

SEYCHELLES PROGRESS LIMITED

**DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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CORPORATE INFORMATION

DIRECTORS	:	F Racombo - Chairman U Romain R Hoareau S Romain
SECRETARY	:	Döhle Corporate and Trust Services Limited Forte Anne, South Quay Douglas Isle of Man IM1 5PD
REGISTERED OFFICE	:	Forte Anne, South Quay Douglas Isle of Man IM1 5PD
PRINCIPAL PLACE OF BUSINESS	:	Seychelles Petroleum Company Limited New Port, Mahé Seychelles
AUDITOR	:	Baker Tilly Chartered Accountants P O Box 285, 202 Allied Plaza, Rue de la possession, Mahé, Seychelles

DIRECTORS' REPORT

The Directors present their report together with the audited financial statements of Seychelles Progress Limited ("the Company") for the year ended December 31, 2023.

PRINCIPAL ACTIVITY

The Company is engaged in rental of its double hull tanker to its holding company, Seychelles Petroleum Company Limited, under a bareboat charter agreement. The holding company uses the double hull tanker for the transportation of petroleum products and chemicals.

There has been no significant change in the nature of its principal activity during the financial year under review.

RESULTS

	€
Profit for the year	452,811
Revenue deficit brought forward	(2,705,937)
Revenue deficit carried forward	<u>(2,253,126)</u>

DIVIDENDS

The Directors did not recommend any dividend for the financial year under review (2022 : € nil).

EQUIPMENT

There were no additions or disposals to the equipment during the financial year under review (2022 : € nil).

The Board is of the opinion that the fair value of the double hull tanker as at December 31, 2023 does not differ materially from its carrying value stated at the balance sheet date.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of the Company since the date of the last report and the date of this report are:

F Racombo - Chairman
U Romain
R Hoareau
S Romain

None of the Directors has any direct or indirect interest in the shares of the Company.

DIRECTORS' REPORT *Continued***STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for the overall management of the affairs of the Company including the operations of the Company and making investment decisions.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards ('IFRS') and in compliance with the Isle of Man Companies Acts, 1931 to 2004 and the Public Enterprise Act, 2023. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Group; and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Company and those that are held in trust and used by the Company.

The Directors confirm that the financial statements presented for audit are free from material misstatement and that they have met their aforesaid responsibilities.

The Directors hereby confirm that they have not entered into any contracts or arrangements (other than service contracts with the Company) and did not make any profit from the operations of the Company for the financial year under review (2022 : € nil). The Directors further confirm that there is no transfer pricing involved in related party transactions.

GOING CONCERN

In preparing the financial statements, 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 intend to cease operations, or has no realistic alternative but to do so. Notwithstanding the Shareholders' deficit and net current liability situation, the financial statements have been prepared on a going concern basis as the Directors confirm to have obtained an undertaking from the holding company that it will provide adequate funds to enable the Company to meet its liabilities both current and contingent as and when they fall due.

The board is in the process of determining the future of its shipping arm. The proposal is not finalised at the date of this report.

AUDITORS

The auditors, Baker Tilly, Seychelles retire and being eligible, offer themselves for re-appointment.

BOARD APPROVAL

F Racombo
Chairman



U Romain
Director



R Hoareau
Director



S Romain
Director

Dated: May 24, 2024
Mahé, Seychelles

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEYCHELLES PROGRESS LIMITED

This report is made solely to the members of Seychelles Progress Limited (the "Company"), as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company or the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Seychelles Progress Limited set out on pages 5 to 21 which comprise the Statement of Financial Position as at December 31, 2023, the related Statements of profit or loss, Changes in Equity and Cash Flows for the year then ended and a summary of significant accounting policies and explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company at December 31, 2023 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and comply with the provisions of the Isle of Man Companies Acts, 1931 to 2004 and Public Enterprises Act, 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), together with the other ethical requirements that are relevant to our audit of the financial statements in Seychelles, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF SEYCHELLES PROGRESS LIMITED** *Continued***Emphasis of Matter - Material Uncertainty Related to Going Concern**

