanmar are subject to tax. This change is to be applied retrospectively from 15 June 2000. In late 2002, the Group's subsidiary, Goldwater, farmed out a 40% interest in the IPRCs to Geopetrol. At that time, Goldwater informed MOGE that Goldwater's net cumulative investment was higher than the cash proceeds received from Geopetrol and as such, Goldwater did not derive any capital gain. At this point in time, the Group is of the view that no tax provision is required to be included in the accounts. Furthermore, it is not possible to estimate the quantum of any amount which may eventually become payable in respect of this matter.

32. Financial Risk Management

The Group is exposed to market risk (including foreign currency risk, interest rate risk and crude oil price risk), credit risk and liquidity risk arising in the normal course of business. The Group recognises the existence of the various risks and the management of the Group constantly assesses the potential impacts to the Group where necessary. The Group implements measures and strategies to minimise any exposure. The Group does not hold or issue any derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in oil prices, interest and foreign exchange rates.

(a) <u>Market Risk</u>

(i) <u>Price Risk</u>

The Group is exposed to equity securities price risk and exchange rate risk because of the investments held by the Group which are classified in the consolidated balance sheet as financial assets, at fair value through profit or loss. These securities are listed in Indonesia and quoted in Indonesia Rupiah. However, any significant movement in the price of the equity securities is likely to be immaterial to the Group, in view of the Group's reserves. In addition, the Group is also exposed to crude oil price risk. The price of oil, which is a global commodity is not set by the Group and is subject to fluctuation. The Group does not hedge the price of oil. The Group will monitor the situation, and manage the risk accordingly.

32. Financial Risk Management (Cont'd)

(ii) Interest Rate Risk

The Group's interest rate risk is primarily from interest income from fixed deposits. As fixed deposits are placed on the short term money market with tenures mostly within the range of seven days to twelve months, the Group's interest income is subject to the fluctuation in interest rates. These fixed deposits are placed on short-term deposit, in view of the future requirement of funds, and as such the Group does not hedge against long term interest rate fluctuations.

Short term fixed deposits earned interest at effective interest rates ranging from 0.01% to 4.73% per annum (2008: 0.38% to 6.40% per annum). Short term fixed deposits are made for varying periods between seven days to twelve months depending on the cash requirements of the Group, and earn interest at the relevant short term deposit rates.

The Group does not have any significant financial liabilities which are subject to variable interest rates as at 31 December 2009.

(iii) Country Risk

The Group constantly assesses the prevailing circumstances in the countries in which it operates and manages its investments in view of the political, economic and social backdrop of the particular country. The Group will also assess the relevant country risk in all its future investments.

(iv) Foreign Currency Risk

The Group has operations in Myanmar, Indonesia, Thailand, Australia and Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as Singapore Dollar ("SGD"), Australia Dollar ("AUD"), Indonesia Rupiah ("IDR") and Thailand Baht ("THB').

Foreign currency risk arises when transactions are denominated in foreign currencies. The Group currently does not seek to hedge these exposures as such transactions constitute a small portion of the Group's operations.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. The Group's foreign currency risks are predominantly in Singapore Dollar, Australia Dollar, Indonesia Rupiah and Thailand Baht. The Group currently does not seek to hedge these exposures. As at the balance sheet date, the Group does not have any forward foreign currency contracts.

32. Financial Risk Management (Cont'd)

The Group's currency exposure is as follows:

Group	USD US$	SGD US$	IDR US$	AUD US$	THB US$	Other US$	Total US$
2009							
Financial assets							
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	**16,401,125**	**369,914**	**569,609**	**61,257**	**490,120**	**291**	**17,892,316**
Trade and other receivables	**4,586,121**	**14,199**	**-**	**2,124**	**51,066**	**-**	**4,653,510**
Inter-company balances	**16,206,820**	**-**	**-**	**-**	**-**	**-**	**16,206,820**
Other financial assets	**57,252**	**28,407**	**-**	**-**	**3,918**	**-**	**89,577**
	37,251,318	**412,520**	**569,609**	**63,381**	**545,104**	**291**	**38,842,223**
Financial liabilities							
Inter-company balances	**(9,733,142)**	**-**	**-**	**(479,453)**	**(5,994,225)**	**-**	**(16,206,820)**
Other financial (liabilities) / assets	**(2,635,300)**	**(500,260)**	**(240,186)**	**(754,747)**	**(379,488)**	**(40,310)**	**(4,550,291)**
	(12,368,442)	**(500,260)**	**(240,186)**	**(1,234,200)**	**(6,373,713)**	**(40,310)**	**(20,757,111)**
Net financial assets / (liabilities)	**24,882,876**	**(87,740)**	**329,423**	**(1,170,819)**	**(5,828,609)**	**(40,019)**	**18,085,112**
Add: Net non-financial assets	**12,310,943**	**85,019**	**-**	**1,030,031**	**3,800,307**	**858**	**17,227,158**
Currency exposure including non-financial assets / (liabilities)	**37,193,819**	**(2,721)**	**329,423**	**(140,788)**	**(2,028,302)**	**(39,161)**	**35,312,270**
Currency exposure of financial assets / (liabilities) net of those denominated in the respective entities' functional currencies	**(440,012)**	**(87,740)**	**329,423**	**(457,666)**	**(5,994,225)**	**(40,019)**	**(6,690,239)**

32. Financial Risk Management (Cont'd)

Group	USD US$	SGD US$	IDR US$	AUD US$	THB US$	Other US$	Total US$
2008							
Financial assets							
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	16,159,802	512,064	463,070	432,264	120,302	5,341	17,692,843
Trade and other receivables	5,782,976	7,576	-	2,157	222,770	-	6,015,479
Inter-company balances	17,091,783	-	-	-	-	-	17,091,783
Other financial assets	79,503	61,691	-	-	16,821	-	158,015
	39,114,064	581,331	463,070	434,421	359,893	5,341	40,958,120
Financial liabilities							
Inter-company balances	(12,945,684)	-	-	-	(4,146,099)	-	(17,091,783)
Other financial (liabilities) / assets	(4,365,724)	(464,666)	(414,751)	(4,299)	158,795	(38,997)	(5,129,642)
	(17,311,408)	(464,666)	(414,751)	(4,299)	(3,987,304)	(38,997)	(22,221,425)
Net financial assets / (liabilities)	21,802,656	116,665	48,319	430,122	(3,627,411)	(33,656)	18,736,695
Add: Net non-financial assets	11,171,293	99,677	-	-	4,000,496	2,323	15,273,789
Currency exposure including non-financial assets / (liabilities)	32,973,949	216,342	48,319	430,122	373,085	(31,333)	34,010,484
Currency exposure of financial assets / (liabilities) net of those denominated in the respective entities' functional currencies	(758,760)	116,665	48,319	430,122	(4,146,099)	(33,656)	(4,343,409)

32. Financial Risk Management (Cont'd)

The Company's currency exposure is as follows:

