

SEYCHELLES PETROLEUM COMPANY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

SEYCHELLES PETROLEUM COMPANY LIMITED

TABLE OF CONTENTS - YEAR ENDED DECEMBER 31, 2019

	PAGES
Corporate Information	1
Directors' Report	2 - 2(a)
Independent Auditor's Report	3 - 3(e)
Statements of Financial Position	4
Statements of Profit or Loss	5
Statements of Other Comprehensive Income	6
Statements of Changes in Equity	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 54

DIRECTORS	: S Gendron (Chairperson) C Benoiton (Chief Executive Officer) E Belle V Laporte P Samson S Fanny S Patel
SECRETARY	: Corporate Registrars (Pty) Limited P O Box 18, The Creole Spirit Victoria, Mahé Seychelles
REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	: Newport, Victoria, Mahé Seychelles
AUDITORS	: BDO Associates Chartered Accountants Seychelles
BANKERS	: The Mauritius Commercial Bank (Seychelles) Limited Absa Bank (Seychelles) Limited The Mauritius Commercial Bank (Mauritius) Limited Seychelles International Mercantile Banking Corporation Limited Ostfriesische Volksbank eG

DIRECTORS' REPORT - YEAR ENDED DECEMBER 31, 2019

The Directors are pleased to submit their report on Seychelles Petroleum Company Limited (SEYPEC) together with the audited financial statements of the Group and the Company for the year ended December 31, 2019.

PRINCIPAL ACTIVITIES

The main activities of Seychelles Petroleum Company Limited (SEYPEC) comprise the following:

- (a) Supply of petroleum products in Seychelles;
- (b) Marine bunkering;
- (c) Aviation refuelling; and
- (d) Transshipment and transportation of petroleum and chemical products by tankers.

The activities of the subsidiaries are tanker rental to Seypec the parent Company.

CURRENT YEAR EVENT**Adoption of International Financial Reporting Standard 16 (IFRS 16) - "Leases"**

The Company has adopted IFRS 16 - Leases, effective January 1, 2019, which replaced IAS 17 - Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most operating leases on the Statement of Financial Position.

The new standard resulted in the recognition of right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. For the Group, right-of-use assets leases were recognised based on the carrying amount of the right-of-use assets at the date of initial application, as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities have been recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

Investment in Treasury Bills

The Group used its cash resources to invest in treasury bills effective 2019 and as at December 31, 2019, these amounted to USD 6.7m with maturity dates ranging from October to December 2020.

FINANCIAL PERFORMANCE

Net reported profit for the year amounted to USD 16.9m (2018: USD 6.3m) for the Group and USD 15.7m (2018: USD 5.2m) for the Company.

DIVIDENDS

The Director proposed and paid dividends amounting to USD 14.1m for the year under review (2018: USD 10.6m proposed and paid).

PROPERTY AND EQUIPMENT

The Group and the Company acquired property and equipment amounting to USD 2.99m during the year (2018: USD 4.5m) comprising mainly work-in-progress on buildings, plant and equipment, tanks, pumps and petrol stations and furniture and fittings.

The property and equipment of the Group and of the Company were revalued in 2016 by USD 47.2m. The Directors are of the opinion that the carrying amounts of property and equipment at the reporting date approximate their fair value.

DIRECTORS' REPORT - YEAR ENDED DECEMBER 31, 2019

DIRECTORS AND DIRECTORS' INTERESTS

The Directors of Seychelles Petroleum Company Limited and of those of its subsidiaries from the date of the last report to-date are as follows:

Seychelles Petroleum Company Limited

S Gendron (Chairperson)	P Samson
C Benoiton (Chief Executive Officer)	S Fanny
E Belle	S Patel
V Laporte	

Subsidiaries

- | | |
|--|--|
| (i) <u>Seychelles Patriot Limited</u> | (ii) <u>Seychelles Pioneer Limited</u> |
| (iv) <u>Seychelles Prelude Limited</u> | (iii) <u>Seychelles Progress Limited</u> |

S Fanny
B Jivan
F Jourbert

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Seychelles Companies Act, 1972. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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 Group and those that are held in trust and used by the Group.

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The auditors, Messrs. BDO Associates, retire and being eligible offer themselves for reappointment

BOARD APPROVAL


S Gendron
Director


P Samson
Director


C Benoiton
Director


S Fanny
Director


E Belle
Director


S Patel
Director


V Laporte
Director

Date: 14 MAY 2020
Victoria, Seychelles

SEYCHELLES PETROLEUM COMPANY LIMITED

3

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

This report is made solely to the members of SEYCHELLES PETROLEUM COMPANY LIMITED (the "Company"), as a body, in accordance with the Companies Act 1972. Our audit work has been undertaken so that we might state to the Company's members those matters which we are required to state to them in an auditors' 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 consolidated financial statements of SEYCHELLES PETROLEUM COMPANY LIMITED and its subsidiaries (the Group) and the Company's financial statements on pages 4 to 54 which comprise the Statement of Financial Position as at December 31, 2019, the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 54 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 1972 and Public Enterprise Monitoring Commission Act, 2013.

Emphasis of matter

Effect of Covid-19 pandemic

We draw attention to Note 28 of the financial statements which describes a material uncertainty regarding the Covid-19 pandemic which is affecting severely the whole World including Seychelles. Actions adopted by countries such as closing borders, grounding flights and vessels as well as confinements of population across the world are impacting heavily on all industries including the acquisition and sale of petroleum products locally, thereby raising a significant uncertainty on going concern of the Group and Company.

The Directors of the Company together with Management are confident that they will continue to have the financial and otherwise support from their Holding Company and are therefore of the opinion that the going concern basis of preparation of these financial statements remains appropriate in the foreseeable future.

Our opinion is not qualified in respect of the above.

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 Group and of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) together with the 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 (CONT'D)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Adoption of IFRS 16 - Leases

The Group adopted IFRS 16 Leases effective January 1, 2019 which modifies the classification and measurement of leases, with the recognition on the Statement of Financial Position of a right-of-use asset and a lease liability. The right-of-use asset and liability are unwound over the term of the lease, giving rise to a amortisation charge and interest expense respectively.

In order to compute the transition impact of IFRS 16, a significant data extraction exercise was undertaken by Management to summarise all the leased assets of the Group such that the respective inputs could be uploaded into the IFRS 16 model. Since the implicit rates of interest in the leases were not readily available, the Group upon first time implementation of IFRS 16 adopted the modified retrospective transitional approach as permitted by the standard. This approach mandates that the right-of-use asset is recognised at the date of initial application as an amount equal to the lease liability using the Group's prevailing incremental borrowing rate as at the date of initial application, adjusted for any prepaid or accrued payments relating to that lease that were previously recognised in the Statement of Financial Position immediately before the date of initial application.

The following were the key audit matters identified under IFRS 16;

• Determination of all the leasing arrangements to ensure that they fall within the scope of IFRS 16 and whether they were appropriately included in the computation at transition date;
• To ensure the appropriateness of assumptions used to determine the present value using the relevant discount rates for each lease;
• To ensure completeness and accuracy of the underlying available data and information for each lease used to calculate the transitional impact; and
• To ensure completeness of disclosures with respect to IFRS 16 and relevant corresponding standards in the financial statements.

Response to Key Audit Matters

/ Assessed the design and implementation of key controls pertaining to the determination IFRS 16 transition impact disclosures;
/ Assessed the appropriateness of the discount rates applied in determining the present value of lease liabilities with input from our technical department;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Key Audit Matters (Cont'd)

(i) Adoption of IFRS 16 - Leases (Cont'd)

Response to Key Audit Matters (Cont'd)

✓ Verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and checked the integrity and accuracy of the IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustments;
✓ Reviewed the journal entries with respect to the impact of implementation of the right-of-use assets and lease liabilities; and
✓ Assessed whether the disclosures within the financial statements are appropriate and sufficient.

(ii) Computation of Expected Credit losses per IFRS 9 - Financial instruments

The Group adopted the accounting standard IFRS 9 'Financial instruments' effective January 1, 2018. The standard introduced new requirements around two main aspects of how financial instruments are treated - measurement and classification and impairment.

This standard introduced new impairment rules which prescribed a new, forward looking, expected credit loss ('ECL') impairment model which takes into account reasonable and supportable forward looking information, which will generally result in the earlier recognition of impairment provisions.

The following were the key audit matters identified under IFRS 9;

▪ There are a number of significant management determined judgements including reclassification of financial assets in accordance with the Group's business model, determining the criteria for significant increase in risk, techniques used to determine the historical loss rates in lifetime expected credit loss computation and factoring forward looking information.
▪ Implementation of IFRS 9 required some technical modelling which necessitated considerable input of data and assumptions and consequently the risk that the data and assumptions carry higher credit risks.

