



**TIMOR-LESTE
EXTRACTIVE INDUSTRY
TRANSPERANCY
INITIATIVE REPORT**

31 December 2009

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**Message from Mr Alfredo Pires – The Secretary of State for
Natural Resources**

Definitions

Term	Definition
Additional Profit Tax	Additional Income Tax payable by a Contractor that has a positive amount of accumulated net receipts derived from the Bayu Undan project for a tax year as defined in the <i>Taxation of Bayu Undan Contractors Act (Timor-Leste, 2003)</i>
Aggregating Body	The independent third party who is responsible for aggregating and analysing the Reporting Templates submitted by the Companies and Government.
Autoridade Nacional do Petróleo (ANP) (National Petroleum Authority)	Entity responsible for managing and regulating petroleum activities in the Timor-Leste's exclusive jurisdictional areas and in the JPDA in accordance with the Decree Law on the establishment of the ANP, the Timor-Leste Petroleum Activities Law, and the Timor Sea Treaty. For the purpose of the returns, all payments made by Extractive Industries to the ANP are regarded as payments made to the Government of Timor-Leste
Application Fee	The fee to be lodged with applications for PSC.
Article 6.1 (a)	As defined under the Petroleum Fund Law.
Article 6.1 (b)	As defined under the Petroleum Fund Law.
Article 6.1 (d)	As defined under the Petroleum Fund Law.
Article 6.1 (e)	As defined under the Petroleum Fund Law.
Benefit Stream	A potential source of economic benefit the Government receives from the extractive industry, as further clarified in Section 8.
Branch Profit Tax	As defined under the relevant Timor-Leste or JPDA taxation legislation.
Company	Any entity issued with a licence to engage in an Extractive Industry by the Government.
Confidentiality	All information provided on the reporting templates shall be treated on a confidential basis and is only for the use of the Aggregating Body and Government solely for the purposes of EITI Reporting requirements. Other than information disclosed in the EITI Report, no information shall be disclosed to any third party without the disclosing party's written consent, unless disclosure is required by law.
Contractual System	Under a Contractual System an agreement between a contractor and

Term	Definition
	the Government exists whereby the contractor bears all exploration costs and risks and development and production costs in return for a stipulated share of the production resulting from this effort. Generally, the government retains ownership of any hydrocarbons or minerals reserves.
Country	The territorial boundary over which the Government has control or joint control.
Development Fee	Will apply at the time a commercial discovery is declared by the contractor. Fees base on the size of the discovery oil and gas reserve.
Equity Share	The percentage of economic interest in/benefit derived from a concession, licence, operation or Company.
Extractive Industries	Extractive Industries are those industries involved in finding and removing non-renewable natural resources located in or near the earth's crust. Wasting natural resources are those resources that cannot be replaced in their original state by human beings.
First Tranche Payment (FTP)	A production payment made pursuant to a Production Sharing Contract made between the Timor-Leste Government and a Company relating to sales of condensate, LPG or Natural Gas.
Government	The governing regimes and institutions of the Government of the Democratic Republic of Timor-Leste whose territorial boundaries companies within the Extractive Industries operate. The Government includes local, regional, state and federal representatives of these regimes and institutions and entities that are controlled by these regimes and institutions but excludes National State-Owned Companies.
Government Production Entitlement	The produced hydrocarbons or minerals that the Government is entitled to from a mineral reserve/deposit under a Contractual system. Under a Concessionary System the government will not have production entitlement.
Income Tax	Income Tax applicable in Timor-Leste under UNTAET Regulation No. 1999/1.