Company	USD US$	SGD US$	IDR US$	AUD US$	Total US$
2009					
Financial assets					
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	**11,753,746**	**362,781**	**1,538**	**24,598**	**12,142,663**
Trade and other receivables	**4,953**	**14,199**	**-**	**-**	**19,152**
Other financial assets	**-**	**26,953**	**-**	**-**	**26,953**
	11,758,699	**403,933**	**1,538**	**24,598**	**12,188,768**
Financial liabilities					
Other financial liabilities	**(57,980)**	**(472,733)**	**-**	**(2,811)**	**(533,524)**
Net financial assets / (liabilities)	**11,700,719**	**(68,800)**	**1,538**	**21,787**	**11,655,244**
Add: Net non-financial assets	**20,240,156**	**85,019**	**-**	**-**	**20,325,175**
Currency exposure including non-financial assets and liabilities	**31,940,875**	**(16,219)**	**1,538**	**21,787**	**31,980,419**
Currency exposure of financial assets / (liabilities) net of those denominated in the functional currencies	**-**	**(68,800)**	**1,538**	**21,787**	**(45,475)**
2008					
Financial assets					
Cash and cash equivalents and financial assets, at fair value through profit or loss and available-for-sale	11,274,700	505,278	622	432,264	12,212,864
Trade and other receivables	10,267	7,576	-	2,157	20,000
Other financial assets	-	61,691	-	-	61,691
	11,284,967	574,545	622	434,421	12,294,555
Financial liabilities					
Other financial liabilities	(59,557)	(464,666)	-	(4,299)	(528,522)
Net financial assets / (liabilities)	11,225,410	109,879	622	430,122	11,766,033
Add: Net non-financial assets	18,614,952	99,677	-	-	18,714,629
Currency exposure including non-financial assets and liabilities	29,840,362	209,556	622	430,122	30,480,662
Currency exposure of financial assets / (liabilities) net of those denominated in the functional currencies	-	109,879	622	430,122	540,623

If foreign currencies strengthen/weaken by 5% (2008:5%) against the USD with all other variables including tax rate being held constant, the impact to the equity and net profit of the Group and the Company arising from currency translation gain /(loss) to the remaining USD denominated financial instruments will not be significant.

32. Financial Risk Management (Cont'd)

(b) Credit Risk

The Group's main credit risk is from its trade receivables and the financial institutions where the Group invests its surplus funds.

As the Group currently sells all its crude oil produced to MOGE and PT Pertamina, the Group has a significant credit risk concentration. The Group does not foresee its exposure to PT Pertamina to be significant as payments have been regular. Due to consistent payments from MOGE, the Group has wrote back the allowances for impairment in respect of the trade receivables from MOGE. The maximum exposure to financial assets risk in the event of a full default by MOGE as at 31 December 2009 is US$3,566,428 (2008: US$3,940,412). The Group regularly meets with MOGE to assess the collectability of future payments, and manages future cash flow accordingly. The amount due from MOGE as at financial year end was US$5,564,182 (2008: US$6,857,166).

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowances for impairment are as follows:

	Group	
	2009	**2008**
	US$	**US$**
Past due 1 to 3 months	**1,778,302**	1,772,845
Past due 4 to 6 months	**2,510,756**	4,539,776
	4,289,058	6,312,621
Less: Allowances for impairment	**(1,997,754)**	(2,916,754)
	2,291,304	3,395,867
Allowances for impairment		
Opening balance	**2,916,754**	2,916,754
Write-back of allowances for impairment	**(919,000)**	-
Closing balance	**1,997,754**	2,916,754

Surplus funds are placed with reputable financial institutions, and interest income earned is subject to the fluctuation of the interest rates paid on deposits. These surplus funds are placed on short-term deposit (usually one month terms), in view of the future requirement for funds. The Group does not hedge against long term fluctuations in interest rates.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

(c) Capital Risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. With its cash holding, no borrowings and no long-term debts, the Group is in a negative gearing position. Future decisions to raise capital and funds will be made with the objective to maintain an optimal capital structure.

The Group and the Company have no externally imposed capital requirements for the financial years ended 31 December 2009 and 2008.

32. Financial Risk Management (Cont'd)

(d) Liquidity Risk

The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group's surplus funds are also managed centrally by placing them with reputable financial institutions on varying maturities.

All the financial liabilities of the Group mature within one year.

(e) Fair Value Measurements

Effective from 1 January 2009, the Group adopted the amendment to FRS 107 which requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at 31 December 2009.

Group	Level 1 US$	Level 2 US$	Level 3 US$	Total US$
Assets				
Financial assets at fair value through profit or loss - Trading securities	551,178	-	-	551,178

The fair value of financial instruments traded in active markets (such as trading and available-for–sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The carrying value less impairment of trade receivables and payables are assumed to approximate their fair values.