As at December 31, 2023, shareholders' deficit and net current liabilities of the Company were € 2,250,464 and € 1,878 respectively (2022 : € 2,703,275 and € 2,750). Notwithstanding the aforesaid, the financial statements have been prepared on a going concern basis as the Company Directors have confirmed that the Holding company has agreed to provide adequate funds to enable the Company to meet its liabilities both current and contingent as and when they fall due. The financial support the Company receives from its Holding company is as follows:

- The Company's asset, the double hull tanker is being rented by the Holding Company for a monthly bareboat charter fees;
- The Ultimate holding Company relies on the subsidiary's vessels for its operations;
- The Holding Company advanced an interest free loan, with no definite terms of repayment to the Company. The Holding company has confirmed that it will not recall the debt within the next 12 months; and
- As per the Bareboat Charter agreement, the double hull tanker will be rented to the Holding Company until the outstanding loan is repaid by the Company to the Holding Company in full.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards ('IFRS') and in compliance with the provisions of the Isle of Man Companies Acts, 1931 to 2004 and for such internal controls as the Directors determine are necessary to enable preparation of the 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 has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Other information

Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion 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, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF SEYCHELLES PROGRESS LIMITED** *Continued***Auditor's 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 auditor's 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 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors;
- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SEYCHELLES PROGRESS LIMITED** *Continued*

Report on Other Legal Regulatory Requirements

The provisions of the Isle of Man Companies Acts

We have no relationship with, or interests, in the Company other than in our capacity as auditors and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records and comply with the provisions of the Isle of Man Companies Acts, 1931 to 2004.

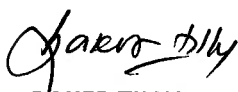
Public Enterprises Act, 2023

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records. We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

In our opinion, the information given by the Directors in the financial statements in relation to the financial year under reference is consistent with the accounts kept by the Company.

Other matter

The financial statements of the Company for the year ended December 31, 2022 was audited by another auditor who expressed an unmodified opinion on May 31, 2023.


BAKER TILLY
Chartered Accountants



Dated: May 24, 2024
Mahé, Seychelles

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

	Notes	2023 €	2022 €
ASSET			
Non-current asset			
Equipment	5	<u>5,531,909</u>	<u>6,380,345</u>
Current asset			
Other receivables	6	<u>422</u>	<u>-</u>
Total assets		<u>5,532,331</u>	<u>6,380,345</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	2,662	2,662
Revenue deficit		<u>(2,253,126)</u>	<u>(2,705,937)</u>
		<u>(2,250,464)</u>	<u>(2,703,275)</u>
Non-current liability			
Borrowing	8	<u>7,780,495</u>	<u>9,080,870</u>
Current liabilities			
Other payables	9	<u>2,300</u>	<u>2,750</u>
Total liabilities		<u>7,782,795</u>	<u>9,083,620</u>
Total equity and liabilities		<u>5,532,331</u>	<u>6,380,345</u>

These financial statements were approved for issue by the Board of Directors on May 24, 2024



F Racombo
Chairman



U Romain
Director



R Hoareau
Director



S Romain
Director

The notes on pages 9 to 21 form an integral part of these financial statements
Independent auditor's report on pages 4 to 4 (c)

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Notes</u>	<u>2023</u> €	<u>2022</u> €
Revenue	2.9	1,260,884	1,297,072
Other income		46,699	34,491
Depreciation charge	5	(848,436)	(848,436)
Administrative expenses	10	<u>(6,336)</u>	<u>(11,008)</u>
Profit and total comprehensive income for the year	11	<u>452,811</u>	<u>472,119</u>

The notes on pages 9 to 21 form an integral part of these financial statements
Independent auditor's report on pages 4 to 4 (c)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2023

	Share capital €	Revenue deficit €	Total €
At January 1, 2023	2,662	(2,705,937)	(2,703,275)
Total comprehensive income for the year	-	452,811	452,811
At December 31, 2023	2,662	(2,253,126)	(2,250,464)
At January 1, 2022	2,662	(3,178,056)	(3,175,394)
Total comprehensive income for the year	-	472,119	472,119
At December 31, 2022	2,662	(2,705,937)	(2,703,275)

The notes on pages 9 to 21 form an integral part of these financial statements
Independent auditor's report on pages 4 to 4 (c)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	Notes	2023 €	2022 €
OPERATING ACTIVITIES			
Profit for the year	11	452,811	472,119
Adjustment for:			
Depreciation	5	848,436	848,436
Profit from operations before working capital changes		1,301,247	1,320,555
<i>Changes in working capital</i>			
Other receivables		(422)	-
Other payables		(450)	250
Net cash inflow from operating activities		1,300,375	1,320,805
FINANCING ACTIVITIES			
Repayment of borrowing	8 (a)	(1,300,375)	(1,320,805)
Net cash outflow from financing activities		(1,300,375)	(1,320,805)
Net movement in cash and cash equivalents		-	-
Movements in cash and cash equivalents:			
At January 1,		-	-
Movement during the year		-	-
At December 31,		-	-

The notes on pages 9 to 21 form an integral part of these financial statements
Independent auditor's report on pages 4 to 4 (c)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION

Seychelles Progress Limited is a limited liability company, incorporated and domiciled in the Isle of Man. The registered office of the Company is situated at Forte Anne, South Quay, Douglas, Isle of Man, IM1 5PD. The Company is principally engaged in renting its double hull tanker to its holding company (Seychelles Petroleum Company Limited), on a bareboat charter agreement for the transportation of petroleum products and chemicals.

These financial statements will be submitted for consideration and approval of Shareholders at the forthcoming Annual General Meeting.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

A summary of the significant accounting policies, which have been applied consistently (subject to para 2.1 (c)), are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Standards Interpretations Committee (the "Committee"), and comply with the Isle of Man Companies Acts, 1931 to 2004 and Public Enterprises Act, 2023.

These financial statements have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed relevant accounting standards. Where necessary, comparative figures have been amended to conform with the change in presentation in the current period.

(a) Reporting and functional currency

The reporting and functional currency of the Company is Euro ("€"), determined by the Directors as appropriate.

(b) Accounting estimates

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4 (Critical accounting estimates and judgements). Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which it affects and also future periods if it affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***(c) Changes in accounting policies**

The accounting policies adopted are consistent with those used in the previous financial year, except for the following new standards and amendments to IFRS that are mandatorily effective for accounting periods beginning on or after January 1, 2023:

(i) New standards, improvements, interpretations and amendments issued

- IFRS 17 : Insurance Contracts (January 1, 2023).
- Amendments to IAS 1 and IFRS Practice Statement 2 : Disclosure of Accounting Policies (January 1, 2023).
- IAS 8 : Definition of Accounting Estimates (January 1, 2023).
- Amendments to IAS 12 : Deferred Tax related to Assets and Liabilities arising from a Single Transaction (January 1, 2023).
International Tax Reform - Pillar Two Models

- ***IFRS 17 - Insurance Contracts***

IFRS 17 supersedes IFRS 4 Insurance Contracts to create an internationally consistent approach for the principles of recognition, measurement, presentation, and disclosure of insurance contracts. IFRS 17 applies to all types of insurance contracts irrespective of the type of issuing entity as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions apply. IFRS outlines a general model, supplemented by:

- Modifications for insurance contracts with direct participation features (the variable fee approach).
- A simplified approach (premium allocation approach) mainly for short-duration contracts.

The new standard had no impact on the Company's financial statements.

- ***Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies***

The amendments to IAS 1 aim to assist entities in providing more useful accounting policy disclosure by replacing the disclosure requirements from 'significant accounting policies' to 'material accounting policy information'. The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples on the application of the concept of materiality in determining the accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***(c) Changes in accounting policies** *Continued***(i) New standards, improvements, interpretations and amendments issued** *Continued*

- **IAS 8 - Definition of Accounting Estimates**

The amendments to IAS 8 introduce a new definition of accounting estimates, replacing the previous definition of a change in accounting estimate. The amendments clarify that the effects on an accounting estimate of a change in an input or measurement technique are changes in accounting estimates, unless resulting from correction of prior period errors.

The amendments had no impact on the Company's financial statements.

- **Amendments to IAS 12 -
Deferred Tax related to Assets and Liabilities arising from a Single transaction**

The amendments to IAS 12 narrow the scope of the initial recognition exception to exclude transactions that give rise to equal taxable and deductible temporary differences.

The amendments had no impact on the Company's financial statements.

International Tax Reform - Pillar Two Models

Amendments to IAS 12 have been issued in response to the OECD's BEPS Pillar Two rules. The amendments introduce a temporary exception to the requirements of recognition and disclosure of deferred tax assets and liabilities related to Pillar Two model rules. The Company is required to disclose application of the exception and the entity's exposure to Pillar Two income taxes arising from that legislation.

The amendments had no impact on the Company's financial statements as the Company is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Company.

(ii) New standards, improvements, interpretations and amendments issued but not yet effective

The following new accounting standards, improvements, interpretations and amendments have been issued, but are not mandatory until the dates shown, and hence have not been early adopted by the Company in preparing the financial statements for the year under review.

Standards and amendments mandatorily effective from January 1, 2024:

- Amendment to IAS 7 & IFRS 7 : Supplier Finance Arrangements
- Amendment to IFRS 16 : Lease liability in a Sale and Leaseback
- Amendments to IAS 1 : Classification of Current and Non-Current liabilities
Non-current liabilities with Covenants

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***(c) Changes in accounting policies** *Continued***(ii) New standards, improvements, interpretations and amendments issued but not yet effective**

Standards and amendments mandatorily effective from January 1, 2025:

- Amendments to IAS 1 : Lack of Exchangeability

The Company is currently assessing the impact of these new accounting standards and amendments and anticipates that the same will be adopted by the Company to the extent applicable from their effective dates. The adoption of these standards, improvements, interpretations, amendments and any other standards issued by the IASB, but not yet to be effective, is not expected to have a material impact on the financial statements of the Company in the year of their initial application.

2.2 Equipment and depreciation

Equipment are tangible assets which the Company holds for its own use and which are expected to be used for more than one period. An item of equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably.

Equipment are stated at cost less accumulated depreciation and any impairment in value recognised at the date of acquisition. Cost includes initial outflow to acquire or construct an item of equipment and those incurred subsequently to add to, replace part of, or service it, or for major maintenance, if it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost can be reliably measured. If a replacement cost is recognised in the carrying amount of an item of equipment, the carrying amount of the replaced part is derecognised. All other maintenance costs incurred for servicing and upkeep are included in the Statement of Profit or Loss in the period in which they occur.

Estimated useful life of the double hull tanker was initially assessed at 15 years and subsequently reassessed at 25 years, extending its useful life to the year 2030. Upon reassessment, depreciation was also re-adjusted to charge the carrying value evenly over the remaining useful life.

Residual values, useful lives and method of depreciation are reviewed periodically and adjusted prospectively, if appropriate. Their carrying values are also reviewed for impairment, if changes in circumstances require their readjustment. If any such indication exist and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount or amortised over a period determined by the management.

An item of equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in Statement of Profit or Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.3 Impairment of assets**

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the cash-generating unit to which the asset belongs is used. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.4 Provisions

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

2.5 Financial instruments

Financial assets and financial liabilities are recognised on the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the financial instrument. The Company's accounting policies in respect of the main financial instruments are as follows:

(i) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption rate is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to differ settlement of the liability for at least twelve months after the date of the reporting period.

(ii) Other payables

Other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received whether billed or not billed to the Company. The carrying amount of other payables approximate their amortised cost.

(iii) Share capital

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.6 Foreign currencies*****Functional and presentation currency***

Items included in the financial statements are measured in the currency of the primary economic environment in which the Company operates. The financial statements are presented in Euro ("€") which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated in the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at year-end exchange rates of monetary assets and liabilities denominated in a currency other than the presentation currency, are recognised in the Statement of Profit or Loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit or Loss within 'Finance income or Cost'. All other foreign exchange gains and losses are presented in the Statement of Profit or Loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the rate of exchange at the transaction date.

Non-monetary items that are measured at fair value in a foreign currency are translated using exchange rates at the date the fair value was determined.

2.7 Operating leases - Company as the Lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Profit or Loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Assets leased out under operating leases are recognised as equipment in the Statement of Financial Position and are depreciated normally over their expected useful lives on a basis consistent with similar assets.

2.8 Related parties

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in IFRS. Related parties comprise companies and entities under joint or common management or control, their partners and key management personnel, subsidiaries, joint ventures, parent, associates and other related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *Continued***2.9 Revenue recognition**

Revenue represents rental income from lease of Company's double hull tanker to its holding company. Rental income is recognised on a straight line basis over the term of the lease. Revenue is recognised at a point in time when the Company satisfies performance obligations in terms of the bareboat charter agreement with its holding company.

Other incomes are one off gains arising from the Company's operations including but not limited to insurance claims, reversal of over accruals and others.

2.10 Current versus non-current classification

The Company presents assets and liabilities in the Statement of Financial Position based on their current and non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Expected to be realised within twelve months after the reporting period; or
- Cash and cash equivalents unless restricted from being exchanged or available to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

2.11 Accruals

Accruals are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources, that can be reliably estimated.

2.12 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company; or when the Company has a present legal or constructive obligation, that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

3. FINANCIAL RISK MANAGEMENT**3.1 Financial risk factors**

The Company's activity exposes it to a variety of financial risks, including:

- (i) Foreign currency risk;
- (ii) Liquidity risk;
- (iii) Interest rate risk; and
- (iv) Credit risk

A description of the significant risk factors together with the risk management policies applicable are described below:

(i) Foreign currency risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates and can arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. The Company is predominantly exposed to foreign currency risk on bareboat charter fees denominated in US Dollar from the Holding Company. Foreign currency risk is not hedged.

(ii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date.

	Less than 1 year €'000	Between 1 & 2 years €'000	Between 2 & 5 years €'000	Over 5 years €'000	No fixed repayment term €'000	Total €'000
<i>At December 31,</i>						
Borrowing (note 8)	-	-	-	-	7,780	7,780
Other payables	2	-	-	-	-	2
<i>At December 31,</i>						
Borrowing (note 8)	-	-	-	-	9,081	9,081
Other payables	3	-	-	-	-	3

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

3. FINANCIAL RISK MANAGEMENT *Continued***3.1 Financial risk factors** *Continued***(iii) Interest rate risk**

The Company's income and operating cash flows are not exposed to interest rate risk as borrowing from its Holding Company is interest free.

(iv) Credit risk

The Company is not exposed to credit risk since its only customer is its Holding company which is financially sound and sets off monthly rental payable against the Company's borrowing.

3.2 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

3.3 Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value.

The Company was created as a special purpose vehicle, for the provision of vessels to the Holding company, in return for interest free loan. Return to the shareholders will be in the form of dividends or economic benefits derived from the use of vessels.

As at December 31, 2023, all of the Company's debt was towards its Holding Company and the borrowing is unsecured and interest free.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *Continued*Critical accounting estimates and assumptions *Continued*(a) *Useful lives and residual values*

Determining the carrying amounts of equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The Directors have used historical information relating to the Company and the relevant industry in which it operates in order to best determine the useful lives and residual values of its double hull tanker.

(b) *Functional currency*

The choice of the functional currency of the Company has been based on factors such as the primary economic environment in which the entity operates, the currency that mainly influences sales prices for goods and services, cost of providing goods and services and labour costs. The functional currency has been assumed by the Directors to be the EURO ('€').

5. EQUIPMENT

	Double hull tanker	
	2023	2022
	€	€
Cost:		
At January 1,	35,676,010	35,676,010
Additions	-	-
At December 31,	35,676,010	35,676,010
Accumulated Depreciation:		
At January 1,	29,295,665	28,447,229
Charge for the year (note 11)	848,436	848,436
At December 31,	30,144,101	29,295,665
Net book value:		
At December 31,	5,531,909	6,380,345

6. OTHER RECEIVABLES

	2023	2022
	€	€
Prepayments	422	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

7. SHARE CAPITAL

	<u>2023</u>	<u>2022</u>
	€	€
Authorised, issued and fully paid:		
2,000 ordinary shares of 1 UK Pound (£) each	<u>2,662</u>	<u>2,662</u>

8. BORROWING

	<u>2023</u>	<u>2022</u>
	€	€
At January 1,	9,080,870	10,401,675
Repayment during the year	<u>(1,300,375)</u>	<u>(1,320,805)</u>
At December 31,	<u>7,780,495</u>	<u>9,080,870</u>

- (a) Borrowing is from the shareholder which is unsecured, non-interest bearing with no fixed repayment terms. The Directors are of the opinion that this should be classified as a non-current liability.
- (b) The carrying amount of borrowings is not materially different from their amortised cost.
- (c) The carrying amount of the Company's borrowing is denominated in Euro ('€').

9. OTHER PAYABLES

	<u>2023</u>	<u>2022</u>
	€	€
Accrued expenses	<u>2,300</u>	<u>2,750</u>

- (a) The carrying amount of other payables approximate its amortised cost.

10. ADMINISTRATIVE EXPENSES

	<u>2023</u>	<u>2022</u>
	€	€
Legal and professional fees	<u>6,336</u>	<u>11,008</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

11. PROFIT FOR THE YEAR

	<u>2023</u>	<u>2022</u>
	€	€
This is arrived at, after charging/(crediting):		
Auditor's remuneration	2,300	2,750
Depreciation on equipment (note 5)	848,436	848,436
Directors' remuneration	-	-
Rental income	(1,260,884)	(1,297,072)
Insurance claim	-	(34,491)
Other income	<u>(46,699)</u>	<u>-</u>

12. TAXATION

No provision is required for Business Tax as the Company's income is taxed at 0% as per the provisions of the Isle of Man Income Tax Act, 1970 (2022: 0%).

13. COMMITMENTS**(a) Capital commitments**

There were no capital commitments at December 31, 2023 (2022 : € nil).

(a) Operating lease commitments - where the Company is the lessor

The future minimum lease payments receivable under operating lease:

The Company is entitled to monthly bareboat charter fees from the Holding company. The lease of the tanker to the Holding Company is for a initial period of 12 years effective January 1, 2006 extendable until the total outstanding balance due to the Holding Company is repaid in full.

14. CONTINGENT LIABILITIES

There were no contingent liabilities at December 31, 2023 (2022 : € nil).

15. RELATED PARTY TRANSACTIONS**(a) Holding company**

	<u>2023</u>	<u>2022</u>
	€	€
Amount payable to shareholder (note 8)	7,780,495	9,080,870
Rental income	<u>1,260,884</u>	<u>1,297,072</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

15. RELATED PARTY TRANSACTIONS *Continued*

- (b) The Company was created as a special vehicle for the provision of vessels to the Holding company at a monthly fee. The Holding company in return, financed the Company through unsecured interest free loan. There has been no guarantees provided for any related party payables at the balance sheet date.
- (c) There are no key management personnel at Company's level.

16. HOLDING COMPANY

The Company considers Seychelles Petroleum Company Limited, a Company incorporated and domiciled in the Republic of Seychelles as its Holding Company. The ultimate beneficiary of Seychelles Petroleum Company Limited is the Government of Seychelles.

17. FIVE YEAR FINANCIAL SUMMARY

	2023	2022	2021	2020	2019
	€'000	€'000	€'000	€'000	€'000
Profit for the year	453	472	291	368	345
Retained deficit brought forward	(2,706)	(3,178)	(3,469)	(3,837)	(4,182)
Revenue deficit carried forward	<u>(2,253)</u>	<u>(2,706)</u>	<u>(3,178)</u>	<u>(3,469)</u>	<u>(3,837)</u>
Shareholders Deficit:					
Share capital	3	3	3	3	3
Revenue deficit	(2,253)	(2,706)	(3,178)	(3,469)	(3,837)
	<u>(2,250)</u>	<u>(2,703)</u>	<u>(3,175)</u>	<u>(3,466)</u>	<u>(3,834)</u>

SEYCHELLES PROGRESS LIMITED

INCOME STATEMENT - YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
	€	€
INCOME		
Rental income	1,260,884	1,297,072
Insurance claim	-	34,491
Other income	46,699	-
	<u>1,307,583</u>	<u>1,331,563</u>
EXPENDITURE		
Auditor's remuneration	2,300	2,750
Depreciation	848,436	848,436
Legal and professional fees	4,036	8,258
	<u>854,772</u>	<u>859,444</u>
PROFIT FOR THE YEAR	<u>452,811</u>	<u>472,119</u>