Term	Definition
International Company	<p>For the purposes of these guidelines, an International Company includes:</p> <ul style="list-style-type: none"> • Public and private companies that are in the Extractive Industries Upstream Activities • State-Owned Companies that operate outside the territorial boundaries of the Government that controls them.
Joint Venture Company	<p>A company involved in a joint venture. A joint venture involves a contractual agreement joining together two or more parties for the purpose of executing a particular business undertaking. All parties agree to share in the profits and losses of the enterprise.</p>
Licence	<p>An arrangement between an Extractive Industry company and the Government regarding specific geographical or geological areas and mineral operations relating thereto. For the purposes of the Reporting Guidelines the term Licence is also used to define a permit, an acreage position, a contract area, a lease or a block.</p>
Licence Fee	<p>A fee levied in connection with a licence.</p>
National Directorate of Petroleum Revenues (NDPR) (Formerly Petroleum Tax Division)	<p>The National Directorate of Petroleum Revenues (NDPR) is responsible for administering all Petroleum Taxes payable in the area covered by the Joint Petroleum Development Area (JPDA) in the Timor Sea and Timor-Leste onshore or offshore petroleum related activities. The NDPR was previously referred as the Petroleum Tax Division (PTD). The Appendices and Guidelines refer to the PTD.</p>
National State-Owned Company	<p>Company controlled by the Government that conducts Extractive Industries' Upstream Activities in Timor-Leste. When determining if the company is controlled the following criterion is used: the ability of the Government to govern the financial and operating policies of the Company so as to obtain benefits from its activities.</p>
Production Sharing Contract (PSC)	<p>A contract between the parties to an oil well and Timor-Leste regarding the percentage of production each party will receive after the participating parties have recovered a specified amount of costs and expenses.</p>
Profit Oil & Gas Payment	<p>A production payment made pursuant to a Production Sharing Contract made between the Timor-Leste Government and a Company relating to profit on sales of condensate, LPG and natural</p>

Term	Definition
	gas.
Reporting Dispensation	On a discretionary basis the Aggregating Body may grant a dispensation to an International Company from submitting a Reporting Template for Timor-Leste where their operations are not significant. The EITI Working Group is responsible for determining the dispensation criteria.
Reporting Entity	Companies and Government in receipt of a Benefit Stream.
Reporting Guidelines	This document, which provides guidance to completing the Reporting Templates indicated in Appendices of this document.
Reporting Period	The reporting period for the Reporting Template is the period that aligns to the fiscal year of the Government, 31 December.
Reporting Templates	The templates that International, National and Nation State-Owned Companies and Governments submit to the Aggregating Body as part of their responsibility under the Reporting Guidelines.
Surface Fee	For the JPDA the contract service fee. For Timor-Leste Exclusive Area, the rental cost for the Contract area.
Upstream Activity	Upstream Activity includes all activities related to exploration, development and production from mineral assets up to the point where the minerals are extracted are in a marketable state without further processing.
VAT	Means the Law on Value Added Tax on Goods and Services and Sales Tax on Luxury Goods applicable in Timor-Leste under UNTAET Regulation No. 1999/1.
Wages Tax	Means wages less exempt wages and any allowances set out in Part A of Section 5 of Schedule 1 in the UNTAET Regulation No. 2000/18.
Withholding Tax	As defined under the relevant Timor-Leste or JPDA taxation legislation.

1 THE EITI WORKING GROUP REPORT

1.1 The Extractive Industries Transparency Initiative

The Extractive Industries Transparency Initiative (EITI) is the global standard for promoting greater transparency and accountability in countries rich in oil, gas, or mineral resources. The initiative is supported by an international coalition of developing countries, donors, extractive industry companies, civil society organizations, investors, and international organizations. The Principles and Criteria of EITI are attached at Appendix A.

The Government of Timor-Leste was one of the first countries to state its commitment to the Principles and Criteria of the Extractive Industries Transparency Initiative (EITI) on the occasion of the first international conference on EITI in London in June 2003.

1.2 Timor-Leste EITI Working Group

The EITI Working Group (“Working Group”) comprises the following members:

- Secretary of State, Natural Resources/Public Servant EITI Focal Point (Chairperson)
- Two representatives of the Ministry of Finance
- One representative of the Banking and Payments Authority (BPA)
- Two representatives of the State Secretariat of Natural Resources
- Three representatives of civil society
- Three representatives of petroleum companies

As part of the international rules and framework that defines the EITI transparency label, each candidate country has to fulfil various criteria including the publication of an EITI report, in order to reach a compliant status.

1.3 The Timor-Leste EITI Reporting Guidelines

The Timor-Leste EITI Guidelines (the “Guidelines”) provide guidance for reporting to the EITI Aggregating Body.

The Guidelines are designed to provide assistance to Government departments and companies submitting Reporting Templates to the EITI Aggregating Body.