33. Investment in Joint Ventures

The following amounts represent the Group's share of results and assets and liabilities of the joint ventures. These items are included in the consolidated balance sheets and statement of comprehensive income using the line-by-line method of proportionate consolidation and after making the necessary adjustments to comply with the Singapore Financial Reporting Standards.

	2009 US$	2008 US$
Balance sheet		
Non-current assets	**12,243,437**	10,596,742
Current assets	**11,158,103**	13,640,886
Current liabilities	**(5,821,801)**	(5,803,613)
Net assets	**17,579,739**	18,434,015
Statement of comprehensive income		
Revenue	**12,617,083**	17,479,459
Expenses	**(11,334,690)**	(11,220,479)
Profit before income tax	**1,282,393**	6,258,980
Income tax expense	**(944,578)**	(1,690,490)
Profit after income tax	**337,815**	4,568,490
Group's share of operating lease commitment of joint ventures	**2,649,463**	1,539,200

34. Segment Information

Management has determined the operating segments based on the reports reviewed by the Board of Directors ("BOD") that are used to make strategic decisions.

The Group operates primarily in four geographical areas, namely Indonesia, Myanmar, Thailand and Australia. The Group operates in one business segment, namely exploration for and operation of oil fields for crude petroleum production, and derives its revenue solely from the sale of petroleum.

Other services within Singapore include investment holding and provision of management services; but these are not included within the reportable operating segments, as they are not included in the reports provided to the BOD. The results of these operations are included in the "all other segments" column.

34. Segment Information

The segment information provided to the BOD for the reportable segments for the financial years ended 31 December 2009 and 2008 are as follows:

Group	Indonesia 2009 US$	Myanmar 2009 US$	Thailand 2009 US$	Australia 2009 US$	All other Segments 2009 US$	Total Reporting Segment 2009 US$
Revenue						
Sales to external customers	**5,844,352**	**6,772,731**	**-**	**-**	**-**	**12,617,083**
Adjusted EBITDA	**1,240,998**	**2,865,077**	**(144,029)**	**(3,141)**	**(634,441)**	**3,324,464**
Depreciation and amortisation	**1,287,838**	**790,885**	**5,629**	**-**	**39,321**	**2,123,673**
Impairment and allowances	**-**	**-**	**2,040,904**	**-**	**-**	**2,040,904**
Write-back impairment and allowances	**-**	**(3,000,000)**	**-**	**-**	**-**	**(3,000,000)**
Total assets	**13,253,340**	**12,186,901**	**4,318,924**	**1,248,389**	**2,566,995**	**33,574,549**
Total assets includes:						
Capital expenditure (tangible and intangible assets)	**1,353,518**	**528,690**	**1,695,047**	**407,404**	**8,304**	**3,992,963**
Total liabilities	**(1,859,390)**	**(1,271,339)**	**(828,780)**	**(751,936)**	**(522,952)**	**(5,234,397)**

Group	Indonesia 2008 US$	Myanmar 2008 US$	Thailand 2008 US$	Australia 2008 US$	All other Segments 2008 US$	Total Reporting Segment 2008 US$
Revenue						
Sales to external customers	9,509,912	7,969,547	-	-	-	17,479,459
Adjusted EBITDA	2,894,422	3,997,131	(156,790)	-	(1,937,890)	4,796,873
Depreciation and amortisation	1,088,934	731,764	6,614	-	35,269	1,862,581
Total assets	13,428,465	11,707,600	4,468,592	-	1,911,826	31,516,483
Total assets includes:						
Capital expenditure (tangible and intangible assets)	1,425,416	3,415,264	754,659	-	42,527	5,637,866
Total liabilities	(2,260,211)	(2,279,109)	(599,964)	-	(508,345)	(5,647,629)

There is no inter-segment revenue.

34. Segment Information

The BOD assesses the performance of the operating segments based on a measure of Earnings before interest income, tax, depreciation and amortisation (“adjusted EBITDA”). This measurement basis excludes the effects of expenditure from the operating segments such as impairment and write-back of impairment that are not expected to recur regularly in every period. Interest income and finance expenses are not allocated to segments.

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	2009 US$	2008 US$
Adjusted EBITDA for reportable segments	**3,958,905**	6,734,763
Other segments EBITDA	**(634,441)**	(1,937,890)
Depreciation and amortisation	**(2,123,673)**	(1,862,581)
Write-back of impairment of exploration, evaluation and developments costs and trade receivables	**3,000,000**	-
Impairment of exploration, evaluation and development costs and intangible assets	**(2,040,904)**	-
Finance expenses	-	(88,848)
Interest income	**95,794**	513,068
Profit before income tax	**2,255,681**	3,358,512

Reportable segments’ assets are reconciled to total assets as follows:

The amounts provided to the BOD with respect to total assets are measured in a manner consistent with that of the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the BOD monitors the property, plant and equipment, exploration, evaluation and development costs, intangible assets, inventories, receivables, deposits and prepayment and operating cash attributable to each segment. All assets are allocated to reportable segments other than short-term bank deposits, financial assets at fair value through profit or loss and club membership.

	2009 US$	2008 US$
Segment assets for reportable segments	**31,007,554**	29,604,657
Other segment assets	**2,566,995**	1,911,826
Unallocated:		
Short-term bank deposits	**11,123,919**	11,959,498
Financial assets, at fair value through profit or loss	**551,178**	436,014
Club membership	**-**	4,570
	45,249,646	43,916,565

34. Segment Information

Reportable segments' liabilities are reconciled to total liabilities as follows:

The amounts provided to the BOD with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to reportable segments other than current income tax liabilities.

	2009	2008
	US$	US$
Segment liabilities for reportable segments	**4,711,445**	5,139,284
Other segment liabilities	**522,952**	508,345
Unallocated:		
Income tax liabilities	**4,702,979**	4,258,452
	9,937,376	9,906,081

All revenues are derived from two external customers for the financial years ended 31 December 2009 and 2008.

35. Related Parties and Significant Related Parties Transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group had no other significant transactions with related parties during the year.

Related parties comprise mainly companies that are controlled or significantly influenced by the Group's key management personnel and their close family members.

Key Management's Remuneration

The key management's remuneration includes fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the costs incurred by the Group and the Company, and where the Group or the Company did not incur any costs, the value of the benefits. The key management's remuneration is as follows:

	Group	
	2009	2008
	US$	US$
Director's fees	**225,203**	233,582
Short term employee benefits	**754,156**	804,131
Post employment benefits including Central Provident Fund	**8,585**	7,674
Share option expense, net (see Note 22 (c))	**(1,205)**	14,707
Total costs incurred by the Group	**986,739**	1,060,094
Cost incurred for the following categories of key management are:		
- Directors of the Company	**621,111**	630,580
- Other key management personnel	**365,628**	429,514
Total costs incurred by the Group	**986,739**	1,060,094

36. Subsequent Events

On 19 March 2010, the Group obtained the confirmation from the bank that the banker's guarantee of US$2,060,000 was discharged thereafter the outstanding banker's guarantees were reduced to US$750,000.

37. New or Revised FRS and Interpretations

Certain new FRS, amendments and new interpretations to existing FRS have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

FRS 27 (revised) Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 1 July 2009)

FRS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement. The Group will apply FRS 27 (revised) prospectively to transactions with minority interests from 1 January 2010.

FRS 103 (revised) Business Combinations (effective for annual periods beginning on or after 1 July 2009)

FRS 103 (revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply FRS 103 (revised) prospectively to all business combinations from 1 January 2010.

38. Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the board of directors of the Company on 19 March 2010.