Response to Key Audit Matters

✓ We reviewed for any changes in the Group's key processes comprising granting, booking, monitoring and provisioning and tested the operating effectiveness of key controls over these processes;
✓ We reviewed for any changes in the Group's provisioning methodology, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the Management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Key Audit Matters (Cont'd)

(ii) *Computation of Expected Credit losses per IFRS 9 - Financial instruments (Cont'd)*

Response to Key Audit Matters (Cont'd)

<p><i>✓ With respect to classification and measurement of financial assets and financial liabilities, our audit procedures comprised the following;</i></p> <p>We reviewed the Group's IFRS 9 classification and measurement of financial assets and financial liabilities policies for the year under review for any changes and compared them with the requirements of IFRS 9; and</p> <p>Reconfirmed and checked the Group's business model assessment and the test on the contractual cash flows, which give rises to cash flows that are 'solely payments of principal and interest [SPPI test].</p>
<p><i>✓ With respect to impairment methodology, our audit procedures comprised the following;</i></p> <p>We checked the appropriateness of the Group's determination of significant increase in credit risk and the resultant basis for classification of exposures into various stages;</p>
<p><i>✓ For a sample of exposures, we checked whether the appropriateness of the Group's simplified approach to impairment is still appropriate in the current period i.e, based on a lifetime expected loss;</i></p>
<p><i>✓ We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models used by the Group's to determine impairment provisions and to determine the historical loss rate percentages;</i></p>
<p><i>✓ For forward looking assumption, we held discussions with Management and corroborated as applicable the assumptions where publicly available information was used;</i></p>
<p><i>✓ We checked the calculation of the historical loss rate percentage on the provision matrix and verified the calculation of the lifetime ECL;</i></p>
<p><i>✓ We checked the completeness of trade receivables and other financial assets included in the ECL calculations as of December 31, 2019, understood the theoretical soundness and tested the mathematical integrity of the Models;</i></p>
<p><i>✓ For data from external sources, we understood the process of choosing such data, its relevance for the Group's and the controls and governance over such data;</i></p>
<p><i>✓ Where relevant, we used Information System specialists to gain comfort on data integrity;</i></p>
<p><i>✓ We checked consistency of various inputs and assumptions used by the Group's Management to determine impairment provisions as appropriate to the current period under review ; and</i></p>
<p>As a result of the above audit procedures, no material differences were noted in the computation of expected credit losses except for an additional risk factored in due to the potential negative impact on the Group's results following the uncertainty in the present economic outlook across the World and in the country.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)**Responsibilities of Directors and Those Charged with Governance for the Financial Statements**

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 1972 and Public Enterprise Monitoring Commission Act, 2013, and for such internal control as the Directors determine is necessary to enable the 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 Group and 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 Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

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 judgement 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 Group and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS (CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 Group and 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 Group and Company to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Report on Other Legal Regulatory Requirements

Companies Act, 1972

We have no relationship with, or interests in, the Group and 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 Group and the Company as far as it appears from our examination of those records.

Public Enterprise Monitoring Commission Act, 2013

In our opinion, proper accounting records have been kept by the Group and 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.


BDO ASSOCIATES
Chartered Accountants

Dated: 14 MAY 2020
Victoria, Seychelles

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		USD	USD	USD	USD
ASSETS					
Non-current assets					
Property and equipment	5	355,275,693	372,866,965	298,995,671	310,884,341
Right-of-use assets	6 (a)	2,509,458	-	2,509,458	-
Investment in subsidiaries	7	-	-	81,684,540	89,065,821
Investment in financial assets	8(a)	4,444	4,446	4,444	4,446
		<u>357,789,595</u>	<u>372,871,411</u>	<u>383,194,113</u>	<u>399,954,608</u>
Current assets					
Inventories	9	15,088,439	22,465,227	15,088,439	22,465,227
Investment in financial assets	8(b)	6,742,860	-	6,742,860	-
Trade and other receivables	10	33,120,253	39,731,533	33,120,253	39,731,533
Cash and cash equivalents	25(b)	23,230,012	4,781,939	23,230,012	4,781,939
		<u>78,181,564</u>	<u>66,978,699</u>	<u>78,181,564</u>	<u>66,978,699</u>
Total assets		<u>435,971,159</u>	<u>439,850,110</u>	<u>461,375,677</u>	<u>466,933,307</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	11	8,595,053	8,595,053	8,595,053	8,595,053
Other reserves	12	268,082,886	268,304,285	268,118,565	268,300,959
Retained earnings		104,677,201	101,354,737	130,059,372	128,454,812
Owners' interest and Total equity		<u>381,355,140</u>	<u>378,254,075</u>	<u>406,772,990</u>	<u>405,350,824</u>
LIABILITIES					
Non-current liabilities					
Lease liabilities	6(b)	2,537,448	-	2,537,448	-
Deferred tax liabilities	13	16,131,635	22,811,414	16,131,635	22,811,414
Retirement benefit obligations	14	1,812,873	1,692,165	1,812,873	1,692,165
		<u>20,481,956</u>	<u>24,503,579</u>	<u>20,481,956</u>	<u>24,503,579</u>
Current liability					
Lease liabilities	6(b)	8,454	-	8,454	-
Trade and other payables	15	34,125,609	37,092,456	34,112,277	37,078,904
		<u>34,134,063</u>	<u>37,092,456</u>	<u>34,120,731</u>	<u>37,078,904</u>
Total liabilities		<u>54,616,019</u>	<u>61,596,035</u>	<u>54,602,687</u>	<u>61,582,483</u>
Total equity and liabilities		<u>435,971,159</u>	<u>439,850,110</u>	<u>461,375,677</u>	<u>466,933,307</u>

These financial statements have been approved for issue by the Board of Directors on: 14 MAY 2020


S Gendron
Director


C Benoiton
Director


E Belle
Director


V Laporte
Director


P Samson
Director


S Panny
Director


S Patel
Director

The notes on pages 9 to 54 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(e).

STATEMENTS OF PROFIT OR LOSS - YEAR ENDED DECEMBER 31, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		USD	USD	USD	USD
Revenue	2(l) & 17	382,167,314	397,072,934	382,167,314	397,072,934
Cost of sales	18	<u>(357,124,327)</u>	<u>(379,276,404)</u>	<u>(358,421,992)</u>	<u>(380,366,775)</u>
Gross profit		25,042,987	17,796,530	23,745,322	16,706,159
Selling & marketing expenses	18	(58,046)	(76,383)	(58,046)	(76,383)
Administrative expenses	18	(13,326,964)	(11,621,528)	(13,270,113)	(11,588,176)
Other income	19	8,373,063	8,158,221	8,373,063	8,158,221
Other losses - Net	20	<u>(368,005)</u>	<u>(2,678,472)</u>	<u>(367,696)</u>	<u>(2,675,256)</u>
		19,663,035	11,578,368	18,422,530	10,524,565
Net finance (costs) / income	21	<u>(61,430)</u>	53,554	<u>(61,430)</u>	53,554
Profit before taxation	22/25	19,601,605	11,631,922	18,361,100	10,578,119
Taxation charge	16(b)	(2,696,044)	(5,335,068)	(2,696,044)	(5,335,068)
Profit for the year		<u>16,905,561</u>	<u>6,296,854</u>	<u>15,665,056</u>	<u>5,243,051</u>

The notes on pages 9 to 54 form an integral part of these financial statements.
Auditors' report on pages 3 to 3(e).

SEYCHELLES PETROLEUM COMPANY LIMITED

6

STATEMENTS OF OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		USD	USD	USD	USD
Profit for the year		16,905,561	6,296,854	15,665,056	5,243,051
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences		(221,397)	(3,163,324)	(182,392)	(2,030,887)
- Other reserves	12	477,399	2,466,911	-	-
- Retained earnings					
<i>Item that will not be reclassified to profit or loss</i>					
Equity instruments at fair value through other comprehensive income reserve	8(a),12(a) & (b)	(2)	(71)	(2)	(71)
Other comprehensive income for the year, net of tax		256,000	(696,484)	(182,394)	(2,030,958)
Total comprehensive income for the year		17,161,561	5,600,370	15,482,662	3,212,093
Profit attributable to:					
Owners of the parent		16,905,561	6,296,854	15,665,056	5,243,051
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		16,905,561	6,296,854	15,665,056	5,243,051
Owners of the parent		17,161,561	5,600,370	15,482,662	3,212,093
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		17,161,561	5,600,370	15,482,662	3,212,093

The notes on pages 9 to 54 form an integral part of these financial statements.
Auditors' report on pages 3 to 3(e).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2019

	Attributable to owners of the parent				Non-Controlling Interest	Total Equity
	Share Capital	Other Reserves	Retained Earnings	Total		
Notes	USD	USD	USD	USD	USD	USD
THE GROUP						
Balance at January 1, 2019	8,595,053	268,304,285	101,354,737	378,254,075	-	378,254,075
Total comprehensive income for the year	-	(221,399)	17,382,960	17,161,561	-	17,161,561
Dividends	-	-	(14,060,496)	(14,060,496)	-	(14,060,496)
Balance at December 31, 2019	8,595,053	268,082,886	104,677,201	381,355,140	-	381,355,140
Balance at January 1, 2018	8,595,053	275,067,784	100,897,008	384,559,845	-	384,559,845
- As previously reported	-	-	(1,345,219)	(1,345,219)	-	(1,345,219)
- Effect of adopting IFRS 9						
As restated	8,595,053	275,067,784	99,551,789	383,214,626	-	383,214,626
Total comprehensive income for the year	-	(3,163,395)	8,763,765	5,600,370	-	5,600,370
Reclassification	-	(3,600,104)	3,600,104	-	-	-
Dividends	-	-	(10,560,921)	(10,560,921)	-	(10,560,921)
Balance at December 31, 2018	8,595,053	268,304,285	101,354,737	378,254,075	-	378,254,075
THE COMPANY						
	Notes	Share Capital	Other Reserves	Retained Earnings	Total	USD
		USD	USD	USD	USD	USD
Balance at January 1, 2019		8,595,053	268,300,959	128,454,812	405,350,824	
Total comprehensive income for the year		-	(182,394)	15,665,056	15,482,662	
Dividends	27(a)	-	-	(14,060,496)	(14,060,496)	
Balance at December 31, 2019		8,595,053	268,118,565	130,059,372	406,772,990	
Balance at January 1, 2018		8,595,053	273,932,021	131,517,797	414,044,871	
- As previously reported		-	-	(1,345,219)	(1,345,219)	
- Effect of adopting IFRS 9	30					
As restated		8,595,053	273,932,021	130,172,578	412,699,652	
Total comprehensive income for the year		-	(2,030,958)	5,243,051	3,212,093	
Reclassification	12	-	(3,600,104)	3,600,104	-	
Dividends	27(a)	-	-	(10,560,921)	(10,560,921)	
Balance at December 31, 2018		8,595,053	268,300,959	128,454,812	405,350,824	

The notes on pages 9 to 54 form an integral part of these financial statements. Auditors' report on pages 3 to 3(e).

STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2019

	Notes	THE GROUP		THE COMPANY	
		2019	2018	2019	2018
		USD	USD	USD	USD
Cash flows generated from operations					
Cash generated from operations	25(a)	48,073,139	22,821,120	42,145,506	16,972,623
Net interest received	21	168,399	53,554	168,399	53,554
		<u>48,241,538</u>	<u>22,874,674</u>	<u>42,313,905</u>	<u>17,026,177</u>
Tax paid	16(a)	(6,669,517)	(9,341,094)	(6,669,517)	(9,341,094)
Net cash generated from operating activities		<u>41,572,021</u>	<u>13,533,580</u>	<u>35,644,388</u>	<u>7,685,083</u>
Cash flows from investing activities					
Purchase of property and equipment	5	(2,991,668)	(4,465,118)	(2,991,668)	(4,465,118)
Proceeds from sale of equipment		19,854	26,351	19,854	26,351
Repayment of lease liability	6(b)	(237,585)	-	(237,585)	-
Net cash used in investing activities		<u>(3,209,399)</u>	<u>(4,438,767)</u>	<u>(3,209,399)</u>	<u>(4,438,767)</u>
Cash flows from financing activities					
Dividends and Net cash used in financing activities	27(a)	(14,060,496)	(10,560,921)	(14,060,496)	(10,560,921)
Net increase / (decrease) in cash and cash equivalents		<u>24,302,126</u>	<u>(1,466,108)</u>	<u>18,374,493</u>	<u>(7,314,605)</u>
Movement in cash and cash equivalents					
At January 1,		4,781,939	7,849,001	4,781,939	7,841,001
Increase / (decrease)		24,302,126	(1,466,108)	18,374,493	(7,314,605)
Foreign exchange differences		(5,854,053)	(1,600,954)	73,580	4,255,543
At December 31,	25(b)	<u>23,230,012</u>	<u>4,781,939</u>	<u>23,230,012</u>	<u>4,781,939</u>

The notes on pages 9 to 54 form an integral part of these financial statements.
Auditors' report on pages 3 to 3(e).

1. GENERAL INFORMATION

Seychelles Petroleum Company Limited is a limited liability Company incorporated and domiciled in Seychelles. Its registered office is situated at New Port, Victoria, Mahé, Seychelles. The main activities of the Company are the supply of petroleum products, marine bunkering, aviation refueling and transshipment services and transportation of petroleum and chemical products by tankers. Its activities have remained unchanged as compared to the previous year.

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

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and are in compliance with the Companies Act, 1972 and the Public Enterprise Monitoring Commission, 2013.

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.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement and complexity or areas where assumptions are significant to the financial statements are disclosed in note 4.

(b) New and amended standards and interpretations adopted by the Group

(i) IFRS 16 Leases

The Group adopted IFRS 16 and IFRIC 23 with a transition date of January 1, 2019. The Group has chosen not to restate comparatives on adoption of both standards and therefore, the revised requirements are not reflected in the prior year financial statements. Rather, these changes have been processed at the date of initial application (i.e. 1 January 2019) and recognised in the opening equity balances.

Effective January 1, 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise operating leases on the Statement of Financial Position.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(b) New and amended standards and interpretations adopted by the Group (Cont'd)****(i) IFRS 16 Leases (Cont'd)**

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at January 1, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group has lease contracts for various parcels of land with the Government of Seychelles. Before the adoption of IFRS 16, the Group (as a lessee) classified each of its leases at the inception date as operating lease per note 24(b) for the accounting policy prior to January 1, 2019.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 6 for the accounting policy beginning January 1, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The following are available practical expedients the Group and Company may adopt:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at January 1, 2019:

- Right-of-use assets of **USD 2,553,658** were recognised and presented in the Statement of Financial Position within "right-of-use assets".
- Additional lease liabilities of **USD 2,553,658** (shown as "Lease liabilities in Statement of Financial Position") were recognised.
- The adoption of IFRS 16 had no impact on the Group's retained earnings.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) New and amended standards and interpretations adopted by the Group (Cont'd)

(i) IFRS 16 Leases (Cont'd)

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	January 1, 2019 USD
Operating lease commitments as at December 31, 2018	
Less: short-term leases not recognised under IFRS 16	14,971,686
Less: low value leases not recognised under IFRS 16	-
Undiscounted lease payments	14,971,686
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	<u>(12,418,028)</u>
Lease liability as at January 1, 2019	<u>2,553,658</u>

Standards, Amendments to published Standards and Interpretations effective in the reporting period

IFRIC 23 Uncertainty over Income Tax Treatments

The standard explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. There are no new disclosure requirements but requirement to provide information about judgements and estimates made in preparing the financial statements. *The interpretation has no impact on the Group's financial statements.*

Prepayment features with negative compensation (Amendments to IFRS 9)

This enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. *The amendments have no impact on the Group's financial statements.*

Annual Improvements to IFRSs 2015 - 2017 Cycle

IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages;

IFRS 11 - clarified that party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation;

IAS 12 - clarified that income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised; and

IAS 23 - clarified that, if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The amendments have no impact on the Group's financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(b) New and amended standards and interpretations adopted by the Group (Cont'd)**

Standards, Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)

Long- term Interests in Associates and Joint Ventures (Amendments to IAS 28)

The amendment clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28. *The amendments have no impact on the Group's financial statements.*

Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

The amendment clarify that entities must:

Calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change;

Recognise any reduction in a surplus immediately in Statement of Profit or Loss, either as part of past service cost or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in Statement of Profit or Loss even if that surplus was not previously recognised because of the impact of the asset ceiling; and

Separately recognise any changes in the asset ceiling through Other Comprehensive income.

The amendments have no impact on the Group's financial statements.

(c) Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2020 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28);

IFRS 17 Insurance Contracts;

Definition of a Business (Amendments to IFRS 3);

Definition of Material (Amendments to IAS 1 and IAS 8); and

Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

Where relevant, the Group is still evaluating the effect of these Standards, Amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(d) Property and equipment**

Buildings, tanks, pumps and petrol stations are carried at revalued amounts based on periodic triennial valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in owners' interest. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to Statement of Profit or Loss.

Properties in the course of construction for operation purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is calculated on the straight line method to write off the cost or revalued amount of the assets, to their residual values over their estimated useful life as follows:

	<u>Years</u>
Leasehold land and buildings	Over the period of the lease
Double hull tankers	25 years
Furniture, fittings & other equipment	3 - 10 years
Plant and equipment	3 - 50 years
Tanks, pumps and petrol stations	2½ - 10 years
Vehicles and refuellers	4 - 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property and equipment are determined by comparing proceeds with carrying amount and are included in the Statement of Profit or Loss. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

(e) Investment in subsidiaries*Separate financial statements of the investor*

In the separate financial statements of the investor, investment in subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the value of investment.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(e) Investment in subsidiaries (Cont'd)***Consolidated financial statements*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Statement of Profit or Loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in Statement of Profit or Loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to Statement of Profit or Loss.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Financial instruments

The Group applied the reclassification and measurement requirements for financial instruments under IFRS 9 'Financial Instruments' for the year ended December 2015. The 2014 comparative period was not restated, and the requirements under IAS 39 'Financial Instruments: Recognition and Measurement' were applied. The key changes are in the classification and impairment requirements.

(i) Classification of financial instruments

The Group has classified its financial assets under IFRS 9, into the following measurement categories:

- Those to be measured at fair value (through other comprehensive income); and at amortised cost.
- The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets cash flows.

The Group classifies its financial liabilities at fair value and at amortised cost.

(ii) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognised in the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date.

Financial assets and financial liabilities of the Group are initially measured at fair value and subsequently at amortised cost.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in financial instruments that are measured at amortised cost and trade and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for its trade and other receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The Group recognises an impairment loss in the Statement of Profit or Loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(f) Financial instruments (Cont'd)***Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external or internal credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(f) Financial instruments (Cont'd)***Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit or Loss.

The Group's financial assets include:

(i) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(iii) Financial assets at amortised cost

This include financial assets where the objective is to hold the asset in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

Derecognition of a financial asset

The Group derecognises a financial asset where the contractual rights to cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(iii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(f) Financial instruments (Cont'd)****(ii) Financial liabilities (Cont'd)***Trade and other payables*

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method. The carrying amount of trade and other payables approximate their amortised cost.

(iii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Statement of Financial Position when the Group has a legal enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and liability simultaneously.

(iv) Equity instruments at fair value through Other Comprehensive Income

Financial instruments held at fair value through other comprehensive income are recognised at fair value with transaction costs recognised in the Statement of Profit or Loss as incurred. Subsequently, they are measured at fair value and any gain or loss are recognised in equity instrument through other comprehensive income reserve under equity.

Investment in equity instruments that are measured at fair value through other comprehensive income where an irrevocable election has been made by Company.