The overall process for reporting benefit Streams to the Aggregating Body is as follows:

- Stage A: Government will report in line with the Government Reporting Templates (see Appendix B, C and D);

- Stage B: Companies will report in line with the standard Company Reporting Templates (see Appendix A); and
- Stage C: The Aggregating Body will aggregate and analyse the data disclosed and investigate discrepancies that arise

Process for completing the template

To complete the reporting process there are 5 key steps which the Government and companies must perform as detailed below. These include references to the relevant sections with the Reporting Guidelines.

STEP 1: Identify the scope

The Reporting Entity must define the activities that will be covered by the Reporting Template, refer to Section 3: Scope of Reporting.



STEP 2: Understand the reporting principles to be applied

Next, the Reporting Entity must understand the reporting principles that are to be complied with when completing the Reporting Template, refer to Section 4: Reporting Principles.



STEP 3: Identify the Benefit Streams

The third step in the process is for the Reporting Entity to identify the Benefit Streams and the associated Equity Share it must include in the Reporting Template, refer to Section 5: Benefit Streams.



STEP 4: Understand the accounting principles

The Reporting Entity must understand the accounting principles that are to be applied when including their Equity Share of each of the Benefit Streams on the Reporting Template, refer to Section 6: Accounting Principles.



STEP 5: Collate, consolidate & submit the Reporting Template

The final step is for the Reporting Entity to collate and consolidate the information required in line with the accounting principles, refer to Section 4: Reporting Principles, Section 6: Accounting Principles and Appendix E.

1.4 Scope of Reporting

The following boundaries have been set for Extractive Industries, Upstream Activities and the Government for the purpose of determining the scope of reporting under these Reporting Guidelines.

a) Activity: Extractive Industries

See Definition of Terms for a description of an Extractive Industry. For the purposes of the Reporting Guidelines, non-renewable natural resources are limited to:

- Metal Ores (such as copper, gold, iron, nickel, lead, zinc, silver, tin and platinum);
- Gemstones;
- Crude Oil (including natural gas liquids and oil sands);
- Natural Gas; and
- Coal and industrial minerals.

b) Activity: Upstream Activities

See Definition of Terms for a description of an Upstream Activity. Upstream Activities can be divided into the following phases:

Prospecting

- Acquisition of mineral rights;
- Exploration;
- Appraisal or evaluation;
- Development;
- Construction (not to be considered a separate phase in the oil and gas industry);
- Production; and
- Closure or abandonment.

1.5 Accounting Rules

There are a number of key accounting principles which must be considered:

Cash Basis

The reporting of Benefit Streams must be done on a cash basis (as oppose to an accruals basis). The date of payment is taken as the date that the payer's bank account is debited. The cash basis is considered most appropriate as the Government is not in a position to estimate accruals for receipts expected to be received from companies. In addition, the Government is required to ensure that all data disclosed by companies are prepared according to the International Financial Reporting Standards (IFRS).

Reporting Currency

The reporting currency for Benefit Streams is United States Dollars (USD).

For transactions conducted in foreign currencies (those other than USD), you should use the daily average exchange rate to translate to USD published by BNU on the reporting day.

1.6 Examples of Benefit Streams

Benefit Stream	Further Explanation
Governments production entitlement	Government's share of total production which can be transferred directly to the Government or to a National State-Owned Company in cash or in kind.
National State-Owned Company production entitlement	National State-Owned Company's share of total production from the company's equity interest in cash or in kind.
Profit taxes	Taxes levied on the profits of a company's Upstream Activities.
First Tranche Petroleum (FTP)	A production payment made pursuant to a Production Sharing Contract made between the Timor-Leste Government and a Company relating to sales of condensate, LPG or Natural Gas.
Profit Profit Oil & Gas Payment	A production payment made pursuant to a Production Sharing Contract made between the Timor-Leste Government and a Company relating to profit on sales of condensate, LPG and natural gas.
Dividends	Paid to the Government from National State-Owned Companies in respect of shares and any profit distributions in any form of capital other than debt or loan capital repayments.
Bonuses	Payments including: <ul style="list-style-type: none"> • Awards, grants & transfers of extraction rights; • Achievement of certain production levels/targets; and • Discover of additional mineral reserves/deposits.
Licence fees, rental fees, entry fees and other considerations for licences	Payments including: <ul style="list-style-type: none"> • Receiving and/or commencing exploration and/or for the retention of a licence or concession; • Performing exploration work and/or collecting data; or • Leasing or renting the concession or licence area.
Other	Taxes / levies / fees on consumption such as value added tax, personal income tax or sales tax.

