

S.E.A. PETROLEUM EXPLORATION SOCIETY
(Registration No. 0177/1973)
(Incorporated in the Republic of Singapore)

AUDITED ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

S.E.A. PETROLEUM EXPLORATION SOCIETY
(Incorporated in the Republic of Singapore)

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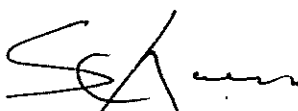
S.E.A. PETROLEUM EXPLORATION SOCIETY
(Incorporated in the Republic of Singapore)

STATEMENT OF COUNCIL MEMBERS


In the opinion of the directors,

- (a) the accounts are drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 September 2011 and of the results of the business, and cash flows of the Society for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

On behalf of the Council Members



PRESIDENT



HONORARY TREASURER

Singapore,
16 NOV 2011



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF S.E.A. PETROLEUM EXPLORATION SOCIETY**

We have audited the accompanying accounts of S.E.A. Petroleum Exploration Society (the "Society"), which comprise balance sheet as at 30 September 2011, the income and expenditure statement and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management Committee's Responsibility for the Accounts

The Management Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act (the "Act") and Singapore Financial Reporting Standards, and for 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 profit and loss accounts and balance sheets and to maintain accountability of assets;

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accounts are properly drawn up in accordance with the Society's accounting policies.

Singapore Assurance PAC
SINGAPORE ASSURANCE PAC
Public Accountants and
Certified Public Accountants

Singapore,
16 November 2011

S.E.A. PETROLEUM EXPLORATION SOCIETY
(Incorporated in the Republic of Singapore)

BALANCE SHEET
AS AT 30 SEPTEMBER 2011

	<u>Note</u>	<u>2011</u> S\$	<u>2010</u> S\$
Non-current asset			
Plant and equipment	(3)	3,629	-
Current assets			
Trade receivables	(4)	14,209	-
Fixed deposit	(5)	201,069	200,529
Cash at bank	(6)	1,268,438	752,359
		1,483,716	952,888
Less: Current liability			
Other payables	(7)	3,385	10,734
Net current assets		1,480,331	942,154
Net assets		1,483,960	942,154
Represented by:			
Fund balances			
Members' funds		1,483,960	942,154

The accompanying notes form an integral part of these accounts.

S.E.A. PETROLEUM EXPLORATION SOCIETY
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INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

	<u>Note</u>	<u>2011</u> S\$	<u>2010</u> S\$
INCOME			
Membership fee		66,346	81,222
Event and activities income	(8)	1,614,473	465,203
Corporate sponsorship income		211,000	224,500
Fixed deposit interest income		540	403
Jobs credit		-	1,350
		<u>1,892,359</u>	<u>772,678</u>
EXPENDITURE			
Additional meetings		1,019	136
Audit fee		1,700	1,700
Bad debt written off		388	-
Bank charges		41,140	10,367
Bookeeping fee		300	-
Cleaning services		3,230	3,360
Courier and postage		7,562	5,341
CPF contribution		9,745	7,632
Database management		6,710	1,349
Depreciation of plant and equipment		726	1,407
Donation		10,428	90,000
Entertainment		1,735	9,944
Expenses for event and activities	(9)	1,115,519	296,311
Copier machine		3,296	3,595
Insurance		5,508	5,283
IT support		118	-
Miscellaneous		17,151	15,572
Office rental		24,000	24,000
Printing & stationery		6,169	3,242
Professional fees		2,950	3,025
Repair and maintenance		6,933	-
Seapex council meetings		2,333	2,656
Staff payroll		57,960	51,840
Telecommunication		7,326	5,290
Transportation		963	911
Utilities		462	447
Website maintenance		14,799	17,949
Worldpay charges		383	68
		<u>1,350,553</u>	<u>561,425</u>
Profit before income tax		541,806	211,253
Add: Income tax	(10)	-	294
Profit after income tax		<u>541,806</u>	<u>211,547</u>
Accumulated funds brought forward		942,154	730,607
Accumulated funds carried forward		<u>1,483,960</u>	<u>942,154</u>

The accompanying notes form an integral part of these accounts.

S.E.A. PETROLEUM EXPLORATION SOCIETY
(Incorporated in the Republic of Singapore)

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

	<u>Note</u>	<u>2011</u> S\$	<u>2010</u> S\$
Cash flows from operating activities			
Profit before income tax		541,806	211,253
Adjstments for:			
Depreciation of plant and equipment		726	1,407
Interest income		(540)	(403)
Operating profit before working capital changes		<u>541,992</u>	<u>212,257</u>
Increase in trade receivables		(14,209)	-
(Decrease)/increase in other payables		(7,349)	9,034
Cash generated from operations		<u>520,434</u>	<u>221,291</u>
Tax paid		-	(6,566)
Net cash from operating activities		<u>520,434</u>	<u>214,725</u>
Cash flows from investing activity			
Purchase of plant and equipment, representing cash used in investing activity		<u>(4,355)</u>	<u>-</u>
Net increase in cash and cash equivalents		516,079	214,725
Cash and cash equivalents at beginning of the financial year		752,359	537,634
Cash and cash equivalents at end of the financial year	(6)	<u>1,268,438</u>	<u>752,359</u>

The accompanying notes form an integral part of these accounts.

S.E.A. PETROLEUM EXPLORATION SOCIETY
(Incorporated in the Republic of Singapore)

NOTES TO THE ACCOUNTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

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

1. GENERAL

The Society is established under the Societies Act.

The address of its registered office and the place of operation is 20 Upper Circular Road, The River Walk #01-06 Singapore 058416.

The objective and purposes of the Society are to:

- Advance the science of geology and related earth sciences for petroleum and gas exploration, development and production specifically in South East Asia
- Act as a body to improve awareness of oil and gas industry issues in the community
- Foster a spirit of scientific research
- Promote technologies for finding, developing and producing hydrocarbons
- Disseminate information related to petroleum geoscience
- Inspire a high standard of professional conduct

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Statement of compliance*

These accounts have been prepared in accordance with the Society's accounting policies.

(b) *Basis of accounting*

The accounts are expressed in Singapore dollar and prepared in accordance with the historical cost basis.

(c) *Revenue recognition*

(i) Service income

Revenue from the rendering of services are recognised when the services are rendered.

(ii) Membership

Revenue from membership is recognised on a straight line basis over the term of the membership.

(iii) Interest income

Interest income is recognised using the effective interest method.

(iv) Corporate sponsorship

Revenue from corporate sponsorship is recognised on a receipts basis.

S.E.A. PETROLEUM EXPLORATION SOCIETY
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NOTES TO THE ACCOUNTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

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

(d) *Depreciation of plant and equipment*

All items of plant and equipment are recorded at cost less accumulated depreciation and impairment loss, if any. The cost of plant and equipment is depreciated on a straight-line method to write off the cost of the plant and equipment over their estimated useful lives. Management estimates the useful lives to be as follows:

Furniture and fittings	-	3 years
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Fully depreciated assets are retained in the accounts until they are no longer useable.

(e) *Income tax*

Income tax on the results for the financial year comprises current and deferred tax. Income tax is recognised in the income and expenditure statement.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(f) *Financial instruments*

Financial instruments carried on the balance sheet include cash and cash equivalent, receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. These instruments are recognised when contracted for.

(g) *Cash and cash equivalents*

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash at bank which are subject to an insignificant risk of change in value.

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NOTES TO THE ACCOUNTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Receivables

Receivables are measured in initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income and expenditure statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Bad debts are written off in the income and expenditure statement when identified.

(i) Payables

Liabilities for other amount payable, which are normally settled on 30 to 90 day terms, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gain and losses are recognised in the income and expenditure statement when the liabilities are derecognised as well as through the amortisation process.

(j) Provisions

Provisions are recognised when the Society has a present obligation as a result of a past event where it is probable that the obligation will result in an outflow of economic benefit that can be reasonably estimated.

(k) Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(l) Functional currency and foreign currency transactions

Functional currency

The accounts of the Society are presented in the currency of the primary economic environment in which the Society operates (its functional currency). The accounts of the Society are presented in Singapore dollars, which is the functional currency of the Society.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the statement of income and expenditure.

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

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NOTES TO THE ACCOUNTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2010

3. PLANT AND EQUIPMENT

	<u>Furniture and fitting</u> S\$
<u>Cost</u>	
As at 1/10/2009	4,220
Additions	-
As at 30/9/2010	4,220
Additions	4,355
Written off	(4,220)
As at 30/9/2011	4,355
 <u>Accumulated depreciation</u>	
As at 1/10/2009	2,813
Depreciation for the year	1,407
As at 30/9/2010	4,220
Depreciation for the year	726
Written off	(4,220)
As at 30/9/2011	726
 <u>Net book value</u>	
As at 30/9/2011	3,629
 As at 30/9/2010	-

4. TRADE RECEIVABLES

The Society has trade receivables amounting to S\$8,129 (2010: Nil) that are past due at the statement of financial position date but not impaired. Receivables are unsecured and the analysis of their aging at the statement of financial position date is as follows:

	<u>2011</u> S\$	<u>2010</u> S\$
Current	6,080	-
Past due:		
31 to 60 days	4,390	-
More than 90 days	3,739	-
	14,209	-

5. FIXED DEPOSIT

The fixed deposit will mature in 1 February 2012 and earns interest of 0.25% (2010: 0.15%) per annum.

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NOTES TO THE ACCOUNTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

6. CASH AT BANK

Cash at bank are denominated in the following currencies as at 30 September:

	<u>2011</u>	<u>2010</u>
	S\$	S\$
Singapore dollar	1,232,137	719,557
United States dollar	36,301	32,802
	<u>1,268,438</u>	<u>752,359</u>

7. OTHER PAYABLES

	<u>2011</u>	<u>2010</u>
	S\$	S\$
Accruals	<u>3,385</u>	<u>10,734</u>

8. EVENT AND ACTIVITIES INCOME

	<u>2011</u>	<u>2010</u>
	S\$	S\$
Event	1,165,160	245,570
Seapex course fee	-	55,600
Enterprise activities	93,600	33,910
Forum and talks	85,295	41,235
Mechandise sales	-	394
Miscellaneous	612	27,644
Scout check	191,768	-
Seapex golf	-	24,800
Seapex press advertisement	75,150	36,050
Worldpay charges	2,888	-
	<u>1,614,473</u>	<u>465,203</u>

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NOTES TO THE ACCOUNTS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2011

9. EXPENSES FOR EVENT AND ACTIVITIES

	<u>2011</u>	<u>2010</u>
	S\$	S\$
Discretionary spending	-	29,524
Enterprise activities	156,359	31,426
Event expenses	610,079	14,651
Forum and talk	182,573	66,726
Miscellaneous	-	4,203
Press advertisement	66,288	62,600
Scout check	53,344	12,017
Seapex course fees	17,932	54,643
Seapex golf	28,944	20,521
	<u>1,115,519</u>	<u>296,311</u>

10. INCOME TAX

	<u>2011</u>	<u>2010</u>
	S\$	S\$
Prior years' - overprovision	<u>-</u>	<u>(294)</u>

The Society has unabsorbed donation of approximately S\$17,000 (2010: S\$186,000) available for 5 years as required by the provision of the Income Tax Act and agreement by Comptroller of Income Tax. Deferred tax benefit of S\$2,890 (2010: S\$31,620) in respect of above have not been recognised due to unpredictability in future profit streams.

11. OPERATING LEASE COMMITMENTS

Lessee

The Company leases land under cancellable operating lease agreements. The future minimum lease payable under cancelable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	<u>2011</u>	<u>2010</u>
	S\$	S\$
Not later than one year	23,000	24,000
Later than one year but not later than five years	-	23,000
	<u>23,000</u>	<u>47,000</u>