Amounts presented in the other comprehensive income are not subsequently recycled through the Statement of Profit or Loss.

Dividends on such investments are recognised in the Statement of Profit or Loss unless the dividend clearly represents a recovery of part of the cost of the investments.

(g) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax 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, it is not accounted for.

Deferred tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(h) Inventories**

Inventories are stated at the lower of cost and net realisable value.

Inventories comprising petroleum products, lubricants, spares and consumables are stated at the lower of cost (determined on FIFO basis) and net realisable value. Net realisable value is the estimated selling price in ordinary course of business and applicable variable selling expenses. Net realisable value is determined after review of individual items of inventories by management for any required impairment.

Provisions are made for obsolete stocks based on management's appraisal.

(i) Defined benefit plans

The Group provides for a payment of gratuity to permanent employees. Gratuities are paid every five years (except in the case of early retirement) as from January 2007, for continuous service. The amount provisioned every year is based on the number of years the employee has worked after the last payment date. This type of employee benefits has the characteristics of a defined benefit plan. The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined obligation at the reporting date less fair value of plan assets together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

The Company did not carry out any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(j) Foreign currencies***Functional and presentation currency***

Items included in the financial statements are measured using US Dollars, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group are presented in US Dollar, which is the Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into 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 the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies 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 within 'other (losses)/gains - net'.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(j) Foreign currencies (Cont'd)***Transactions and balances (Cont'd)*

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

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as fair value through other comprehensive income are included in the fair value reserve in equity.

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of the statement of financial position.
- (ii) Income and expenses for each Statement of Profit or Loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in Other Comprehensive Income.

As at year-end, the main exchange rates against US Dollar were as follows:

	<u>2019</u>	<u>2018</u>
	USD	USD
1 Seychelles Rupee	0.0703	0.0703
1 Euro	<u>1.1203</u>	<u>1.1388</u>

(k) Impairment of non financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(l) Revenue recognition**

Revenue comprises the fair value for the sale of goods and services, net of tax, rebates and discounts and after eliminating sales within the Group.

Sales and other revenues earned by the Company and its subsidiaries are recognised on the following bases:

Sales

- (i) Sales of products - when products are delivered and title has passed;
- (ii) Revenue from tankers on time charter - on a time-portion basis; and
- (iii) Revenue from tankers on voyage charter - upon delivery of the cargo at the port of discharge.

Other revenues

- (i) Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant; and
- (ii) Dividend income - when the shareholder's right to receive payment is established.

(m) Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(m) Leases (Cont'd)**

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated Statement of Financial Position.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the Statement of Profit or Loss.

(n) Provisions

Provisions are recognised when the company and its subsidiaries has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT**3.1 Financial Risk Factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the company's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) Market risk**(i) Currency risk**

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Seychelles Rupee and Euro.

If the US Dollar had weakened/strengthened against the above currencies by $\pm 5\%$ with all other variables remaining constant, the impact (increase/(decrease)) on the results for the year would have been mainly as a result of foreign exchange gains/(losses) as depicted in the table hereunder.

THE GROUP

	Seychelles Rupee		Euro	
	2019	2018	2019	2018
	USD'000	USD'000	USD'000	USD'000
Bank balances	691	849	121	-
Trade and other receivables	1,645	1,882	-	-
Trade and other payables	558	558	96	7

THE COMPANY

	Seychelles Rupee		Euro	
	2019	2018	2019	2018
	USD'000	USD'000	USD'000	USD'000
- Bank balances	691	849	121	-
- Trade and other receivables	1,645	1,882	-	-
- Trade and other payables	558	558	95	7

At December 31, 2019, if interest rates on floating rate borrowings had been $\pm 0.10\%$ higher/(lower) with all other variables held constant, results for the prior year would have been higher/(lower) by nil for the Group and USD'000 21 for the Company due to impact on interest expense on loans.

(ii) Equity price risk

The Group is susceptible to equity market price risk arising from uncertainties about future prices of the equity securities because of investments held by the Group and classified on the Statement of Financial Position as Fair Value Through Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)**3.1 Financial Risk Factors (Cont'd)**Sensitivity analysis

The table below summarises the impact of increases/(decreases) in the fair value of the investments on equity. The analysis is based on the assumption that the fair value has increased/(decreased) by 5%.

	THE GROUP AND THE COMPANY	
	2019	2018
	USD'000	USD'000
Equity instrument of fair value through Other Comprehensive Income	<u>0.22</u>	<u>0.22</u>

(b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables.

The Group has a significant concentration of credit risk, with a wide exposure spread over a small number of customers. However, the Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The table below shows the credit concentration of the company at the end of the reporting period.

	THE GROUP AND THE COMPANY	
	2019	2018
	%	%
10 major counterparties	53	67
Others (diversified risk)	47	33
	<u>100</u>	<u>100</u>

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the Directors of the Group consider that the Group's credit risk is significantly reduced. Trade receivables consist of a large number of customers.

A description of the significant risk factors is given on the following page together with the risk management policies applicable.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors (Cont'd)

(b) Credit risk (Cont'd)

Risk concentration

Concentration of risk is managed by sub-groups and for the Group, these are International and Local receivables. Concentration of credit risks exists when a number of counterparties are engaged in similar activities or operate in the same geographical areas, industry sections and have similar economic characteristics so that their ability to meet contractual obligations is similarly affected by changes in economic, political and other conditions.

The following table shows the level of concentration of trade receivables of the Group at December 31,

Sub Group	Trade Receivables at amortised cost		Provision for credit impairment		Carrying Amount	
	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
International	18,569	20,197	748	997	17,821	19,200
Local	13,429	16,146	3,718	3,700	9,711	12,447
Others (a)	1,071	1,292	-	-	1,071	1,292
TOTAL	33,069	37,635	4,466	4,697	28,603	32,938

(a) Others comprise mainly balances recoverable from the subsidiaries. The Directors are of the opinion that risk of default is minimal and therefore no ECL has been provided. Others include also loans and receivables (see note 10(e)).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(b) Credit risk (Cont'd)

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 9(c) include further details on the loss allowance for these assets respectively.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

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

THE GROUP

	Less than 1 year USD'000	Between 1 & 2 years USD'000	Between 2 & 5 years USD'000	Total USD'000
At December 31, 2019				
Trade and other payables	<u>33,606</u>	<u>-</u>	<u>-</u>	<u>33,606</u>
At December 31, 2018				
Trade and other payables	<u>33,620</u>	<u>-</u>	<u>-</u>	<u>33,620</u>

THE COMPANY

	Less than 1 year USD'000	Between 1 & 2 years USD'000	Between 2 & 5 years USD'000	Total USD'000
At December 31, 2019				
Trade and other payables	<u>33,620</u>	<u>-</u>	<u>-</u>	<u>33,620</u>
At December 31, 2018				
Trade and other payables	<u>33,606</u>	<u>-</u>	<u>-</u>	<u>33,606</u>

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation

The fair value of financial instruments traded in active market is based on quoted prices at the end of the reporting period. A market is regarded active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Instruments included in level 1 comprise primarily quoted equity investments classified as financial assets at amortised cost.

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 Group for similar financial instruments.

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. As at December 31, 2019 and 2018, the Group was debt 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 Group 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 discussed below.

(a) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

(b) Significant increase in credit risk

IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Group considers qualitative and quantitative reasonable and supportable forward-looking information.

(c) Calculation of Loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(d) Buildings, tanks, pumps and petrol stations**

Buildings, tanks, pumps and petrol stations are carried at fair their value, representing their open-market value determined by external valuers.

(e) Impairment of equity instruments at fair value through other comprehensive income/available-for-sale financial assets

The Group follows the guidance of IFRS 9 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(f) Impairment of other non financial assets

At the end of each reporting period, Management reviews and assesses the carrying amounts of other assets and where relevant writes them down to their recoverable amounts based on best estimates.

(g) Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: Techniques which use inputs which have a significant effect on the recorded at fair value that are not based on observable market data.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(h) Depreciation policies**

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Group would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The Directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

(i) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

The Group did not carry out any actuarial valuation since the Directors have based themselves on the method as prescribed by the Seychelles Employment Act and they have estimated that the amount of liability provided will not be materially different had it been computed by an external Actuary.

(j) Functional currency

The Board of Directors have determined the US Dollar to be the functional currency of the Company.

(k) Limitation of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

(l) Impairment of right-of-use assets

In estimating the recoverable amount of the right-of-use asset, the Directors have made assumptions about the achievable market rates for similar properties with similar lease terms. Due to the associated uncertainty, it is possible that the estimates of the amount of lease payment that will be recovered through the sub-lease of the land may need to be revised during the next year.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

	Leasehold land & buildings		Double hull tankers		Furniture & fittings		Plant & equipment		Tanks, pumps & petrol stations		Vehicles & refuellers		Work in progress		Total	
	Valuation	USD	Cost	USD	Cost	USD	Cost	USD	Valuation	USD	Cost	USD	Cost	USD	Cost	USD
COST OR VALUATION																
At January 1, 2018	9,925,068		231,741,357		1,873,482		27,024,780		279,234,949		5,250,280		3,010,944		558,060,860	
Additions	-		1,912		84,215		1,674,821		-		481,481		2,222,689		4,465,118	
Disposals	-		-		(12,433)		(139,154)		-		(74,557)		-		(226,144)	
Exchange differences	-		(8,661,765)		-		-		-		-		-		(8,661,765)	
At December 31, 2018	9,925,068		223,081,504		1,945,264		28,560,447		279,234,949		5,657,204		5,233,633		553,638,069	
Additions	146,522		5,794		44,429		466,718		380,930		-		1,947,275		2,991,668	
Disposals	-		-		(3,249)		(69,466)		-		(16,569)		-		(89,284)	
Exchange differences	-		(2,901,036)		-		-		-		-		-		(2,901,036)	
Transfers to / (from)	-		-		1,343,611		4,187,990		-		-		(5,531,601)		-	
At December 31, 2019	10,071,590		220,186,262		3,330,055		33,145,689		279,615,879		5,640,635		1,649,307		553,639,417	
DEPRECIATION																
At January 1, 2018	964,406		133,863,884		1,450,754		10,770,948		14,660,142		4,164,076		-		165,874,210	
Charge for the year	468,613		5,909,513		117,402		448,350		13,359,374		404,658		-		20,707,910	
Disposals	-		-		(11,255)		(125,071)		-		(74,557)		-		(210,883)	
Exchange differences	-		(5,600,133)		-		-		-		-		-		(5,600,133)	
At December 31, 2018	1,433,019		134,173,264		1,556,901		11,094,227		28,019,516		4,494,177		-		180,771,104	
Charge for the year	466,711		5,794,149		204,875		729,745		12,068,226		295,013		-		19,558,719	
Disposals	-		-		(3,046)		(61,731)		-		(15,849)		-		(80,626)	
Exchange differences	-		(1,885,473)		-		-		-		-		-		(1,885,473)	
At December 31, 2019	1,899,730		138,081,940		1,758,730		11,762,241		40,087,742		4,773,341		-		198,363,724	
NET BOOK VALUE																
At December 31, 2019	8,171,860		82,104,322		1,571,325		21,383,448		239,528,137		867,294		1,649,307		355,275,693	
At December 31, 2018	8,492,049		88,908,240		388,363		17,466,220		251,215,433		1,163,027		5,233,633		372,866,965	

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY	Leasehold land & buildings		Double hull tankers		Furniture & fittings		Plant & equipment		Tanks, pumps & petrol stations		Vehicles & refuellers		Work in progress		Total
	Valuation	USD	Cost	USD	Cost	USD	Cost	USD	Valuation	USD	Cost	USD	Cost	USD	
COST OR VALUATION															
At January 1, 2018	9,925,068		44,904,357		1,873,482		27,024,780		279,234,949		5,250,280		3,010,944		371,223,860
Additions	-		1,912		84,215		1,674,821		-		481,481		2,222,689		4,465,118
Disposals	-		-		(12,433)		(139,154)		-		(74,557)		-		(226,144)
At December 31, 2018	9,925,068		44,906,269		1,945,264		28,560,447		279,234,949		5,657,204		5,233,633		375,462,834
Additions	146,522		5,794		44,429		466,718		380,930		-		1,947,275		2,991,668
Disposals	-		-		(3,249)		(69,466)		-		(16,569)		-		(89,284)
Transfers to / (from)	-		-		1,343,611		4,187,990		-		-		(5,531,601)		-
At December 31, 2019	10,071,590		44,912,063		3,330,055		33,145,689		279,615,879		5,640,635		1,649,307		378,365,218
DEPRECIATION															
At January 1, 2018	964,407		16,863,364		1,450,752		10,770,948		14,660,141		4,164,076		-		48,873,688
Charge for the year	468,613		1,117,291		117,402		448,350		13,359,374		404,658		-		15,915,688
Disposal	-		-		(11,255)		(125,071)		-		(74,557)		-		(210,883)
At December 31, 2018	1,433,020		17,980,655		1,556,899		11,094,227		28,019,515		4,494,177		-		64,578,493
Charge for the year	466,711		1,107,110		204,875		729,745		12,068,226		295,013		-		14,871,680
Disposal	-		-		(3,046)		(61,731)		-		(15,849)		-		(80,626)
At December 31, 2019	1,899,731		19,087,765		1,758,728		11,762,241		40,087,741		4,773,341		-		79,369,547
NET BOOK VALUE															
At December 31, 2019	8,171,859		25,824,298		1,571,327		21,383,448		239,528,138		867,294		1,649,307		298,995,671
At December 31, 2018	8,492,048		26,925,614		388,365		17,466,220		251,215,434		1,163,027		5,233,633		310,884,341

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) Depreciation have been charged to the Statement of Profit or Loss as follows (note 18):

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Cost of sales	18,887,133	20,121,895	14,200,094	15,329,673
Administrative expenses	671,586	586,015	671,586	586,015
	<u>19,558,719</u>	<u>20,707,910</u>	<u>14,871,680</u>	<u>15,915,688</u>

(d) The Group's buildings, tanks, pumps and petrol stations were revalued at December 31, 2016 by USD 47.2m by HMT Project Management (Pty) Ltd, independent valuers, on a replacement cost basis. The revaluation surplus, net of deferred tax was credited to revaluation reserve in shareholders' equity. The Directors have assumed that the carrying amount of the Company's buildings, tanks, pumps and petrol stations represents a fair estimation of their fair values as at December 31, 2019 and there was no need for any impairment.

(e) The fair value of Property and Equipment falls within Category 3 of the fair value hierarchy.

(f) Significant unobservable valuation input

Range

Price per square meter (US Dollar) 189 - 1,403

Significant increase/(decrease) in estimated price per square meter in isolation would result in significantly higher/(lower) fair value.

(g) If the buildings, tanks, pumps and petrol stations had been stated at their historical cost, the amounts would have been as follows:

	THE GROUP AND THE COMPANY			
	Tanks, pumps and petrol stations		Buildings	
	2019	2018	2019	2018
	USD	USD	USD	USD
Cost	40,785,514	37,065,363	11,428,689	11,291,038
Accumulated depreciation	(19,132,077)	(17,427,502)	(7,610,455)	(6,847,802)
Net book value	<u>21,653,437</u>	<u>19,637,861</u>	<u>3,818,234</u>	<u>4,443,236</u>

6. LEASES

(a) Right-of-use assets

THE GROUP
AND THE COMPANY
USD

Land and buildings

At January 1, 2019

- As previously reported

- Effect of adopting IFRS 16

As restated

Amortisation charge (note 18)

At December 31, 2019

2,553,658

2,553,658

(44,200)

2,509,458

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

6. LEASES (CONT'D)

(b) Lease liabilities

	THE GROUP AND THE COMPANY USD
At January 1, 2019	
- As previously reported	-
- Effect of adopting IFRS 16	<u>2,553,658</u>
As restated	2,553,658
Interest expense (note 21)	229,829
Lease payments	<u>(237,585)</u>
At December 31, 2019	<u><u>2,545,902</u></u>
Analysed as:	
- Non current	2,537,448
- Current	<u>8,454</u>
Total borrowings	<u><u>2,545,902</u></u>

(c) The leases of the Group comprise land from the Government of Seychelles with remaining rental periods ranging from 1 to 86 years.

(d) If the incremental borrowing rate had moved by 5% higher/(lower), the impact on the results of the year would have been USD 11.5k higher/(lower).

7. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2019	2018
	USD	USD
Cost - Unquoted (notes 7(a))	14,856	14,856
Loans receivable (note 7(b))	<u>81,669,684</u>	<u>89,050,965</u>
	<u><u>81,684,540</u></u>	<u><u>89,065,821</u></u>

(a) Details of the subsidiary companies are:

Name of subsidiary	Activities	Class of shares	%	Country of
			shareholding	in Group
			2019 & 2018	
Seychelles Pioneer Limited	Rental of tanker	Ordinary	100	Isle of Man
Seychelles Progress Limited	Rental of tanker	Ordinary	100	Isle of Man
Seychelles Patriot Limited	Rental of tanker	Ordinary	100	Isle of Man
Seychelles Prelude Limited	Rental of tanker	Ordinary	100	Isle of Man

The year-end of all the subsidiaries is December 31.

(b) The loans receivable are unsecured, non-interest bearing, are denominated in US Dollar and do not have any fixed repayment terms. The Directors are of the opinion that these should be classified as non-current assets.

(c) The carrying amounts of the receivable approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Summarised financial information in respect of the Group's subsidiaries.

*Summarised Statement of Financial Position and Statement of Profit or Loss and Other comprehensive income*December 31, 2019

	Seychelles Pioneer Limited USD'000	Seychelles Progress Limited USD'000	Seychelles Patriot Limited USD'000	Seychelles Prelude Limited USD'000
Non-current assets	9,532	9,999	18,634	18,114
Non-current liabilities	12,874	14,291	28,750	25,756
Current liabilities	5	3	3	3
Revenue	1,349	1,349	1,643	1,643
Profit for the year and total comprehensive income	<u>421</u>	<u>386</u>	<u>205</u>	<u>229</u>

December 31, 2018

	Seychelles Pioneer Limited USD'000	Seychelles Progress Limited USD'000	Seychelles Patriot Limited USD'000	Seychelles Prelude Limited USD'000
Non-current assets	10,619	11,131	20,393	19,840
Non-current liabilities	14,444	15,887	30,884	27,841
Current liabilities	5	3	3	3
Revenue	1,326	1,326	1,615	1,615
Profit for the year and total comprehensive income	<u>513</u>	<u>313</u>	<u>99</u>	<u>128</u>

*Summarised cash flow information*December 31, 2019

	Seychelles Pioneer Limited USD'000	Seychelles Progress Limited USD'000	Seychelles Patriot Limited USD'000	Seychelles Prelude Limited USD'000
Operating activities	1,334	1,335	1,629	1,629
Financing activities	<u>(1,334)</u>	<u>(1,335)</u>	<u>(1,629)</u>	<u>(1,629)</u>
Net change in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

December 31, 2018

	Seychelles Pioneer Limited USD'000	Seychelles Progress Limited USD'000	Seychelles Patriot Limited USD'000	Seychelles Prelude Limited USD'000
Operating activities	1,316	1,316	1,604	1,609
Financing activities	<u>(1,318)</u>	<u>(1,317)</u>	<u>(1,607)</u>	<u>(1,610)</u>
Net change in cash and cash equivalents	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>	<u>(1)</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

7. INVESTMENT IN SUBSIDIARIES (CONT'D)

(e) Credit Loss Allowances

The Directors of the Group have estimated that the loss allowance on investment in subsidiaries at the end of the reporting period was an amount equal to lifetime Expected Credit Loss (ECL). Taking into account the environment in which the subsidiaries operate, the Directors of the Group considered that the investments are not impaired and therefore ECL has been estimated as nil (2018: nil).

8. INVESTMENT IN FINANCIAL ASSETS

(a) Equity Instruments at fair value through other comprehensive income

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
At January 1,	4,446	4,517
Net decrease in fair value (note 12)	(2)	(71)
At December 31,	<u>4,444</u>	<u>4,446</u>

- (i) The above quoted equity instruments at fair value through other comprehensive income is in shares listed on the Australia Stock exchange denominated in Australian Dollars.
- (ii) Equity instrument at fair value through other comprehensive income for the Group are classified within Level 1 of the Fair Value Hierarchy. No change noted from previous year.

(b) Investments at amortised cost

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
At January 1,	-	-
Additions	13,075,852	-
Matured	(6,385,603)	-
Accrued interest	52,611	-
At December 31,	<u>6,742,860</u>	<u>-</u>

- (i) The investment in financial asset at amortised costs is in respect of Treasury bills with interest ranging from 4.8% to 6.5% and maturity dates varying between October 31, to December 12, 2020.
- (ii) The Directors have assumed that no provision for expected credit losses is expected since the risk of default of Treasury bills issued by the Central Bank of Seychelles is negligible.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

9. INVENTORIES

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
Petroleum products	12,387,540	19,587,355
Lubricants	532,972	610,155
Others	2,167,927	2,267,717
	<u>15,088,439</u>	<u>22,465,227</u>

- (a) The cost of inventories recognised as an expense and included in cost of sales amounted to USD 241,062,195 (2018: USD 259,168,118) for the Group and USD 247,046,899 (2018: 265,050,711) for the Company (note 18).

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Trade receivables	33,069,354	37,635,640	33,069,354	37,635,640
Less: provision for impairment (notes 10 (c) & (d))	(4,465,596)	(4,697,115)	(4,465,596)	(4,697,115)
	<u>28,603,758</u>	<u>32,938,525</u>	<u>28,603,758</u>	<u>32,938,525</u>
Prepayments	4,102,520	4,502,755	4,102,520	4,502,755
Others	413,975	101,682	413,975	101,682
Tax receivable (note 16)	-	2,188,571	-	2,188,571
	<u>33,120,253</u>	<u>39,731,533</u>	<u>33,120,253</u>	<u>39,731,533</u>

- (a) The carrying values of trade and other receivables approximates their amortised cost.
- (b) Other classes of financial assets included within trade and other receivables do not contain impaired assets.
- (c) Credit Loss Allowances

The average credit period on trade receivables is 30 days. No interest is charged on outstanding trade receivables.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Credit Loss Allowances (Cont'd)

The following table details the risk profile of Trade receivables based on the Group's provision matrix. The customers of the Group have been classified into 2 subgroups based on similar credit risk, characteristics, namely International and Local receivables as detailed below. There has been no changes in classification of subgroups as compared to previous period.

(i) At January 1, 2019

THE GROUP AND THE COMPANY

(i) International

	Trade Receivables-days past due				Total
	Not past due	< 30 days	31-60 days	>90 days	
Expected credit loss rate (%)	1.49%	25.64%	45.42%	68.96%	4.94%
Estimated gross carrying amount at default (SR)	19,154,967	13,970	804	462	20,197,087
Lifetime ECL	285,117	3,582	365	318	997,492

(ii) Local

	Trade Receivables-days past due				Total
	Not past due	< 30 days	31-60 days	>90 days	
Expected Credit loss rate (%)	2.94%	40.97%	62.18%	90.04%	22.91%
Estimated gross carrying amount at default (SR)	12,158,062	405,505	178,024	148,698	16,146,297
Lifetime ECL	357,042	166,154	110,704	133,893	3,699,623
Total Lifetime ECL (note 10(d))	642,159	169,736	111,069	134,211	4,697,115

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) Credit Loss Allowances (Cont'd)

(ii) At December 31, 2019

THE GROUP AND THE COMPANY

(i) International

	Trade Receivables-days past due				Total	
	Not past due	< 30 days	31-60 days	61-90 days		>90 days
Expected credit loss rate (%)	1.03%	24.82%	48.60%	83.24%	83.24%	4.03%
Estimated gross carrying amount at default (SR)	17,717,230	184,750	105,324	160,742	401,185	18,569,231
Lifetime ECL	183,095	45,863	51,184	133,810	333,966	747,918

(ii) Local

	Trade Receivables-days past due				Total	
	Not past due	< 30 days	31-60 days	61-90 days		>90 days
Expected Credit loss rate (%)	2.36%	44.55%	75.01%	100.00%	100.00%	27.68%
Estimated gross carrying amount at default (SR)	9,790,813	184,575	197,702	1,230	3,254,655	13,428,975
Lifetime ECL	231,277	82,223	148,293	1,230	3,254,655	3,717,678
Total Lifetime ECL (note 10(d))	414,372	128,086	199,477	135,040	3,588,621	4,465,596

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

10. TRADE AND OTHER RECEIVABLES (CONT'D)**(d) Movement in allowance for credit loss**

The following table shows the movement in lifetime ECL that has been recognised for Trade receivables in accordance with the simplified approach set out in IFRS 9.

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
Balance at January 1,	4,697,115	4,384,586
- As previously reported	-	1,921,741
- Effect of adopting IFRS 9	-	-
As restated	4,697,115	6,306,327
Credit during the period (note 18)	(229,468)	(1,537,946)
Exchange differences	(2,051)	(71,266)
Balance at December 31, (note 9(c))	4,465,596	4,697,115

Sensitivity analysis

If the ECL rates on trade receivables between 61 and 90 days past due had been 5% higher/(lower) as of December 2019, the loss allowance would have been **USD 6.8 k higher/(lower)**.

(e) Others include loans and receivables which are short term staff loans which are offset against their monthly salaries and risk of default has been estimated by the Directors as nil.

(f) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collaterals as securities.

(g) The other classes within trade and other receivables do not contain impaired assets and the Group does not hold any collateral as security.

11. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	Number of shares	Amount USD
Ordinary shares	2,000	8,595,053
Balance at December 31, 2019 & 2018	2,000	8,595,053

The total authorised number of ordinary shares is **2,000 shares** (2018: 2,000 shares) with a par value of SR 25,000 per share. All issued shares are fully paid.

12. OTHER RESERVES

(a) THE GROUP

	Currency translation deficit		Revaluation reserves		Equity instrument at fair value through other comprehensive income reserve		Capital reserves		Total
	USD	USD	USD	USD	USD	USD	USD	USD	USD
At January 31, 2018	(35,349,975)		306,024,212		3,599,874		793,673		275,067,784
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 8(a))	-		-		(71)		-		(71)
Exchange differences	(3,163,324)		-		-		-		(3,163,324)
Reclassification	-		-		(3,600,104)		-		(3,600,104)
At December 31, 2018	(38,513,299)		306,024,212		(301)		793,673		268,304,285
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 8(a))	-		-		(2)		-		(2)
Exchange differences	(221,397)		-		-		-		(221,397)
Reclassification	-		793,673		-		(793,673)		-
At December 31, 2019	(38,734,696)		306,817,885		(303)		-		268,082,886

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

12. OTHER RESERVES (CONT'D)

(b) THE COMPANY

	Currency translation deficit		Revaluation reserves		Equity instrument at fair value through other comprehensive income reserve		Capital reserves		Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At January 1, 2018	(36,485,738)		306,024,212		3,599,874		793,673		273,932,021	
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 8(a))	-		-		(71)		-		(71)	
Exchange differences	(2,030,887)		-		-		-		(2,030,887)	
Reclassification	-		-		(3,600,104)		-		(3,600,104)	
At December 31, 2018	(38,516,625)		306,024,212		(301)		793,673		268,300,959	
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 8(a))	-		-		(2)		-		(2)	
Exchange differences	(182,392)		-		-		-		(182,392)	
Reclassification	-		793,673		-		(793,673)		-	
At December 31, 2019	(38,699,017)		306,817,885		(303)		-		268,118,565	

(a) The Group elected to early adopt IFRS 9 in 2015 which had been applied retrospectively from January 1, 2015. As a result of the early adoption, the Held to Maturity and Available for Sale financial asset categories were removed. A new category for non-traded equity investments measured at fair value through other comprehensive income (FVOCI) was introduced. Amount from this category of Available for Sale was reclassified to Equity instrument at fair value through OCI. However, during 2018, the same amount was reversed through Retained Earnings as disclosed above.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

13. DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method at 30% (2018: 30%) for the Group and 30% (2018: 30%) for the Company at December 31, 2019.

- (a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets and liabilities when the deferred taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the Statement of Financial Position:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Deferred tax assets (note 13(c)(i))	(1,894,474)	(1,916,784)	(1,894,474)	(1,916,784)
Deferred tax liabilities (note 13(c)(ii))	18,026,109	24,728,198	18,026,109	24,728,198
	<u>16,131,635</u>	<u>22,811,414</u>	<u>16,131,635</u>	<u>22,811,414</u>

- (b) The movement on the deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
At January 1,	22,811,414	25,190,769	22,811,414	25,190,769
Credit for the year	(6,666,792)	(1,983,778)	(6,666,792)	(1,983,778)
Exchange differences	(12,987)	(395,577)	(12,987)	(395,577)
At December 31,	<u>16,131,635</u>	<u>22,811,414</u>	<u>16,131,635</u>	<u>22,811,414</u>

Credit for the year is analysed as follows:

Statement of Profit or Loss (note 16(b))	<u>(6,666,792)</u>	<u>(1,983,778)</u>	<u>(6,666,792)</u>	<u>(1,983,778)</u>
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- (c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

- (i) *Deferred tax assets*

THE GROUP	Provision for	Retirement	Lease liabilities	Total
	credit losses	benefit obligations		
	USD	USD	USD	USD
At January 1, 2018	(1,315,375)	(411,390)	-	(1,726,765)
Charge for the year	(114,414)	(102,720)	-	(217,134)
Exchange differences	20,656	6,459	-	27,115
At December 31, 2018	(1,409,133)	(507,651)	-	(1,916,784)
Credit/(Charge) for the year	68,652	(36,500)	(10,933)	21,219
Exchange differences	802	289	-	1,091
At December 31, 2019	<u>(1,339,679)</u>	<u>(543,862)</u>	<u>(10,933)</u>	<u>(1,894,474)</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

13. DEFERRED TAXES (CONT'D)

THE COMPANY

	Impairment losses	Retirement benefit obligations	Lease liabilities	Total
	USD	USD	USD	USD
At January 1, 2018				
- As previously reported	(1,315,375)	(411,390)	-	(1,726,765)
- Effect of adopting IFRS 9 (note 30)	(576,522)	-	-	(576,522)
As restated	(1,891,897)	(411,390)	-	(2,303,287)
Credit/(Charge) for the year	462,108	(102,720)	-	359,388
Exchange differences	20,656	6,459	-	27,115
At December 31, 2018	(1,409,133)	(507,651)	-	(1,916,784)
Credit/(Charge) for the year	68,652	(36,500)	(10,933)	21,219
Exchange differences	802	289	-	1,091
At December 31, 2019	(1,339,679)	(543,862)	(10,933)	(1,894,474)

(ii) *Deferred tax liabilities*THE GROUP

	Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
	USD	USD	USD	USD
At January 1, 2018	3,868,399	9,140,659	13,908,476	26,917,534
Charge/(Credit) for the year	143,001	(1,909,645)	-	(1,766,644)
Exchange differences	(60,746)	(143,538)	(218,408)	(422,692)
At December 31, 2018	3,950,654	7,087,476	13,690,068	24,728,198
Charge/(Credit) for the year	2,594,598	(9,282,609)	-	(6,688,011)
Exchange differences	(2,249)	(4,035)	(7,794)	(14,078)
At December 31, 2019	6,543,003	(2,199,168)	13,682,274	18,026,109

THE COMPANY

	Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
	USD	USD	USD	USD
At January 1, 2018	3,868,399	9,140,659	13,908,476	26,917,534
Charge/(Credit) for the year	143,001	(1,909,645)	-	(1,766,644)
Exchange differences	(60,746)	(143,538)	(218,408)	(422,692)
At December 31, 2018	3,950,654	7,087,476	13,690,068	24,728,198
Charge / (Credit) for the year	2,594,598	(9,282,609)	-	(6,688,011)
Exchange differences	(2,249)	(4,035)	(7,794)	(14,078)
At December 31, 2019	6,543,003	(2,199,168)	13,682,274	18,026,109

14. RETIREMENT BENEFIT OBLIGATIONS

Other post retirement benefits

Other post retirement benefits comprise mainly of severance allowances payable under the Seychelles Employment Act and other benefits. Movement in the severance allowances is as follows:

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

14. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
At January 1,	1,692,165	1,371,299
Charge to the Statement of Profit or Loss (note 23)	121,669	345,401
Exchange differences	(961)	(24,535)
At December 31,	<u>1,812,873</u>	<u>1,692,165</u>

15. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Trade payables	24,680,250	29,373,430	24,680,250	29,373,430
Accrued expenses	6,713,498	6,112,084	6,713,498	6,112,084
Other payables	2,225,867	1,606,942	2,212,535	1,593,390
Tax liability (note 16(a))	505,994	-	505,994	-
	<u>34,125,609</u>	<u>37,092,456</u>	<u>34,112,277</u>	<u>37,078,904</u>

(a) The carrying amount of 'trade and other payables' approximate their amortised cost.

(b) Trade and other payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
US Dollars	17,280,627	24,137,686	17,280,627	24,137,686
Euro	1,911,952	136,686	1,901,952	136,686
Seychelles Rupee	11,160,326	10,951,587	11,160,326	10,938,035
Others	3,772,704	1,866,497	3,769,372	1,866,497
	<u>34,125,609</u>	<u>37,092,456</u>	<u>34,112,277</u>	<u>37,078,904</u>

16. TAX EXPENSE

(a) *Statement of Financial Position*

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
At January 1,	(2,188,571)	(331,424)
Paid during the year	(6,669,517)	(9,341,094)
Charge for the year (note 16(b))	9,362,836	7,318,846
Exchange difference	1,246	165,101
At December 31,	<u>505,994</u>	<u>(2,188,571)</u>
<i>Disclosed under:</i>		
Trade and other payables (note 15)	505,994	-
Trade and other receivables (note 10)	-	(2,188,571)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

16. TAX EXPENSE (CONT'D)

(b) *Statement of Profit or Loss*

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
Current tax on the adjusted profit for the year at applicable tax rates (note 16(c))	9,362,836	7,318,846
Deferred tax credit (note 13(b))	(6,666,792)	(1,983,778)
Taxation charge	2,696,044	5,335,068

(c) The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Profit before taxation	19,601,605	11,631,922	18,361,100	10,578,119
Tax calculated at applicable tax rates (note 16(d))	5,429,023	3,123,436	5,429,023	3,123,436
Income not subject to tax	-	-	-	-
Expenses not deductible for tax purpose:	251,864	595,493	251,864	595,493
Excess of depreciation over capital allowance	3,681,949	3,599,917	3,681,949	3,599,917
	9,362,836	7,318,846	9,362,836	7,318,846

(d) Applicable tax rates under the Business Tax Act, 2009 are as follows:

Taxable income	Tax rates - % 2019 & 2018
≤ SR. 1,000,000	25%
> SR. 1,000,000	30%

17. REVENUE

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
Sales of products	339,288,529	356,974,337
Sales of services	42,878,785	40,098,597
	382,167,314	397,072,934

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

18. EXPENSES BY NATURE	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Cost of inventories recognised as expense (note 9(a))	241,062,195	259,168,118	247,046,899	265,050,711
Depreciation (note 5(c))	19,558,719	20,707,910	14,871,680	15,915,688
Amortisation of right-of-use assets (note 6(a))	44,200	-	44,200	-
Duties and taxes	54,334,492	52,750,274	54,334,492	52,750,274
Bareboat charter fees	6,046,391	6,041,165	6,046,391	6,041,165
Bunkering costs	13,117,337	15,236,382	13,117,337	15,236,382
Ship running expenses	13,125,637	14,044,728	13,125,637	14,044,728
Port agency costs	10,506,942	11,913,842	10,506,942	11,913,842
Employee benefit expense (note 23)	4,792,758	4,406,371	4,792,758	4,406,371
Reversal of credit impairment (note 10(d))	(229,468)	(1,537,946)	(229,468)	(1,537,946)
Other expenses	8,150,134	8,243,471	8,093,283	8,210,119
Total cost of sales, selling and marketing and administrative expenses	370,509,337	390,974,315	371,750,151	392,031,334

(a) *Analysed as:*

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Cost of sales	357,124,327	379,276,404	358,421,992	380,366,775
Selling and marketing expenses	58,046	76,383	58,046	76,383
Administrative expenses	13,326,964	11,621,528	13,270,113	11,588,176
	370,509,337	390,974,315	371,750,151	392,031,334

19. OTHER INCOME

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
Demurrage claims	3,599,672	3,041,641
Storage and throughput	2,660,477	2,918,531
Deviations and other recoveries	1,428,005	1,477,909
Rental income (note 22)	552,586	596,586
Gain on disposal of property and equipment (note 22)	11,196	11,090
Sundry income	121,127	112,464
	8,373,063	8,158,221

20. OTHER LOSSES - NET

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Net foreign exchange losses on operations	368,005	2,678,472	367,696	2,675,256

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

21. NET FINANCE (COSTS)/INCOME

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
Interest income	168,399	53,554	168,399	53,554
Finance costs on lease liabilities (note 6(b))	(229,829)	-	(229,829)	-
Net finance (costs)/income	(61,430)	53,554	(61,430)	53,554

22. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after:

	THE GROUP		THE COMPANY	
	2019	2018	2019	2018
	USD	USD	USD	USD
<i>Crediting:</i>				
Rental income (note 19)	552,586	596,374	552,586	596,374
Gain on disposal of equipment (note 19)	11,196	11,090	11,196	11,090
<i>and Charging:</i>				
Depreciation on property and equipment - owned (note 5)	19,558,719	20,707,910	14,871,680	15,915,688
Amortisation of right-of-use assets (note 6(a))	44,200	-	44,200	-
Provision for credit impairment (note 10(d))	(229,468)	(1,537,946)	(229,468)	(1,537,946)
Finance cost on lease liabilities (note 6(b))	229,829	-	229,829	-
Rentals	-	246,143	-	246,143
Directors' remuneration (note 22(a))	155,421	149,894	155,421	149,894
Audit fees	27,354	27,456	22,490	22,504
Employee benefit expense (note 23)	4,792,758	4,406,371	4,792,758	4,406,371

(a) Directors' fees and other emoluments are detailed below:

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
S Fanny	5,904	5,138
V Laporte	5,904	5,138
P Samson	5,904	-
E Belle	5,904	5,138
S Gendron	7,534	7,707
S Patel	5,904	5,138
S Romain	1,091	5,138
C Benoiton	117,276	116,497
	155,421	149,894

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

23. EMPLOYEE BENEFIT EXPENSES

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
Salaries and wages	4,671,089	4,060,970
Retirement benefit obligations (note 14)	121,669	345,401
	<u>4,792,758</u>	<u>4,406,371</u>

24. COMMITMENTS

(a) *Capital commitments*

Capital expenditure contracted for at the date of the reporting period but not recognised in these financial statements is as follows:

	THE GROUP AND THE COMPANY	
	2019	2018
	USD'000	USD'000
Property and equipment	4,341	1,730

(b) *Lease commitments - where the Group is the lessee*

The company leases land under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	THE GROUP AND THE COMPANY	
	2018	
	USD'000	
Not later than one year	238	
Later than one year and not later than five years	951	
Later than five years	<u>13,783</u>	
	<u>14,972</u>	

(c) *Lease commitments - where the Group/Company is the lessor*

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

	THE GROUP AND THE COMPANY	
	2019	2018
	USD'000	USD'000
Not later than one year	349	348
Later than one year and not later than five years	1,394	1,395
Later than five years	29,974	30,334
	<u>31,717</u>	<u>32,077</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

25. NOTES TO THE CASH FLOW STATEMENTS

(a) *Cash generated from operations*

Notes	THE GROUP		THE COMPANY	
	2019 USD	2018 USD	2019 USD	2018 USD
Page 5	19,601,605	11,631,922	18,361,100	10,578,119
Profit before taxation				
<i>Adjustments for:</i>				
Depreciation on property, plant and equipment	19,558,719	20,707,910	14,871,680	15,915,688
Amortisation of right-of-use assets	44,200	-	44,200	-
Provision for credit impairment	(229,468)	-	(229,468)	-
Profit on disposal of equipment	(11,196)	(11,090)	(11,196)	(11,090)
Unrealised foreign exchange losses	368,005	2,678,472	367,696	2,675,256
Interest paid	(168,399)	(53,554)	(168,399)	(53,554)
Interest paid	229,829	-	229,829	-
Charge of retirement benefit obligation	121,669	345,401	121,669	345,401
	39,514,964	35,299,061	33,587,111	29,449,820
<i>Changes in working capital</i>				
- Decrease / (Increase) in inventories	7,376,788	(3,643,943)	7,376,788	(3,643,943)
- Decrease in trade and other receivables	4,654,228	729,375	4,654,228	729,375
- Increase in trade and other payables	(3,472,841)	(9,563,373)	(3,472,621)	(9,562,629)
Cash generated from operations	48,073,139	22,821,120	42,145,506	16,972,623

(b) *Cash and cash equivalents*

	THE GROUP AND THE COMPANY	
	2019 USD	2018 USD
Cash in hand	3,305	2,876
Bank balances	23,226,707	4,779,063
	23,230,012	4,781,939

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

26. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Other related corporations		Directors	
	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
Amount due to	16	160	-	-
Amount due from	11,704	7,511	-	-
Remuneration	-	-	522	150
Purchases of products and services	2,651	916	-	-
Sales	79,048	82,988	-	-

(b) THE COMPANY

	Subsidiary companies		Other related corporations		Directors	
	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
Amount due to	-	-	16	160	-	-
Amount due from	81,685	89,066	11,704	7,511	-	-
Remuneration	-	-	-	-	522	150
Bareboat charter fees	5,985	6,041	-	-	-	-
Technical management fees	-	-	-	-	-	-
Purchases of goods and services	-	-	2,651	916	-	-
Sales	-	-	79,048	82,988	-	-

(c) The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.

(d) Outstanding balances with related parties at the year-end are unsecured and interest free. There has been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

26. RELATED PARTY TRANSACTIONS (CONT'D)

(e) *Key management personnel*

	THE GROUP AND THE COMPANY	
	2019	2018
	USD	USD
Salaries & other benefits	522,077	406,973
Pension costs	10,474	8,139
	<u>532,551</u>	<u>415,112</u>

27. DIVIDENDS

The Directors proposed and paid a final dividend of USD 7,030 per share amounting to USD 14.1m during year under review (2018: Dividends proposed and paid USD 10.6m (USD 5,820 per share)).

(a) PROPOSED AND PAID

	THE GROUP AND THE COMPANY	
	2019	2018
	USD'000	USD'000
Dividend proposed	14,060,496	10,560,921
Paid during the year	(14,060,496)	(10,560,921)
At December 31,	-	-

28. EVENT AFTER REPORTING DATE

The Group's main activities comprises supply of petroleum products, marine bunkering, aviation refuelling and transshipment and transportation of petroleum and chemical products by tankers. Following the outbreak of the coronavirus (COVID-19) across the World and the World Health Organisation announcement as it being a global pandemic, countries have taken action and closed their borders and confined their population. These actions are impacting heavily all industries across the world including Seychelles and the Group's operations and activities are expected to be severely impacted by this pandemic. Significant uncertainty therefore arises on the going concern of the Group and Company.

The Directors with the assistance of Management and stakeholders have however put adequate plans in place to deal with this outbreak in the foreseeable future. The main shareholder, the Government of Seychelles has also committed to give its financial and otherwise support as and when required. Therefore the Directors are of the view that the going concern basis of preparation of the financial statements remain appropriate in the circumstances.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2019

29. FIVE YEAR FINANCIAL SUMMARY

(a) THE GROUP

	2019	2018	2017*	2016*	2015*
	USD'000	USD'000	USD'000	USD'000	USD'000
Profit for the year	16,906	6,298	21,472	9,178	5,575
Other comprehensive income/(expense)	477	2,466	(4,948)	21,966	2,887
Impairment of equity instrument at fair value though other comprehensive income	-	-	-	-	(10,546)
Retained earnings brought forward	101,355	-	90,937	66,435	73,473
Reclassification (note 12)	-	3,600	-	-	-
Retained earnings brought forward-restated (note 30)	-	99,552	-	-	-
Profit available for distribution	118,738	111,916	107,461	97,579	71,389
Dividends	(14,060)	(10,561)	(6,564)	(6,642)	(4,954)
Retained earnings carried forward	104,678	101,355	100,897	90,937	66,435
Capital & reserves					
Share capital	8,595	8,595	8,595	8,595	8,595
Other reserves	268,083	268,304	275,068	275,028	265,922
Retained earnings	104,678	101,355	100,897	90,937	66,435
Owners' interest	381,356	378,254	384,560	374,560	340,952
Non-controlling interest	-	-	-	-	-
Total equity	381,356	378,254	384,560	374,560	340,952

(b) THE COMPANY

	2019	2018	2017*	2016*	2015*
	USD'000	USD'000	USD'000	USD'000	USD'000
Profit for the year	15,665	5,243	20,237	9,891	9,365
Other comprehensive (expense)/income	-	-	-	20,852	178
Impairment of equity instrument at fair value though other comprehensive income	-	-	-	-	(10,546)
Retained earnings brought forward	128,455	-	117,844	93,743	99,700
Reclassification (note 12)	-	3,600	-	-	-
Retained earnings forward-restated (note 30)	-	130,173	-	-	-
Profit available for distribution	144,120	139,016	138,081	124,486	98,697
Dividends	(14,060)	(10,561)	(6,564)	(6,642)	(4,954)
Retained earnings carried forward	130,060	128,455	131,517	117,844	93,743
Capital & reserves					
Share capital	8,595	8,595	8,595	8,595	8,595
Other reserves	268,119	268,301	273,932	275,576	265,925
Retained earnings	130,060	128,455	131,517	117,844	93,743
Total equity	406,774	405,351	414,044	402,015	368,263

* The financial statements prior 2018 were not adjusted to reflect the adoption of the requirements of IFRS 9 in respect of impairment, since the Group availed itself of the transition exemption of IFRS 9 where all adjustments following implementation were recognised through Retained Earnings as at January 1, 2018 with no changes to comparatives.

30. EFFECT OF IMPLEMENTATION OF IFRS 9

	<u>THE GROUP</u>	<u>THE COMPANY</u>
	<u>At January 1, 2018</u>	
	USD	USD
The implementation of IFRS 9 is as shown below:		
Impact on the Statement of financial position		
<i>Retained Earnings at January 1, 2018</i>	100,897,008	131,517,797
Allowance for credit impairment from incurred loss method per IAS 39 to expected credit loss method per		
-Trade and other receivables (notes 10(c)(i) & (d))	(1,921,741)	(1,921,741)
Effect on deferred tax (note 13(c(i)))	576,522	576,522
As restated	<u>99,551,789</u>	<u>130,172,578</u>