The following categories of payments made to Government and Government controlled entities that are regarded as normal routine business payments shall not be considered benefit streams and therefore do not require reporting:

- *Vehicle licenses*
- *Visas*

- *Work and residence permits*
- *Electricity*
- *Water*
- *Sewerage*
- *Berthing fees*
- *Business activity licenses*
- *Business/corporate registration*
- *Customs duties*
- *Property leases*

1.7 The Aggregating Body for the year ended 31 December 2009

The Aggregating Body prepares the EITI Reconciliation Statements. The Independent Auditor of the Petroleum Fund was chosen as the Aggregating Body in order to avoid duplication of work, as Independent Auditor collates similar information from the Companies as required by the Petroleum Fund Law.

1.8 Validation of the Timor-Leste EITI

In March 2010, Coffey International Development as Validator of the EITI process in Timor-Leste, confirmed that Timor-Leste had complied with all the Indicators in the Validation Guide and that the EITI process was consistent with EITI's Principles and Criteria. The Overall Assessment is included at Appendix B.

- Timor-Leste was accepted as an EITI Compliant country on 1 July 2010 by the EITI Board. In accordance with the EITI Rules;
- Timor-Leste must be revalidated within 5 years (i.e., by 1 July 2015);
- Stakeholders in the process may call for a new validation at any time within that period if they think the process needs reviewing; and
- Where valid concerns exist that a country has become EITI Compliant, but its implementation of the EITI has subsequently fallen below the standard required for Compliance, then the Board reserves the right to require the country to undergo a new validation or face delisting from the EITI.

1.9 The Petroleum Industry in Timor-Leste

During the year ended 31 December 2010 the only operating field was Bayu Undan. Bayu Undan is operated by ConocoPhillips and the joint venture companies. In April 2010, Eni was granted approval to begin full operations at the Kitan field, with receipts expected to flow to the Government beginning 2011. There are a number of other companies servicing ConocoPhillips and the joint venture companies.

Currently, there is no other material extractive industries other than the petroleum industry therefore the EITI report only includes receipts from the petroleum industry.

1.10 The Legal and Fiscal Regime for Petroleum in Timor-Leste

Timor-Leste petroleum sector operates in two different jurisdictions with relevant legal and fiscal (or taxation) regimes:

- Joint Petroleum Development Area ("JPDA"), which is jointly managed by Australia and Timor-Leste, and
- Timor-Leste Exclusive Area ("TLEA") and onshore prospects.

Both Bayu Undan and Kitan are within the JPDA.

ANP manages Petroleum Sharing Contracts

The Autoridade Nacional do Petroleo (“ANP”) is the official institution to administer the petroleum activities in both the JPDA and TLEA. The ANP enters into Petroleum Sharing Contracts (“PSC”) with contracting companies developing the oil wells. The PSCs stipulate what Royalties and Profit Oil & Gas the ANP will receive on behalf of the Governments of Timor-Leste and Australia.

First Tranche Petroleum (FTP) is calculated as a percentage of petroleum sales as stipulated by the PSC. Profit Oil & Gas receipts are shared between the joint venture companies and the ANP. Profit Oil and Gas takes is calculated to take into account the joint venture company expenditures related to operating the oil well. Royalties are paid by the Operator of the oil well. Profit Oil & Gas are paid by each joint venture company.

The ANP transfers the FTP and Profit Oil and Gas to the Governments of Timor-Leste and Australia in accordance with Timor Sea Treaty. Under the Timor Sea Treaty 90% of Royalties and Profit Oil are allocated to Timor-Leste with the remaining 10% to the Government of Australia.

In accordance with the Petroleum Fund Law the ANP transfers these receipts to the Petroleum Fund which is managed by the Banking and Payments Authority (BPA).

National Directorate of Petroleum Revenues levies Taxation

The Government of Timor-Leste levies petroleum taxes on the oil companies according to applicable Taxation Law. The Extractive Industry Companies and Service Contractors pay Income tax, additional profit tax, value added tax (VAT), wages tax and withholding tax. The National Directorate of Petroleum Revenues (formerly the Petroleum Tax Directorate (PTD)) in the Ministry of Finance administers petroleum taxes.

Fees

Development fee and contract service fee are fees applicable within the JPDA. License fee/surface fee are applicable within the TLEA.

