ENI JPDA 03-13 LIMITED

ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

REGISTERED OFFICE
Eni House
10 Ebury Bridge Road
London SW1W 8PZ

Registered Number 02664257

ENI JPDA 03-13 LIMITED

DIRECTORS AND REGISTERED OFFICE

BOARD OF DIRECTORS

E Delfos
F Pagano
P Hemmens
C Pagano

SECRETARY AND REGISTERED OFFICE

R D'Abreo
Eni House
10 Ebury Bridge Road
London
SW1W 8PZ

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH
United Kingdom

REGISTERED IN ENGLAND NO: 02664257

The directors present the strategic report of Eni JPDA 03-13 Limited, (the "company"), for the year ended 31 December 2021.

Principal activities

The company's principal activity is holding a 10.986% participating interest in the Bayu Undan project, a condensate and gas development field located in the offshore of Timor-Leste. Santos is the operator of Bayu Undan Production Sharing Contract (PSC).

Review of the business

Results for the year

The results for the year are set out on page 10 of the financial statements. The company's profit for the financial year is $85,282,000 (2020 – loss of $16,191,000). Shareholders' equity at the end of the financial year is $85,936,000 (2020 - $6,654,000).

Key performance indicators

Key performance indicators of the company are set out below:

	2021 **$'000**	2020 $'000	**Variance** **$'000**
Revenue	**184,228**	71,869	**112,359**
Operating profit/(loss)	**163,755**	(31,601)	**195,356**
Net profit/(loss) for the year	**85,282**	(16,191)	**101,473**
Net assets	**85,936**	6,654	**79,282**

The directors consider the performance of the company to be in line with expectations. Revenue has increased mainly due to higher prices and slightly higher production. Operating profit increased mainly from higher revenue and reversal of prior year impairment charge on Bayu-Undan assets. Net profit for the year is higher due to the operating profit partially offset by tax expense. Net assets increased due to the profit of the year partly offset by a dividend distribution of $6,000,000.

Business review

Production under the liquids phase of the Bayu-Undan project commenced in February 2004. The gas export phase of the development was completed in August 2005, followed by a period of commissioning, with the first gas revenues arising in January 2006 under a sale and purchase contract with an initial expiry date of 2022.

Gas production in 2021 was in line with Eni's forecast, however a few outages at the onshore DLNG facility did not allow for any upside production.

Three new wells were drilled at Bayu Undan field in the Phase 3C drilling campaign in H2 2021. All three wells were completed as gas producers with one well (W13) greatly exceeding production expectations with rates >170 MMSCF/d.

Operating costs in 2021 were impacted by COVID-19 requirements, with Eni's share being 4.1MUSD (before cost recovery) above forecast. Pre-mobilisation quarantine in Darwin and Dili, plus a move to helicopter crew-changes from Darwin was the source of the extra costs. In 2021 there were no COVID cases offshore, however cases onshore impacted mobilisation and offshore staffing.

Principal risk factors and uncertainties

The company aims to mitigate risks and manage and control the exposure where possible. Risk assessment process is integrated into the Integrated Risk Management System Guideline (MSG).

The risks and uncertainties below may have a material adverse effect on the operational and financial performance of the company.

Principal risk factors and uncertainties (continued)

Commodity price risk: The company's performance is affected by volatile oil and gas price fluctuations, which are subject to international supply and demand as well as numerous other political factors. The guidelines of Eni S.p.A. and its subsidiaries (Eni Group) for the management of commodity risk contain limits to the price risk deriving from trading activities. Coordination in this area is carried out by a commodity risk assessment team operating at the Eni Group level.

Safety, security, environmental and other operational risks: The company engages in the exploration and production of oil and natural gas. By its nature, the company's operations are exposed to a wide range of significant health, safety, security and environmental risks. Technical faults, malfunctioning of plants, equipment and facilities, control systems failure, human errors, loss of containment and adverse weather events can trigger damaging consequences such as explosions, blow-outs, fires, oil and gas spills from wells, pipeline and tankers, release of contaminants and pollutants in the air, the ground and in the water, toxic emissions and other negative events. The company's future results of operations and liquidity depend on its ability to identify and address the risks and hazards inherent to operating in those industries.

Risk associated with the exploration and production of oil and natural gas: The exploration and production of oil and natural gas require high levels of capital expenditures and are subject to natural hazards and other uncertainties, including those relating to the physical characteristics of oil and gas fields. The exploration and production activities are subject to mining risk and the risks of cost overruns and delayed start-up of the projects to develop and produce hydrocarbons reserves. Those risks could have an adverse, significant impact on the company's future growth prospects, results of operations, cash flows and liquidity.

Climate-related risks
Society and national governments are stepping up efforts to reduce the risks of climate change and support an ongoing transition to a low carbon economy. Current laws and regulations to curb carbon emissions and implement fiscal measures to drive technological innovation are aimed at reducing the world's reliance on fossil fuels. These trends could materially affect demand for hydrocarbons in the long-term and increase compliance costs for the company in the short-term. Eni is also exposed to the risk of unpredictable extreme meteorological events linked to climate change. All these developments may adversely and materially affect the Group's profitability, businesses outlook and reputation. The Eni Group's strategy aims to achieve, by 2050, the net zero target on GHG Scope 1, 2 and 3 emissions (Net GHG lifecycle emissions), and the associated emission intensity (Net Carbon Intensity).

The company's portfolio exposure to those risks is reviewed annually. To test the resilience of new capital projects, the company assesses potential costs associated with Green House Gas (GHG) emissions and their impact on projects' returns. The development process and internal authorisation procedures of each capital projects features several checks that that may require additional and well detailed GHG and energy management plans to address potential risks of underperformance in relation to possible scenarios of global or regional adoption of regulations introducing mechanisms of carbon cap and trade or carbon pricing.

Critical IT services or digital infrastructure and security systems: Breach of the company's digital security or failure of its digital infrastructure could damage its operations, financial performance and reputation.

Impact of coronavirus (COVID-19): The company is subject to the risk of business interruption and adverse financial and liquidity risks due to the COVID -19 pandemic. From a health and safety aspect, all staff working in the company's offices have been working from home when required to reduce the spread of the virus. Eni S.p.A. and its subsidiaries continue to assess the potential impact of the Omicron variant spreading on the staff and apply the appropriate mitigation plans implemented during 2020. The company, as part of Eni Group UK companies, has adopted the most stringent standards, in accordance with Eni S.p.A. Group requirements, for the evaluation and management of the aforementioned risks in line with the Eni Group's Management System Guidelines.

Section 172(1) UK Companies Act 2006 ("Act") Statement

Directors

As part of their induction a Director of the Company is informed of their Directors' Duties with specific reference to section 172(1) (a-f) and if necessary can seek additional support and advice from an independent adviser to ensure that they are aware and know the likely consequences of any decision the company makes in the long term.

Section 172(1) UK Companies Act 2006 ("Act") Statement (continued)

Stakeholders

The directors of the company believe it is fundamentally important that the values and principles which guide the company are clearly defined, both internally and externally, in order to ensure that all company activities are implemented in compliance with the relevant laws and in a context of fair competition, honesty, integrity, fairness and good faith which would promote the success of the company for the benefit of its members as a whole having regard the interests of all its stakeholders: shareholders, workforce, suppliers, customers, lenders, government/tax authorities, pension schemes/trustees, community and environment. These values are embedded in the Eni Code of Ethics, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 18 March 2020 and by the Directors of the company on 3 June 2020. The Eni Code of Ethics sets out the challenges of sustainable development and the need to take into consideration the interests of all stakeholders to clearly define the values that the company will accept, acknowledge and share as well the responsibilities it assumes, contributing to a better future. The Eni Code of Ethics is brought to the attention of every person or body having business relations with the company.

Business Conduct

The Directors of the company believe that business has the responsibility to respect and support the fundamental human rights, as expressed in the Universal Declaration for Human Rights and the United Nations Guiding Principles on Business and Human Rights. The company is committed to maintaining and improving its practices to combat slavery and human trafficking violations in its operations and supply chain. These values are embedded in the Eni Modern Slavery Act Statement, approved by the Board of Directors of its ultimate parent company, Eni S.p.A., on 29 April 2021 and by the Directors of the company on 27 May 2021. Moreover, as an indirect subsidiary of Eni S.p.A the Board of Directors have adopted the Eni internal Regulatory System including Management System Guidelines which sets out internal policies to achieve a high standard of business conduct. All Board of Directors decisions are taken with regard to section 172 of the Act.

Community and the Environment

Eni's mission, inspired by the UN 2030 Agenda, represents the transformation path taken by the company to play a defining role in the global process towards a low carbon future, promoting access to energy efficiently and sustainably for everyone. This mission confirms Eni's commitment to an energy transition that is also socially fair and organically integrating the 17 SDGs to which Eni intends to contribute, exploiting new business opportunities.

Shareholders

The Board of Directors consider and only approve items of business that would promote the success of the company and in the best interests of the company, the company's immediate shareholders, the ultimate parent Eni S.p.A and its stakeholders.

On behalf of the Board

Francesco Pagano
Francesco Pagano (May 13, 2022 11:55 GMT+1)

F Pagano
Director

13 May 2022

DIRECTORS' REPORT

The directors present their Directors' report and the audited financial statements of the company for the year ended 31 December 2021.

Directors

The present directors of the company are listed on page 1 and have held office throughout the year and up to the date of signing the financial statements with the following exceptions:

F Krekshi resigned as a director on 18 August 2021
C Pagano was appointed as a director on 18 August 2021
G L Ferrara resigned on 24 March 2022
F Pagano was appointed on 24 March 2022.

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Future company developments

In 2022 the drilling results will be incorporated into the reservoir modelling to assist with predicting the end of field life for Bayu Undan. Considering it is in late life production, the production rate for the overall field will be difficult to assess.

Dividends

During the year an interim dividend of $6,000,000 representing $24 per share was paid to the equity holder (2020 - $83,000,000). No final dividend was proposed or paid in 2021.

Branches outside the UK

The company has a branch office registered in Perth, Australia.

Post balance sheet events

The military action between Russia and Ukraine that developed following the year end, alongside the imposition of international sanctions, have a pervasive economic impact not only on businesses in Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments. The company has no assets, operations or activities in Russia and Ukraine nor is it party to any contracts or transactions involving Russian registered counterparties. Accordingly, the company will not be directly affected by any internationally imposed sanctions covering such assets, operations, activities, contracts or transactions.

There are no other post balance sheet events to report.

Financial risk management

Financial risks are managed in respect of guidelines issued by the Eni S.p.A. board of directors in its role of directing and setting the risk limits, targeting to align and centrally coordinate Group companies' policies on financial risks ("Guidelines on financial risks management and control"). The "Guidelines" define for each financial risk the key components of the management and control process, such as the aim of the risk management, the valuation methodology, the structure of limits, the relationship model and the hedging and mitigation instruments.

The company is exposed to the following financial risks:

Commodity risk: The company's performance is affected by fluctuations in oil and gas prices, which are subject to international supply and demand as well as numerous other political factors. The prices the company receives for its production are set centrally by the group's commodity risk assessment team. Eni manages its exposure by managing production in line with price fluctuations in order to achieve stable economic results.

Liquidity risk: The risk that suitable sources of funding for the company's business activities may not be available. The company has access to the Eni group's financial resources in the form of capital contributions from its shareholder and short-term lending facilities from Eni Finance International. The company believes it has sufficient cash to cover expenses.

Foreign currency risk: The company is exposed to foreign exchange fluctuations relating to non-USD (mainly AUS$) expenditures and receipts. The company utilises foreign currency derivatives to hedge its short-term exposure to these fluctuations. There were no open derivative positions at year-end.

Financial risk management (continued)

Credit risk: The company is exposed to potential losses in the event of non-performance by its counterparties. Evaluation of credit risk from external parties is managed centrally by the group's specialized credit risk department who monitor credit exposures, credit recovery activities and disputes in line with the group's credit risk management policies. The company does not evaluate credit risk of other Eni Group companies, and instead relies on the overall creditworthiness of the group in assessing the credit worthiness of Eni Group counterparties.

Going concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that the company has adequate internal resources to continue to operate for the foreseeable future for at least twelve months from the date of signing the financial statements. Refer to the Basis of preparation in the Statement of accounting policies for more details.

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Provision of information to auditors

The directors, as at the date of this report, have confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

By order of the Board

Riordan D'Abreo
Riordan D'Abreo (May 13, 2022 10:51 GMT+1)

R D'Abreo
Secretary
13 May 2022

Independent auditors' report to the members of Eni JPDA 03-13 Limited

Report on the audit of the financial statements

Opinion

In our opinion, Eni JPDA 03-13 Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the statement of comprehensive income and the statement of changes in shareholders' equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are

Independent auditors' report to the members of Eni JPDA 03-13 Limited (continued)

required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the annual report and the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to failure to comply with environmental regulations, health and safety regulations and relevant tax regulations in the jurisdictions in which the company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

Independent auditors' report to the members of Eni JPDA 03-13 Limited (continued)

- enquiry of management and the company's in-house legal team, including consideration of known or suspected instances of non- compliance with laws and regulations and fraud;
- enquiry of staff in the company's tax function to identify any instances of non-compliance with laws and regulations;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- reviewing minutes of meetings of those charged with governance; and
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness and testing accounting estimates to address the risk of management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Kevin McGhee

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 May 2022

ENI JPDA 03-13 LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 *$'000*	2020 *$'000*
Revenue	2	**184,228**	71,869
Other service costs and expenses	3	**(39,826)**	(31,540)
Depreciation	12	**(23,663)**	(24,652)
Impairment reversal/(charge)	12	**43,016**	(47,278)
Operating profit/(loss)	4	**163,755**	(31,601)
Interest receivable and similar income	7	**103**	532
Interest payable and similar expenses	6	**(1,557)**	(1,999)
Profit/(loss) before taxation		**162,301**	(33,068)
Taxation (charge)/credit	8	**(77,019)**	16,877
Profit / (loss) for the financial year		**85,282**	(16,191)
Other comprehensive income		**-**	-
Total comprehensive income/(expense) for the year		**85,282**	(16,191)

All results are from continuing operations and total comprehensive income/(expense) for the year is attributable to the equity holders.

ENI JPDA 03-13 LIMITED

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share capital *$'000*	Capital contribution reserve *$'000*	Retained earnings *$'000*	Total shareholders' equity *$'000*
Balance at 1 January 2020		403	66,174	39,268	105,845
Loss and total comprehensive expense for the financial year		-	-	(16,191)	(16,191)
Transfer to retained earnings		-	(66,174)	66,174	-
Transactions with owners in their capacity as owners:					
Dividends paid ($332 per share)		-	-	(83,000)	(83,000)
Balance at 31 December 2020		403	-	6,251	6,654
Profit and total comprehensive income for the financial year		-	-	85,282	85,282
Transactions with owners in their capacity as owners:					
Dividends paid ($24 per share)		-	-	(6,000)	(6,000)
Balance at 31 December 2021	16	**403**	**-**	**85,533**	**85,936**

ENI JPDA 03-13 LIMITED (Registered number: 02664257)

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021	2020
		$'000	*$'000*
Assets			
Current assets			
Cash and cash equivalents	9	**125,649**	37,039
Inventories	10	**3,512**	2,957
Trade and other receivables	11	**48,932**	11,047
Current tax assets		**-**	945
		178,093	51,988
Non-current assets			
Property, plant and equipment	12	**136,212**	89,657
Total assets		**314,305**	141,645
Liabilities			
Current liabilities			
Trade and other payables	13	**47,487**	10,981
Current tax liabilities	8	**30,337**	-
		77,824	10,981
Non-current liabilities			
Deferred tax liability	14	**66,126**	43,887
Provisions	15	**84,419**	80,123
		150,545	124,010
Total liabilities		**228,369**	134,991
Shareholders' equity			
Share capital	16	**403**	403
Capital contribution reserve		**-**	-
Retained earnings		**85,533**	6,251
Total shareholders' equity		**85,936**	6,654
Total shareholders' equity and liabilities		**314,305**	141,645

The financial statements from page 10 to 24 were approved by the Board on 15 March 2022 and were signed by an authorised director on behalf of the Board, at a later date.

On behalf of the Board

Francesco Pagano
Francesco Pagano (May 13, 2022 11:55 GMT+1)

F Pagano
Director
13 May 2022

STATEMENT OF ACCOUNTING POLICIES

A summary of the principal accounting policies which have been applied throughout the year is listed below.

General Information

The company is a limited liability company, by shares, incorporated and domiciled in England, United Kingdom.

The company acts as a participant in consortia involved in the exploration and exploitation of oil and gas in the Joint Petroleum Development Area in Timor-Leste.

As a participant, the company receives from the operators returns of income, expenditure, assets and liabilities of the consortia, the company's share of which are incorporated into its accounting records.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:
(a) the requirements of IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements:
(c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
1. paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements;
2. paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
3. paragraph 118(e) of IAS 38 Intangible Assets.
(d) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135c-135e of IAS 36, Impairment of Assets;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraph 24(b) of IFRS 6 Exploration for and Evaluation of Mineral Resources to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources;
(g) the requirements of paragraph 91 – 99 of IFRS 13 Fair Value Measurement;
(h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers;
(i) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in relation to standards not yet effective;
(j) the requirements of paragraph 74A(b) of IAS 16 Property, Plant and Equipment
(k) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures; and
(l) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

Where required, equivalent disclosures are given in the group financial statements of Eni S.p.A. The group financial statements of Eni S.p.A. are available to the public via the internet.

The accounting policies have been applied consistently, other than where new policies have been adopted.

New and amended standards adopted
The company has applied the following standards and amendments for the first time for the annual reporting commencing on 1 January 2021:

Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not have a material impact on the entity in the current and future periods and on foreseeable future transactions.

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards do not have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going concern

The company has a net asset position of $85,936,000 as of 31 December 2021 (2020 – net assets $6,654,000) and a cash balance of $125,649,000 (2020: $37,039,000). The directors are satisfied that the company has adequate financial resources, including access to Eni Group financial resources, to continue to operate for the foreseeable future being not less than twelve months from the date of signing of these financial statements and meet its obligations as they fall due.

The company's forecasts and projections demonstrate that its assets are expected to generate free cash flow over at least 12 months from the date of this report.

As a consequence, the directors have a reasonable expectation that the company is well placed to manage its business risks and generate sufficient funds to continue in operational existence for the foreseeable future being not less than twelve months from the date of signing of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Property, plant and equipment

Property, plant and equipment include oil and gas properties representing the company's share of expenditure in respect of exploration, appraisal and development costs of fields where a decision to exploit their reserves has been made, field development programme approval has been granted and capital expenditure incurred when the fields are in production. Interest costs incurred during the development stage of fields are capitalised from the date at which field development programme approval is granted until production commences.

These assets, except proven mineral interests, are depreciated using the unit of production method based on proved developed oil and gas reserves for each field in production at the balance sheet date. When there is a change in the estimated total recoverable proved developed reserves of a field, the un-depreciated cost is written off over the revised remaining reserves.

Interests in joint arrangements

IFRS 11 defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

IFRS 11 classifies joint arrangements into two types i.e. joint operations and joint ventures. A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The company participates in a joint operation which involves the joint control of assets used in the company's oil and gas exploration and producing activities. Interests in joint operations are recognised by including the company's share of assets, liabilities, income and expenses on a line-by-line basis. Liabilities and expenses incurred directly in respect of interests in joint operations are accounted for on an accrual basis. Income from the sale or use of the company's share of the output of jointly operations, and its share of joint operation expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the company and their amount can be measured reliably.

Impairment of non-financial assets

At the end of each reporting period, the company reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of fair value less costs to sell and value in use. Management has assessed its cash generating units (CGUs) as being an individual field, which is the lowest level for which cash inflow are largely independent of those of other assets. In assessing value in use, future net cash flows for each field are calculated by utilising the company's estimate of proved reserves at year end, together with the company's estimates of future oil prices, future capital and operating costs and future decommissioning costs, required for recovering these remaining proved reserves.

These estimated future cash flows are then discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

At the end of each reporting period, an assessment is made to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or has decreased. Where such an indication exists, an impairment loss is reversed to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, the Company's current bank accounts and short-term deposits originally due, generally, within 90 days, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Cash deposited in some bank accounts held with Banque Eni SA (BESA)[1] may be subject to cash pooling arrangements with the ultimate parent company Eni SpA[2]. The Company has the full availability of these bank accounts without any restrictions; neither BESA nor the ultimate parent company can block withdrawals. Cash pooling accounts are balanced on a daily basis and the true intent of these accounts is to ensure settlements of payments to vendors and/or cash collections from customers.

Deposits held with Eni Finance International S.A. (EFI)[3] are classified as cash equivalents considering that: (i) they are highly liquid, available on demand or in the short term and have terms that are similar to those which would be expected if the deposits had been made with an independent third party financial institution; (ii) EFI maintains sufficient cash and liquid resources, along with access to credit lines, to meet all inter-company obligations simultaneously. The Company has full availability of the deposits held with EFI (i.e. no restriction to modify maturity date); if the Company needs to terminate earlier a deposit, there is no penalty on the change of period requested.

Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, or, with reference to inventories of crude oil and petroleum products already included in binding sale contracts, the contractual selling price. Materials and other supplies held for use in production are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. This represents the company's share of inventories belonging to the consortia of which it is a member. Cost is determined by the weighted average method and comprises direct purchase costs, cost of production, transportation and manufacturing expenses.

The cost of inventories of hydrocarbons (crude oil, condensates and natural gas) and petroleum products is determined by applying the weighted average cost method on a three-month basis, or on a different time period (e.g. monthly), when it is justified by the use and the turnover of inventories of crude oil and petroleum products.

Foreign currencies

The functional and reporting currency of the company is US Dollars as the majority of its assets and transactions are US Dollar denominated. The year-end exchange rate in AUD Dollars is 0.7256 (2020 – 0.77235). All financial information has been rounded to the nearest thousand ($'000), unless otherwise indicated.

Transactions denominated in foreign currency are converted to US Dollars at rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies have been translated at the rates ruling at the balance sheet date. The resulting gains or losses are recognised in profit or loss.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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[1] BESA is a Belgian regulated bank subject to the banking regulatory requirements.

[2] Although Eni SpA is not a financial institution, it performs its financial activities within specific Board approved limits.

[3] EFI is the company responsible for the centralised funding of some foreign Eni Group companies and for collecting their financial surpluses.

Taxation (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax.

Additional profits tax

Additional profits tax payable in East Timor is provided on the 100% taxable profits of fields subject to additional profits tax at the effective rate of 21.5%.

Provision for deferred additional profits tax is made using the liability method. As additional profits tax is largely specific to individual fields and field lives are finite, provision is made in full for those fields expected to pay significant tax. Provision is made for temporary differences in respect of capital and revenue expenditure and the decommissioning and restoration provision.

Revenue recognition

The company is principally engaged in oil and gas exploration and production. Revenue from contracts with customers is recognised when or as the company satisfies a performance obligation by transferring control of a promised good or service to the customer. The company has generally concluded that it is the principal in its revenue contracts because it typically controls the products before transferring them to the customer. The transfer of control generally coincides with title passing to the customer and products having reached the processing terminal or when the products are lifted.

The company principally satisfies its performance obligations at a point in time. When, or as, a performance obligation is satisfied, the group recognises as revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for those products. Contracts from the sale of commodities are typically priced by reference to quoted prices.

Interest income

Interest income is recognised on a time proportion basis.

Over/underlift balances

Lifting or offtake arrangements for oil and gas produced in certain of the company's oil and gas properties are such that each participant may not receive and sell its precise share of the overall production in each period. The resulting imbalance between cumulative entitlement and cumulative volume sold less stock is 'underlift' or 'overlift'.

The company applies the sales method for the measurement and presentation of the over/underlift balances with underlift valued at cost and overlift valued at market price. The movements of the year are presented within the Other service costs and expenses.

Provisions

Provisions are recognised when: (i) there is a current obligation (legal or constructive), as a result of a past event; (ii) it is probable that the settlement of that obligation will result in an outflow of resources embodying economic benefits; and (iii) the amount of the obligation can be reliably estimated.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date or to transfer it to third parties at that time.

Decommissioning provision

The estimated cost of dismantling the production and related facilities and site restoration at the end of the economic life of each field is recognised in full as a decommissioning provision when the asset is installed or the ground/environment is disturbed at the field location. The amount recognised is the present value of the estimated future decommissioning cost, and an offsetting entry to property, plant and equipment is also recognised. The increase in the provision with the passage of time (unwinding of discount) is recognised as interest expense. The asset is depreciated on a unit of production basis. Changes to the present value of the estimated future restoration cost are accounted for as adjustments to the provision and property, plant and equipment.

Financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them. Trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Financial assets at amortised cost (debt instruments)
Financial assets are initially recognised at fair value and subsequently at amortised cost measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets held at amortised cost includes trade and other receivables.

Impairment of financial assets
The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities at amortised cost
Financial liabilities at amortised cost are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest method. The company's financial liabilities held at amortised cost includes trade and other payables.

Use of accounting estimates, judgements and assumptions

The company's financial statements are prepared in accordance with FRS 101. This requires the use of estimates and assumptions that affect the assets, liabilities, revenues and expenses reported in the financial statements, as well as amounts included in the notes thereto, including discussion and disclosure of contingent liabilities. Estimates made are based on complex or subjective judgements, past experience and other assumptions deemed reasonable in consideration of the information available at the time. The accounting policies and areas that require the most significant judgements and estimates to be used in the preparation of the financial statements are in relation to the accounting for oil and natural gas activities, specifically in the determination of proved and proved developed reserves, impairment of property, plant and equipment and intangible assets and decommissioning provisions. Although the company uses its best estimates and judgements, actual results could differ from the estimates and assumptions used.

A summary of significant estimates is as follows.

a) Oil and gas activities

Engineering estimates of the company's oil and gas reserves are inherently uncertain. Although there are authoritative guidelines regarding the engineering criteria that must be met before estimated oil and gas reserves can be designated as "proved", the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgement.

Use of accounting estimates, judgements and assumptions (continued)

Oil and gas reserves have a direct impact on certain amounts reported in the financial statements.

Estimated proved reserves are used in determining depreciation and depletion expenses and estimated proved and probable reserves are used in determining the carrying value of the company's oil and gas assets and the timing of decommissioning cessation of production. In the prior year the carrying value of the company's oil and gas assets and timing of decommissioning cessation of production were estimated using proved and risked probable reserves. Depreciation rates on oil and gas assets using the units of production basis are determined from the ratio between the amount of hydrocarbons extracted in the quarter and proved developed reserves existing at the end of the quarter increased by the amounts extracted during the quarter.

The useful economic lives and residual values are re-assessed annually. Estimates of oil and gas reserves are also used within impairment testing and timing of the decommissioning.

Proved and probable oil and gas reserves are the estimated quantities of crude oil, natural gas and natural gas liquids, which geological and engineering data demonstrate to be recoverable in future years from known reservoirs under existing economic and operating conditions, that is, prices and costs as at the date that the estimate is made.

b) Decommissioning provision

Obligations to remove property, plant and equipment and restore land or seabed require significant estimates in calculating the amount of the obligation and determining the amount required to be recorded at present value in the financial statements. Estimating future decommissioning obligations is complex. It requires management to make estimates and judgements with respect to decommissioning obligations that will come to term many years into the future and contracts and regulations are often unclear as to what constitutes removal.

In addition, the ultimate financial impact of environmental laws and regulations is not always clearly known as decommissioning technologies and costs constantly evolve, as well as political, environmental, safety and public expectations.

The subjectivity of these estimates is also increased by the accounting method used that requires entities to record the value of a liability for decommissioning obligations in the period when it is incurred (typically, at the time, the asset is installed at the production location).

c) Impairment of non-financial assets

The company assesses its property, plant and equipment, intangible assets and those investments measured at cost, for possible impairment if there are events or changes in circumstances that indicate the carrying values of the assets are not recoverable. Such indicators include changes in the company's business plans, changes in commodity prices leading to unprofitable performance and, for oil and gas properties, significant downward revisions of estimated proved reserve quantities.

Determination as to whether and how much an asset is impaired involves management estimates on highly uncertain matters such as future commodity prices, the effects of inflation and technology improvements on operating expenses, production profiles and the outlook for global or regional market supply and demand conditions for crude oil, natural gas, commodity chemicals and refined products, and the discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1 Parent undertakings

The company's immediate parent undertaking is Eni International B.V., a company incorporated in the Netherlands.

The company's ultimate parent undertaking, Eni S.p.A., a company incorporated in Italy with registered office at Piazzale Enrico Mattei 1, 00144 Rome, will produce consolidated financial statements for the year ended 31 December 2021, which will be available from its website (www.eni.com) or on request to Eni S.p.A., Via Emilia 1, 20097 San Donato Milanese, Italy.

The parent company of the largest and smallest group into which the company is consolidated is Eni S.p.A.

2 Revenue

All revenues are derived from sales of oil and gas products to third parties.

For the purposes of the Companies Act 2006, the operations of the company constitute one class of business, the extraction of natural gas. All activities of the company are undertaken in Timor-Leste.

3 Other service costs and expenses

	2021	2020
	$'000	*$'000*
Group undertakings – purchase of services	**1,909**	1,281
Third parties – purchase of services	**37,917**	30,259
	39,826	31,540

The other service costs and expenses relating to group undertakings represent the purchase of services. The other service costs and expenses relating to third parties mainly represent the company's share of operating expenditure in its oil and gas joint ventures.

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging the following amounts:

		2021	2020
		$'000	*$'000*
Depreciation of property, plant and equipment	(note 12)	**23,663**	24,652
(Reversal of impairment) / Impairment charge	(note 12)	**(43,016)**	47,278
Audit fee		**(3)**	7

In 2021 the audit fees of the head office were borne by Eni Investments Plc. For the purpose of disclosure, a fair allocation of the audit fee to the head office would be £9,013 equivalent to $12,039 (2020: £3,107 equivalent to $4,119). Non-audit fee amounted to nil (2020: $nil).

5 Directors and employee information

None of the directors received any emoluments in respect of their services to the company during the year (2020 – $nil) and the company had no employees (2020 - none). The directors' stock options are reported in the financial statements of Eni S.p.A.

6 Interest payable and similar charges

	2021	2020
	$'000	*$'000*
Unwinding of discount in relation to decommissioning provision (note 15)	**1,557**	1,999

7 Interest receivable and similar income

	2021 $'000	2020 $'000
Group undertakings – Interest receivable	**53**	523
Third parties – interest receivable	**50**	9
	103	532

8 Taxation

	2021 $'000	2020 $'000
Current tax		
Corporation tax - prior year	**(371)**	(488)
Corporation tax - current	**55,151**	10,189
Total current tax	**54,780**	9,701
Deferred foreign tax	**22,239**	(26,578)
Total tax charge/(credit)	**77,019**	(16,877)

Factors affecting tax charge for the year

The company's main business activity is carried out through a permanent establishment situated in Timor-Leste. The profits arising to the permanent establishment are taxed at a local statutory rate of 30% and are subject to the terms of production sharing contracts (PSC). The company believes it is more appropriate to prepare the tax reconciliation for the current period using the local statutory rate as opposed to the previously applied statutory tax rate of the territory of incorporation. The comparative disclosures for the prior period have not been restated.

The tax assessed for the year is higher (2020 - lower) than the standard rate of corporation tax applicable to companies in Timor Leste of 30% (2020-19% based on UK rates). The differences are explained below:

	2021 $'000	2020 $'000
Profit/(loss) before taxation	**162,301**	(33,068)
Taxation on profit before taxation at 30% (2020-19%)	**48,690**	11,761
Effects of :		
Expenditure not allowable for tax	**25**	167
Group relief claimed	**40**	(58)
Income not taxable	**(80)**	(2)
Foreign tax	**-**	10,189
Foreign tax - prior year	**(371)**	(2,059)
Deferred foreign tax	**-**	(26,578)
Foreign tax credit	**-**	(7,493)
Impact of different tax rates	**22**	-
Additional foreign tax	**28,693**	-
Movement in deferred tax not recognised	**-**	13,668
Total tax charge/(credit)	**77,019**	(16,877)

9 Cash and cash equivalents

	2021 $'000	2020 $'000
Cash at bank		
Group undertakings	**124,682**	36,743
Third parties	**967**	296
	125,649	37,039

10 Inventories

	2021 $'000	2020 $'000
Materials and supplies	**3,512**	2,957

The inventory movement was recognised in Other services costs and expenses (note 3).

11 Trade and other receivables

	2021 $'000	2020 $'000
Trade receivables		
Group undertakings	**-**	4
Third parties	**48,527**	6,950
Other receivables		
Third parties	**405**	4,093
	48,932	11,047

The increase of trade receivable versus prior year is due to higher prices in 2021. The decrease of other receivable is due to lower cash call to Joint Venture Operator in 2021.

12 Property, plant and equipment

Fields in Production	Oil and gas properties $'000
Cost	
At 1 January 2021	513,391
Revision of decommissioning estimate (note 15)	2,998
Additions	24,204
At 31 December 2021	**540,593**
Accumulated depreciation and impairment provision	
At 1 January 2021	423,734
Reversal of impairment	(43,016)
Charge for year	23,663
At 31 December 2021	**404,381**
Net book value	
At 31 December 2021	**136,212**
At 31 December 2020	89,657

12 Property, plant and equipment (continued)

Considering significant oil market recovery and high hydrocarbon prices resulting in a higher recoverable amount of the asset, the company recognised $43,016,000 reversal of prior year impairment charge in Bayu Undan assets, following the impairment review performed in June 2021 (2020 – impairment of $47,278,000). The reversal of $47,278,000 takes into account $4,262,000 of depreciation that would have been charged had the asset not been impaired.

13 Trade and other payables

	2021	2020
	$'000	*$'000*
Trade payables owed to group undertakings	**606**	211
Other creditors – third parties	**3,524**	2,158
Accruals and deferred income – third parties	**43,357**	8,612
	47,487	10,981

The payables to other creditors mainly include amounts owing to the Operator for joint venture cash calls in relation to Bayu-Undan expenditure.

Accruals and deferred income – third parties include profit oil payable to the fiscal authority in Timor Leste relating to the revenue of the last quarter of 2021.

14 Deferred tax

Deferred tax is calculated in full on temporary differences using a tax rate of 30% (2020- 19%) in respect of UK non ring fence activity, 30% (2020 - 30%) in respect of corporate tax on assets held in Australia and Timor-Leste and 21.5% (2020 – 21.5%) in respect of Additional Profits Tax on assets held in Timor-Leste. The movement on the deferred tax account is shown below:

	2021	2020
	$'000	*$'000*
At 1 January	**43,887**	70,466
(Credit)/charge to the income statement	**22,239**	(26,579)
At 31 December	**66,126**	43,887

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balance net.

The movements in deferred tax assets and liabilities during the year are shown below:

Deferred tax liabilities	**Accelerated capital allowances**	**Other**	**Total**
	$'000	***$'000***	***$'000***
At 1 January 2020	72,170	612	72,782
Utilised during the year	(28,008)	16	(27,992)
At 31 December 2020	44,162	628	44,790
Utilised during the year	22,688	(29)	22,659
At 31 December 2021	**66,850**	**599**	**67,449**

14 Deferred tax (continued)

Deferred tax assets	Accelerated capital allowances	Other	Total
	$'000	*$'000*	*$'000*
At 1 January 2020	2,278	38	2,316
Utilised during the year	(1,450)	37	(1,413)
At 31 December 2020	828	75	903
Utilised during the year	(828)	1,248	420
At 31 December 2021	**-**	**1,323**	**1,323**

Deferred tax assets have been offset against the deferred tax liabilities above. The net deferred tax liability to be disclosed as a non-current liability is therefore $66,126,000 (2020– $43,888,000).

Unrecognised deferred tax assets

The deferred corporation tax asset calculated at the UK rate of 25% (2020 - 19%) which was not recognised in the financial statements amounted to:

	2021 unprovided amount	2020 unprovided amount
	$'000	$'000
Unrecognised tax losses carried forward	**-**	-
Foreign tax credits and loss carried forward	**261,765**	254,335
Accelerated capital allowances carried forward	**69,402**	48,259
	331,167	302,594

The directors consider it unlikely that there will be suitable profits from which the future reversal of the underlying timing differences could be deducted; therefore, the deferred tax asset has not been recognised.

15 Provisions

	Decommissioning provision
	$'000
At 1 January 2021	80,123
Utilised during the year	(259)
Revision in decommissioning estimate (note 12)	2,998
Unwinding of discount (note 6)	1,557
At 31 December 2021	**84,419**

The estimated cost of decommissioning at the end of the producing life of the company's assets is based upon engineering estimates and expert reports. Considering it is in late life production, the production rate for the overall field will be difficult to forecast and assess.

Provision is made for the estimated decommissioning costs at the balance sheet date, discounted at a rate of 2.380% (2020 – 1.910%) to the present value. These non-current liabilities are currently estimated to crystallise in 2027 (2020 – 2027).

16 Share capital

	2021	2020
Allotted, called up and fully paid £1 ordinary equity shares (number – 250,000 shares)	**£250,000**	£250,000
US Dollar equivalent	**$403,000**	$403,000

16 Share capital (continued)

Under the Companies Act 2006, there is no requirement for the company to have an authorised share capital and the company's Article of Association do not set a maximum amount of shares that the company may allot.

During the year a interim dividend of $6,000,000, representing $24 per share, was paid to the equity holder (2020 - $83,000,000 representing $332 per share). No final dividend was proposed or paid in 2021.

17 Capital commitments

The company has interests in various consortia engaged in exploration and development of oil and gas. As a member of these consortia, the company is committed to pay its share of the costs of development. It is anticipated that this will involve capital expenditure in 2022 of approximately $1.4 million (2021 – $24.7 million).

18 Joint operation

Name of licence	Place of operation	Interest held
Bayu-Undan	Timor-Leste	10.986%

The company holds a 10.986% participating interest in the Bayu-Undan project, a condensate and gas development field located in the offshore of Timor-Leste. There was no change in 2021 in the joint operation structure from the comparative period of 2020.

19 *Post balance sheet events*

The military action between Russia and Ukraine that developed following the year end, alongside the imposition of international sanctions, have a pervasive economic impact not only on businesses in Russia and Ukraine, but also globally where businesses engage in economic activities that might be affected by the recent developments. The company has no assets, operations or activities in Russia and Ukraine nor is it party to any contracts or transactions involving Russian registered counterparties. Accordingly, the company will not be directly affected by any internationally imposed sanctions covering such assets, operations, activities, contracts or transactions.

There are no other post balance sheet events to report.