1.11 Petroleum Revenue

The total petroleum revenues paid by the Companies and received by the Government for 2009 are presented in Table 1.

<i>Table 1. Total petroleum revenues 2009</i>			<i>US Dollars</i>
Revenue items	Paid by companies	Received by Government	Differences
Petroleum Taxes	650,220,161	650,220,161	-
FTP / Profit Oil & Gas	1,109,024,844	1,109,024,844	-
Fees	4,644,990	4,644,990	-
	1,763,889,996	1,763,889,995	-
Petroleum taxes as % of total revenue	37%	37%	
FTP as % of total revenue	63%	63%	
Fees as % of total revenue	0.26%	0.26%	

The petroleum taxes and royalties/profit oil & gas were approximately 37% and 63% of the total petroleum revenues in 2009 respectively. Fees paid to the ANP in 2009 were US\$ 4,644,990 which is 0.3% of the total petroleum revenues during the reporting period.

Petroleum Taxes by Company

Table 2 lists all Extractive Industry Petroleum Revenues received by the Government in 2009 by Company:

<i>Table 2 Petroleum tax revenues 2009</i>			<i>US Dollar</i>
Name of Company	Paid by companies	Received by Government	Differences
ConocoPhillips (Emet) Pty Ltd (Revised)	5,639,213	5,639,213	-
ConocoPhillips JPDA Pty Ltd	85,230,527	85,230,527	-
ConocoPhillips (03-13) Pty Ltd	28,957,881	28,957,881	-
ConocoPhillips (03-12) Pty Ltd	185,400,285	185,400,285	-
ConocoPhillips (Timor Sea) Pty Ltd	47,971,847	47,971,847	-
Conoco Phillips (03-19) Pty Ltd (Revised)	4,480	4,480	-
PC (Timor Sea 06-102) Ltd (Revised)	3,595,515	3,595,515	-
Santos JPDA (91-12) Pty Ltd	72,185,360	72,185,360	-
ENI JPDA 03-13 Limited	74,673,381	74,673,381	-
ENI Timor - Leste S.P.A (PSC 1-5)	113,848	113,848	-
ENI JPDA 06-105 PTY LTD (Revised)	1,884,719	1,884,719	-
MINZA OIL & GAS LIMITED	95,684	95,684	-
Oilex (JPDA 06-103) Ltd (Revised)	10,563	10,563	-
Tokyo Timor Sea Resource Pty Ltd	64,650,319	64,650,319	-
Inpex Sahul Co. Ltd (Revised)	77,143,602	77,143,602	-
Woodside Petroleum (Timor Sea 19) Pty Ltd	1,324,023	1,324,023	-
Woodside Petroleum (Timor Sea 20) Pty Ltd	6,245	6,245	-
Reliance Exploration & Production DMCC	1,332,669	1,332,669	-
			-
Total	650,220,161	650,220,161	-
ConocoPhillips as % of total tax revenue	54%		

17 Extractive industry companies paid petroleum taxes to the Government of Timor-Leste in 2009. ConocoPhillips paid 60% of the total petroleum taxes received by the Government. The joint venture companies Eni, Inpex, Santos and Tokyo Timor Sea paid significant petroleum taxes during this period.

First Tranche Payment and Profit Oil & Gas by Company

The First Tranche Petroleum (FTP) and Profit Oil & Gas paid by the Companies and received by the Government are included in Table 3.

<i>Table 3 FTP/Profit Oil and Gas 2009</i>			<i>US Dollar</i>
Name of Company	Paid by companies	Received by Government	Differences
ConocoPhillips (Emet) Pty Ltd	8,852,230	8,852,230	-
ConocoPhillips JPDA Pty Ltd	151,021,834	151,021,834	-
ConocoPhillips (03-13) Pty Ltd	52,862,834	52,862,834	-
ConocoPhillips (03-12) Pty Ltd	396,072,797	396,072,797	-
ConocoPhillips (Timor Sea) Pty Ltd	75,055,944	75,055,944	-
ENI JPDA 03-13 Limited	108,227,122	108,227,122	-
Santos JPDA (91-12) Pty Ltd	107,794,679	107,794,679	-
Tokyo Timor Sea Resource Pty Ltd	90,613,101	90,613,101	-
Inpex Sahul Co. Ltd	118,524,303	118,524,303	-
Total	1,109,024,844	1,109,024,844	-

ConocoPhillips as operator of the Bayu Undan field pays the profit oil on behalf of the joint venture companies, while each company pays its share of Profit Oil & Gas. ConocoPhillips paid 54% of the total FTP and profit oil & gas received by the National Petroleum Authority in 2009.

Fees by Company

A complete list of fees paid by the companies and received by the Government in 2009 is included in Table 4.

<i>Table 4 Fees 2009</i>			<i>US Dollars</i>
Name of company	Paid by companies	Paid by Government	Difference
<u>JPDA</u>			
ConocoPhillips JPDA Pty Ltd TRS			
- Contract service fee	160,000	160,000	-
			-
ConocoPhillips (03-12) Pty Ltd			-
- Development fee	2,814,000	2,814,000	-
- Contract service fee	160,000	160,000	-
			-
ENI JPDA (06-105) (Revised)			-
- Development fee	250,000	250,000	-
- Contract service fee	160,000	160,000	-
			-
PC (Timor Sea 06-102) Ltd (Revised)			-
- Contract service fee	80,000	80,000	-
			-
Woodside Petroleum (Timor Sea 19) Pty Ltd			-
- Contract service fee	160,000	160,000	-
			-
Woodside Petroleum (Timor Sea 20) Pty Ltd			-
- Contract service fee	160,000	160,000	-
			-
MINZA OIL & GAS LIMITED			-
- Contract service fee	80,000	80,000	-
			-
<u>Timor-Leste Exclusive Area:</u>			
ENI TL SPA			-
- License fee/Surface fee	543,510	543,510	-
			-
Reliance Exploration & Production DMCC (Revised)			-
- License fee/Surface fee	77,480	77,480	-
Total	4,644,990	4,644,990	-

95% of the fees received by the National Petroleum Authority are from the JPDA while 5% of the revenues are from the Timor-Leste Exclusive Area. Contract service and development fees are retained by the ANP. License fees for the Timor Leste Exclusive Area are transferred to the Petroleum Fund.

Discrepancies

There were no discrepancies between the final figures reported by the Companies and Government for 2009.

There were differences identified on the original returns as reported in Appendix E. These differences occurred for a number of reasons including:

- Receipts amount incorrectly recorded by Companies, NDPR and ANP
- Receipts incorrectly classified by Companies, NDPR and ANP
- Receipts recorded in the incorrect period by a Company
- Receipts recorded on an accruals basis rather than a cash basis by a Company

Once a discrepancy is identified by the Aggregating Body, the Aggregating Body requests both the Company and either the NDPR or ANP, depending on what benefit stream the discrepancy arose to investigate. The Aggregating Body confirms that both the Company and either the NDPR or the ANP agree on the final amount.

1.12 Reconciliation of Petroleum Fund Receipts to EITI Report

For the year ended 31 December 2009, the EITI report is prepared on a basis that differs to the Petroleum Fund financial statements, hence a reconciliation has been prepared as follows:

Table 5

Reconciliation of receipts - Petroleum Fund and EITI			
Petroleum Receipts as reported in cashflow of Petroleum Fund Financial Statements			
Petroleum receipts		1,660,299,285	
Less: Taxation refunds		(110,970)	
Add: Interest received		167,294,658	1,827,482,973
Add: Receipts included in scope of EITI not paid to Petroleum Fund			
Development and contract service fees paid to the ANP		4,024,000	
Article 6.1 (b) Receipts			
Timing differences		5,070,713	
Amount paid to the Australian Government:			
- Total ANP receipts	1,113,669,834		
- Less: Development and contract service fees	4,024,000		
Net fees	1,109,645,834		
10% of Net fees paid to Australian Government		110,964,583	120,059,296
Deduct: Receipts excluded from scope of EITI received by Petroleum Fund			
Article 6.1 (a) Receipts			
Subcontractors taxes		(11,052,125)	
Article 6.1 (c) Receipts			
Interest		(167,294,658)	
Article 6.1 (e) Receipts			
Pipeline		(5,240,800)	
Interest receipts (net of bank charges) by the ANP		(64,691)	(183,652,274)
Petroleum receipts reported by in EITI			1,763,889,996

The Petroleum Fund financial statements are audited in accordance with International Standards on Auditing. The Government as represented by the Minister of Finance is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards.