

**SEYCHELLES PETROLEUM COMPANY LIMITED**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

SEYCHELLES PETROLEUM COMPANY LIMITED

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

The Directors are pleased to submit their report on Seychelles Petroleum Company Limited together with the audited financial statements of the Group and the Company for the year ended December 31, 2018.

#### 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 9 (IFRS 9) - " Financial Instruments"

The Company has adopted the new International Financial Reporting Standard (IFRS) 9- Financial Instruments effective January 1, 2018. This IFRS replaces the previous IAS 39-Financial Instruments: Recognition and measurement. The changes introduced the following measurement categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income depending on the business model for managing the financial assets and the contractual cash flow characteristics.

Effective January 1, 2015, the Group had elected to early adopt the requirements of IFRS 9 with respect to recognition and measurement of financial instruments. Therefore adoption of IFRS 9 for the current year is with respect to mainly 'Impairment'.

Contrary to IAS 39 which was an incurred loss model, IFRS 9 introduces a new expected credit loss (ECL) model which involves a three stage approach whereby financial assets move through the three stages as their credit quality changes. The changes dictates how an entity measures impairment losses and applies the effective interest rate method.

In accordance with the transition exemption of IFRS 9, differences in carrying amounts of financial instruments resulting from adoption of IFRS 9 in respect of 2017 have been recognised in Retained Earnings as at January 1, 2018. Accordingly, the comparatives for 2017 do not reflect the requirements of IFRS 9 but rather those of IAS 39.

#### FINANCIAL PERFORMANCE

Net profit for the year amounted to USD 6.3m (2017: USD 21.4m) for the Group and USD 5.2m (2017: USD 20.2m) for the Company.

#### DIVIDENDS

The Directors has proposed and paid a final dividend amounting to USD 10.6m for the year under review (2017: USD 6.6m proposed and paid).

#### PROPERTY AND EQUIPMENT

The Group and the Company acquired property and equipment amounting to USD 4.5m during the year (2017: USD 3.1m) comprising mainly plant and equipment, construction-in-progress on buildings, motor vehicles 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 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) <b><u>Seychelles Patriot Limited</u></b>	(ii) <b><u>Seychelles Pioneer Limited</u></b>
(iv) <b><u>Seychelles Prelude Limited</u></b>	(iii) <b><u>Seychelles Progress Limited</u></b>
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 Company 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 Company and those that are held in trust and used by the Company.

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: 02 MAY 2019  
Victoria, Seychelles

## SEYCHELLES PETROLEUM COMPANY LIMITED

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### INDEPENDENT AUDITORS' 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 53 which comprise the Statement of Financial Position as at December 31, 2018, 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 53 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2018 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.

##### 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 AUDITORS' REPORT TO THE MEMBERS (CONT'D)

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, 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.

**Key Audit Matter**

The Group adopted the accounting standard IFRS 9 'Financial instruments' during the financial year. The standard introduces new requirements around two main aspects of how financial instruments are treated - measurement and classification and impairment.

IFRS 9 introduces a new classification and measurement approach for financial assets that reflects the business model in which the financial assets are managed and the underlying cashflow characteristics. This had already been implemented effective January 1, 2015.

This standard also introduces new impairment rules which prescribe 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.

There are a number of significant management determined judgements including:

- the reclassification of financial assets in accordance with the Group's business model;
  - determining the criteria for a significant increase in credit risk;
  - techniques used to determine the historical loss rates used in lifetime ECL computation as per the simplified approach; and
- factoring forward looking assumptions.

Implementation of IFRS 9 required some technical modelling which necessitated considerable input of data and assumptions. Consequently the risk that the data and assumptions carry higher credit risks.

The implementation had the effect of a net adjustment of USD 1.3m to the retained earnings of the Group at January 1, 2018.

**How the key audit matter was addressed in the audit**

- We gained understanding of the Group's key processes comprising granting, booking, monitoring and provisioning and tested the operating effectiveness of key controls over these processes;
- We obtained an understanding of the Group's provisioning methodology, assessed the reasonableness of the underlying assumptions and the sufficiency of the data used by the Management.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

Key Audit Matters (Cont'd)

How the key audit matter was addressed in the audit (Cont'd)

<ul style="list-style-type: none"> <li>• With respect to classification and measurement of financial assets and financial liabilities, <i>our audit procedures comprised the following</i> ;</li> </ul> <p>We reviewed the Group's IFRS 9 based classification and measurement of financial assets and financial liabilities policies for the year under review and compared them with the requirements of IFRS 9; and</p> <ul style="list-style-type: none"> <li>• 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].</li> </ul>
<p><i>With respect to impairment methodology , our audit procedures comprised the following ;</i></p> <ul style="list-style-type: none"> <li>• 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;</li> </ul>
<ul style="list-style-type: none"> <li>• For a sample of exposures, we checked the appropriateness of the Group's simplified approach to impairment i.e, based in a lifetime expected loss;</li> </ul>
<ul style="list-style-type: none"> <li>• We checked and understood the key data sources and assumptions for data used in the Expected Credit Loss (ECL) models (the Models) used by the Group's to determine impairment provisions and to determine the historical loss rate percentages.</li> </ul>
<ul style="list-style-type: none"> <li>• For forward looking assumption, we held discussions with Management and corroborated as applicable the assumptions where publicly available information was used;</li> </ul>
<ul style="list-style-type: none"> <li>• We checked the calculation of the historical loss rate percentage on the provision matrix and verified the calculation of the lifetime ECL;</li> </ul>
<ul style="list-style-type: none"> <li>• We checked the completeness of trade receivables and other financial assets included in the ECL calculations as of 31 December 2018; We understood the theoretical soundness and tested the mathematical integrity of the Models;</li> </ul>
<ul style="list-style-type: none"> <li>• 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;</li> </ul>
<ul style="list-style-type: none"> <li>• Where relevant, we used Information System specialists to gain comfort on data integrity;</li> </ul>
<ul style="list-style-type: none"> <li>• We checked consistency of various inputs and assumptions used by the Group's Management to determine impairment provisions; and</li> </ul>
<p>As a result of the above audit procedures, no material differences were noted.</p>



**INDEPENDENT AUDITORS' 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.
- 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.

SEYCHELLES PETROLEUM COMPANY LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

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

- 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.

Dated: 02 MAY 2019  
Victoria, Seychelles

*BDO Associates*

**BDO ASSOCIATES**  
Chartered Accountants

## STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2018

	Notes	THE GROUP		THE COMPANY	
		2018 USD	2017 USD	2018 USD	2017 USD
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment	5	372,866,965	392,186,650	310,884,341	322,350,172
Investment in subsidiaries	6	-	-	89,065,821	99,315,208
Investment in financial assets	7	4,446	4,517	4,446	4,517
		<u>372,871,411</u>	<u>392,191,167</u>	<u>399,954,608</u>	<u>421,669,897</u>
<b>Current assets</b>					
Inventories	8	22,465,227	18,821,284	22,465,227	18,821,284
Trade and other receivables	9	39,731,533	38,916,290	39,731,533	38,916,290
Cash and cash equivalents	25(b)	4,781,939	7,849,001	4,781,939	7,841,001
		<u>66,978,699</u>	<u>65,586,575</u>	<u>66,978,699</u>	<u>65,578,575</u>
<b>Total assets</b>		<u><b>439,850,110</b></u>	<u><b>457,777,742</b></u>	<u><b>466,933,307</b></u>	<u><b>487,248,472</b></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital	10	8,595,053	8,595,053	8,595,053	8,595,053
Other reserves	11	268,304,285	275,067,784	268,300,959	273,932,021
Retained earnings		101,354,737	100,897,008	128,454,812	131,517,797
Owners' interest and Total equity		<u>378,254,075</u>	<u>384,559,845</u>	<u>405,350,824</u>	<u>414,044,871</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Deferred tax liabilities	12	22,811,414	25,190,769	22,811,414	25,190,769
Retirement benefit obligations	13	1,692,165	1,371,299	1,692,165	1,371,299
		<u>24,503,579</u>	<u>26,562,068</u>	<u>24,503,579</u>	<u>26,562,068</u>
<b>Current liability</b>					
Trade and other payables	15	37,092,456	46,655,829	37,078,904	46,641,533
<b>Total liabilities</b>		<u><b>61,596,035</b></u>	<u><b>73,217,897</b></u>	<u><b>61,582,483</b></u>	<u><b>73,203,601</b></u>
<b>Total equity and liabilities</b>		<u><b>439,850,110</b></u>	<u><b>457,777,742</b></u>	<u><b>466,933,307</b></u>	<u><b>487,248,472</b></u>

These financial statements have been approved for issue by the Board of Directors on 02

  
S Gendron  
Director

  
C Benoiton  
Director

  
E Belle  
Director

  
V Laporte  
Director

  
P Samson  
Director

  
S Fanny  
Director

  
S Patel  
Director

The notes on pages 9 to 53 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(d).

## STATEMENTS OF PROFIT OR LOSS - YEAR ENDED DECEMBER 31, 2018

	Notes	THE GROUP		THE COMPANY	
		2018 USD	2017 USD	2018 USD	2017 USD
Revenue	2(n) & 16	397,072,934	344,374,046	397,072,934	344,374,046
Cost of sales	17	(379,276,404)	(319,179,472)	(380,366,775)	(320,467,210)
Gross profit		17,796,530	25,194,574	16,706,159	23,906,836
Selling & marketing expenses	17	(76,383)	(28,946)	(76,383)	(28,946)
Administrative expenses	17	(11,621,528)	(14,772,203)	(11,588,176)	(14,772,203)
Other income	18	8,158,221	8,105,298	8,158,221	8,105,298
Other (losses) / gains - Net	19	(2,678,472)	12,221,978	(2,675,256)	12,221,978
		11,578,368	30,720,701	10,524,565	29,432,963
Net finance (costs) / income	20	53,554	(50,337)	53,554	3,279
Profit before taxation	21	11,631,922	30,670,364	10,578,119	29,436,242
Taxation charge	15(b)	(5,335,068)	(9,198,971)	(5,335,068)	(9,198,971)
Profit for the year		6,296,854	21,471,393	5,243,051	20,237,271

The notes on pages 9 to 53 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(d).

## SEYCHELLES PETROLEUM COMPANY LIMITED

## STATEMENTS OF OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2018

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	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		USD	USD	USD	USD
Profit for the year		6,296,854	21,471,393	5,243,051	20,237,271
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Currency translation differences					
- Other reserves	11	(3,163,324)	40,119	(2,030,887)	(1,643,752)
- Retained earnings		2,466,911	(4,947,364)	-	-
<i>Item that will not be reclassified to profit or loss</i>					
Equity instruments at fair value through other comprehensive income reserve	7(a)	(71)	(85)	(71)	(85)
Other comprehensive income for the year, net of tax		(696,484)	(4,907,330)	(2,030,958)	(1,643,837)
Total comprehensive income for the year		5,600,370	16,564,063	3,212,093	18,593,434
Profit attributable to:					
Owners of the parent		6,296,854	21,471,393	5,243,051	20,237,271
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		6,296,854	21,471,393	5,243,051	20,237,271
Owners of the parent		5,600,370	16,564,063	3,212,093	18,593,434
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		5,600,370	16,564,063	3,212,093	18,593,434

The notes on pages 9 to 53 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(d).

	Attributable to owners of the parent				Non-Controlling Interest	Total Equity
	Share Capital	Other Reserves	Retained Earnings	Total		
Note	USD	USD	USD	USD	USD	USD
<b>THE GROUP</b>						
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	8,595,053	275,067,784	99,551,789	383,214,626	-	383,214,626
As restated	-	(3,163,395)	8,763,765	5,600,370	-	5,600,370
Total comprehensive income for the year	-	(3,600,104)	3,600,104	-	-	-
Reclassification	11	-	(10,560,921)	(10,560,921)	-	(10,560,921)
Dividends	24(a)	-	101,354,737	378,254,075	-	378,254,075
<b>Balance at December 31, 2018</b>	<b>8,595,053</b>	<b>268,304,285</b>	<b>101,354,737</b>	<b>378,254,075</b>	<b>-</b>	<b>378,254,075</b>
Balance at January 1, 2017	8,595,053	275,027,750	90,936,734	374,559,537	-	374,559,537
Total comprehensive income for the year	-	40,034	16,524,029	16,564,063	-	16,564,063
Dividends	24(a)	-	(6,563,755)	(6,563,755)	-	(6,563,755)
Balance at December 31, 2017	8,595,053	275,067,784	100,897,008	384,559,845	-	384,559,845
<b>THE COMPANY</b>						
	Note	Share Capital	Other Reserves	Retained Earnings	Total	Total Equity
		USD	USD	USD	USD	USD
Balance at January 1, 2018		8,595,053	273,932,021	131,517,797	414,044,871	414,044,871
- As previously reported		-	-	(1,345,219)	(1,345,219)	(1,345,219)
- Effect of adopting IFRS 9	9(d) & 28	8,595,053	273,932,021	130,172,578	412,699,652	412,699,652
As restated		-	(2,030,958)	5,243,051	3,212,093	3,212,093
Total comprehensive income for the year	11	-	(3,600,104)	3,600,104	-	-
Reclassification	24	-	-	(10,560,921)	(10,560,921)	(10,560,921)
Dividends		8,595,053	268,300,959	128,454,812	405,350,824	405,350,824
<b>Balance at December 31, 2018</b>		<b>8,595,053</b>	<b>275,575,858</b>	<b>117,844,281</b>	<b>402,015,192</b>	<b>402,015,192</b>
Balance at January 1, 2017		-	(1,643,837)	20,237,271	18,593,434	18,593,434
Total comprehensive income for the year	24	-	-	(6,563,755)	(6,563,755)	(6,563,755)
Dividends		8,595,053	273,932,021	131,517,797	414,044,871	414,044,871
Balance at December 31, 2017		<b>8,595,053</b>	<b>273,932,021</b>	<b>131,517,797</b>	<b>414,044,871</b>	<b>414,044,871</b>

The notes on pages 9 to 53 form an integral part of these financial statements. Auditors' report on pages 3 and 3(d).

## STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2018

	Notes	THE GROUP		THE COMPANY	
		2018	2017	2018	2017
		USD	USD	USD	USD
<b>Cash flows generated from operations</b>					
Cash generated from operations	25(a)	22,821,120	46,318,287	16,972,623	39,918,368
Net interest (received) / paid	20	53,554	(50,337)	53,554	3,279
		22,874,674	46,267,950	17,026,177	39,921,647
Tax paid	15(a)	(9,341,094)	(15,438,166)	(9,341,094)	(15,438,166)
<b>Net cash generated from operating activities</b>		<b>13,533,580</b>	<b>30,829,784</b>	<b>7,685,083</b>	<b>24,483,481</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	5	(4,465,118)	(3,059,818)	(4,465,118)	(3,059,818)
Proceeds from sale of equipment		26,351	49,123	26,351	49,123
<b>Net cash used in investing activities</b>		<b>(4,438,767)</b>	<b>(3,010,695)</b>	<b>(4,438,767)</b>	<b>(3,010,695)</b>
<b>Cash flows from financing activities</b>					
Loans disbursed to subsidiaries		-	-	-	(30,203,047)
Dividends	24(a)	(10,560,921)	(9,736,959)	(10,560,921)	(9,736,959)
Repayment of borrowings		-	(23,472,800)	-	-
<b>Net cash used in from financing activities</b>		<b>(10,560,921)</b>	<b>(33,209,759)</b>	<b>(10,560,921)</b>	<b>(39,940,006)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,466,108)</b>	<b>(5,390,670)</b>	<b>(7,314,605)</b>	<b>(18,467,220)</b>
<b>Movement in cash and cash equivalents</b>					
At January 1,		7,849,001	21,696,808	7,841,001	21,689,666
(Decrease)/Increase		(1,466,108)	(5,390,670)	(7,314,605)	(18,467,220)
Foreign exchange differences		(1,600,954)	(8,457,137)	4,255,543	4,618,555
<b>At December 31,</b>	25(b)	<b>4,781,939</b>	<b>7,849,001</b>	<b>4,781,939</b>	<b>7,841,001</b>

The notes on pages 9 to 53 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(d).

## 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 adopted in the preparation of these financial statements are set out below.

### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 1972. The financial statements of the Group have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards.

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

### (b) Adoption of new and revised standards

#### Early adoption

##### IFRS 9 - Financial Instruments (2013)

The Group elected to early adopt IFRS 9 in 2015 which had been applied retrospectively from January 1, 2015. In accordance with the transition requirements, comparatives are not restated. The adoption of IFRS 9 resulted in the following changes to the Group's accounting policies:

##### Financial assets

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets.

A financial asset is measured at amortised cost only if both of the following conditions are met:

It is held within a business model whose objective is to hold assets in order to collect contractual and the contractual terms that gives rise to contractual cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding.



**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)****Early adoption (Cont'd)****Financial assets (Cont'd)**

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 year under review.

The following summarises the key changes:

- The held-to-maturity (HTM) and available-for-sale (AFS) financial assets categories were removed.
- A new asset category for non-traded equity investments measured at fair value through other comprehensive income (FVOCI) was introduced. The Group's AFS equity instruments were classified in this category.

**Financial liabilities**

Classification of financial liabilities remained largely unchanged for the Group. Financial liabilities continued to be measured at amortised cost.

**(i) Impact of initial application of IFRS 9-Financial Instruments**

The Group has elected to adopt IFRS 9 - Financial Instruments issued in July 2014 which has been applied with initial application date of January 1, 2018. In accordance with the transition exemption under IFRS 9, differences in carrying amounts of financial assets and liabilities resulting from adoption of IFRS 9 have been recognised in retained earnings as at January 1, 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9 but rather those of IAS 39.

The adoption of IFRS 9 resulted in the following changes to the Group's accounting policies:

**(ii) *Classification and measurement of financial assets and financial liabilities***

The date of initial application of IFRS 9 is January 1, 2018, accordingly, the Group applied the requirements of IFRS 9 to instruments that continue to be recognised as at January 1, 2018 and not to those which has been derecognised.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the Group's business models for managing the financial assets and the contractual cash flow characteristics of the financial assets.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(b) Adoption of new and revised standards (Cont'd)**

The Group's main financial assets are: Cash and cash equivalents trade and other receivables.

*- Cash and cash equivalent*

Cash and cash equivalents meet the business model of Hold to Collect and the SPPI test is met.

*- Trade and Other Receivables*

The Group's main business purpose with respect to trade receivables is to collect the cash flows associated therewith. These cash flows are usually only the repayment of the principal amount (amount of goods or services sold on credit) as well as interest levied on outstanding amounts (if payment is made after the normal credit period). Therefore most trade receivables will fall within the 'at amortised cost' category of IFRS 9.

**(iii) Impairment of financial assets**

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Therefore, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables in certain circumstances.

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9 but no loss has been noted in the past as well as based on available information, there is unlikely to have any loss due to default, therefore impairment loss for Cash and cash equivalent has been estimated by the Directors to be nil.

**(c) Simplified Approach to Impairment**

The standard requires the application of the simplified approach to trade receivable and contract assets that do not contain a significant financing component. There is an accounting policy choice when it comes to finance lease receivables, operating lease receivables, and trade receivables and contract assets that do contain a significant financing component. The Group has opted to adopt the simplified method for its trade receivables.

The Simplified Approach allows entities to recognise a Lifetime Expected Losses (ECL) on all these assets without the need to identify significant increases in credit risk.

IFRS 9 allows an operational simplification whereby entities can use a provisions matrix to determine their ECL under the impairment model. A provision matrix method uses past and forward information to estimate the probability of trade receivables. Entities are also allowed to use the stepped approach which is based on the historical loss rate method. This is the method applied by the Group.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(c) Simplified Approach to Impairment (Cont'd)****(i) Step 1- Determine the appropriate groupings of receivables**

To be able to apply the provision matrix, the population of individual receivables were aggregated into sub-groups of receivables that share similar credit risk characteristics and which significantly drives each different sub-group's credit risk. Trade and Other Receivables of the Group were regrouped as follows: International and Local clients.

**(ii) Step 2- Determine the period over which historical loss rates are appropriate**

Once the sub-group identified, historical data was collected for each sub-group for years 2017 to 2018. The Group determined the amount of outstanding at the end of each time bucket until the point at which the bad debt is written off. The ageing profile buckets which the Group adopted was as follows: less than 30 days, 31-60 days, 61-90 days and above 90 days.

**(iii) Step 3- Determine the historical loss rates**

In this step, the Group calculated the historical default rate percentage and the loss rate for each bucket is the quotient of defaulted receivables at each bucket over the outstanding receivables for that period.

**(iv) Step 4- Consider forward looking macro-economic factors**

The historical loss rates calculated in Step 3 reflects the economic conditions in place during the period to which the historical data relate. IFRS is an ECL model and therefore the Group considered to forward looking information to determine whether the historical loss rates incurred under economic conditions that are representative of those expected to exist during the exposure period for the portfolio at the reporting date. The Group considered information such as changes in the industry outlook and for the Group GDP and unemployment rates were used. The provision matrix was adjusted accordingly.

**(v) Step 5- Calculation of ECL**

In this step, the ECL for each sub-group determined under step 1 was calculated by multiplying the current gross receivable balance under each bucket by the adjusted loss rate under step 4. The tables of ECL for trade receivables are illustrated under note 9(d).

## 2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

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

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in the financial statements. The Group has elected to apply the exemption in IFRS 9 paragraph 7.2.15 not to restate prior periods in the year of initial application of the standard.

### **Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)**

The amendments clarify the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. *The amendment has no impact on the Group's financial statements.*

IFRS 15 Revenue from Contracts with Customers is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The Group has adopted IFRS 15 Revenue from Contracts with Customers from January 1, 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. *The amendment has no impact on the Group's financial assets.*

### **Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)**

The amendment provides two different solutions for insurance companies: a temporary exemption from IFRS 9 for entities that meet specific requirements (applied at the reporting entity level), and the 'overlay approach'. Both approaches are optional. *The amendment has no impact on the Group's financial statements.*

### **Annual Improvements to IFRSs 2014-2016 Cycle**

IFRS 1 - deleted short-term exemptions covering transition provisions of IFRS 7, IAS 19 and IFRS 10 which are no longer relevant.

IAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

*The amendment has no impact on the Group's financial statements.*

IFRIC 22 Foreign Currency Transactions and Advance Consideration. The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. *The amendment has no impact on the Group's financial statements.*

Transfers of Investment Property (Amendments to IAS 40). The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. *The amendment has no impact on the Group's financial statements.*

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****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 1 January 2019 or later periods, but which the Group has not early adopted.

**At the reporting date of the 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 16 Leases;

IFRS 17 Insurance contracts;

IFRIC 23 Uncertainty over Income Tax treatments;

Prepayment features with negative compensation (Amendments to IFRS 9);

Long- term interests in Associates and Joint ventures (Amendments to IAS 28);

Annual improvements to IFRSs 2015-2017 Cycle;

Plan amendment, curtailment or settlement (Amendments to IAS 19);

Definition of a business (Amendments to IFRS 3); and

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

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.

## 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 balance sheet 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, 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 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 Groupruptcy 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.

*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.

*Cash and cash equivalents*

Cash and cash equivalents include cash in hand and cash at Groups. 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.

*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.

**(ii) 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.

*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 balance sheet 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.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(f) Financial instruments (Cont'd)****(iii) 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.

**(vi) Equity instruments at fair value through Other Comprehensive Income**

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) Borrowings**

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Profit or Loss over the period of the borrowings using the effective interest method.

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

**(h) 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.

**(i) Inventories**

Inventories are stated at lower of cost and net realised value. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business less selling expenses.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(j) 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.

**(k) 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'.

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.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(k) Foreign currencies (Cont'd)***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>2018</u>	<u>2017</u>
	USD	USD
1 Seychelles Rupee	0.0703	0.0714
1 Euro	<u>1.1388</u>	<u>1.1942</u>

**(l) 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).

**(m) Operating leases**

Assets leased out under operating leases are included in property and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight line basis over the lease term.

**(n) 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:

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(n) Revenue recognition (Cont'd)***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.

**(o) 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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 3. FINANCIAL RISK MANAGEMENT (CONT'D)

## 3.1 Financial Risk Factors (Cont'd)

## (a) Market risk (Cont'd)

## THE GROUP

	Seychelles Rupee		Euro	
	2018	2017	2018	2017
	USD'000	USD'000	USD'000	USD'000
Bank balances	849	774	-	-
Trade and other receivables	19,148	13,605	-	-
Trade and other payables	10,952	18,129	137	-

## THE COMPANY

	Seychelles Rupee		Euro	
	2018	2017	2018	2017
	USD'000	USD'000	USD'000	USD'000
- Bank balances	849	-	-	-
- Trade and other receivables	19,148	-	-	-
- Trade and other payables	10,952	-	137	-

At December 31, 2018, 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 USD'000 21 for the Group and USD'000 252 for the Company due to impact on interest expense on loans.

## (iii) 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.

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	
	2018	2017
	USD'000	USD'000
Equity instrument at fair value through Other Comprehensive Income	0.22	0.23

## (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.

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**3. FINANCIAL RISK MANAGEMENT (CONT'D)**
**3.1 Financial Risk Factors (Cont'd)****(b) Credit risk (Cont'd)**

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

	THE GROUP AND THE COMPANY	
	2018	2017
	%	%
10 major counterparties	67	62
Others (diversified risk)	33	38
	<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, 2018

## 3. FINANCIAL RISK MANAGEMENT

## (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,

	Trade Receivables at amortised cost		Provision for credit impairment		Carrying Amount	
	2018	2017	2018	2017	2018	2017
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Sub Group						
International	20,197	18,717	997	2,576	19,200	16,141
Local	16,146	13,151	3,700	1,809	12,447	11,342
Others (a)	1,292	6,057	-	-	1,292	6,052
<b>TOTAL</b>	<b>37,635</b>	<b>37,925</b>	<b>4,697</b>	<b>4,385</b>	<b>32,938</b>	<b>33,535</b>

(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 9(e)).

## 3. FINANCIAL RISK MANAGEMENT (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	After 5 years USD'000	Total USD'000
At December 31, 2018					
Trade and other payables	<u>37,092</u>	-	-	-	<u>37,092</u>
At December 31, 2017					
Trade and other payables	<u>46,656</u>	-	-	-	<u>46,656</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, 2018				
Trade and other payables	<u>37,079</u>	-	-	<u>37,079</u>
At December 31, 2017				
Trade and other payables	<u>46,642</u>	-	-	<u>46,642</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, 2018 and 2017, 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 judgment. In making this judgment, 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 Company 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 judgment 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 Company 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 Company 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.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 5. PROPERTY AND EQUIPMENT

## (a) THE GROUP

	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	
<b>COST OR VALUATION</b>															
At January 1, 2017	10,054,150		208,216,718		1,799,951		22,579,038		282,893,718		4,771,059		1,215,815		531,530,449
Additions	3,393		-		85,930		525,139		-		509,971		1,935,385		3,059,818
Disposals	-		-		(12,399)		(10,897)		-		(30,750)		-		(54,046)
Transfers (from)/to	(132,475)		-		-		3,931,500		(3,658,769)		-		(140,256)		-
Exchange differences	-		23,524,639		-		-		-		-		-		23,524,639
At December 31, 2017	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
<b>DEPRECIATION</b>															
At January 1, 2017	487,972		113,624,328		1,340,859		10,381,378		1,030,738		3,884,120		-		130,749,395
Charge for the year	476,434		6,527,117		110,152		391,582		13,783,273		296,612		-		21,585,170
Disposals	-		-		(257)		(2,012)		-		(16,656)		-		(18,925)
Transfers	-		-		-		-		(153,869)		-		-		(153,869)
Exchange differences	-		13,712,439		-		-		-		-		-		13,712,439
At December 31, 2017	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
<b>NET BOOK VALUE</b>															
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
At December 31, 2017	8,960,662		97,877,473		422,728		16,253,832		264,574,807		1,086,204		3,010,944		392,186,650





## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 5. PROPERTY AND EQUIPMENT (CONT'D)

(c) Depreciation have been charged to the Statement of Profit or Loss as follows (note 17):

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
Cost of sales	20,121,895	20,998,584	15,329,673	15,607,407
Administrative expenses	586,015	586,586	586,015	586,586
	<u>20,707,910</u>	<u>21,585,170</u>	<u>15,915,688</u>	<u>16,193,993</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, 2018 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	
	2018	2017	2018	2017
	USD	USD	USD	USD
Cost	37,065,363	36,970,229	11,291,038	11,468,546
Accumulated depreciation	(17,427,502)	(16,156,545)	(6,847,802)	(6,175,556)
Net book value	<u>19,637,861</u>	<u>20,813,684</u>	<u>4,443,236</u>	<u>5,292,990</u>

## 6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2018	2017
	USD	USD
Cost - Unquoted (notes 6(a))	14,856	14,856
Loans receivable (note 6(b))	89,050,965	99,300,352
	<u>89,065,821</u>	<u>99,315,208</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

(a) Details of the subsidiary companies are:

Name of subsidiary	Activities	Class of shares	% shareholding 2018 & 2017	Country of inGroup
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 31st December.

(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.

(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, 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
Current assets	-	-	-	-
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>

**December 31, 2017**

	Seychelles Pioneer Limited USD'000	Seychelles Progress Limited USD'000	Seychelles Patriot Limited USD'000	Seychelles Prelude Limited USD'000
Non-current assets	11,947	12,685	22,905	22,299
Current assets	2	1	3	1
Non-current liabilities	16,478	17,990	34,010	30,821
Current liabilities	5	3	3	3
Revenue	1,390	1,390	1,693	1,693
Profit for the year and total comprehensive income	<u>421</u>	<u>338</u>	<u>231</u>	<u>245</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

## (e) Summarised financial information in respect of the Group's subsidiaries (Cont'd)

*Summarised cash flow information*December 31, 2018

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

December 31, 2017

	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000
Operating activities	1,346	1,301	1,508	1,664
Financing activities	(1,346)	(1,301)	(1,508)	(1,664)
Net change in cash and cash equivalents	-	-	-	-

## (f) 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.

## 7. INVESTMENT IN FINANCIAL ASSETS

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

	THE GROUP AND THE COMPANY	
	2018 USD	2017 USD
At January 1,	4,517	4,602
Net decrease in fair value (note 11)	(71)	(85)
At December 31,	4,446	4,517

(b) 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.

(c) Equity instrument at fair value through other comprehensive income for the Group are classified as Level 1 of the Fair Value Hierarchy. No change from previous year noted.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 8. INVENTORIES

	THE GROUP AND THE COMPANY	
	2018	2017
	USD	USD
Petroleum products	19,587,355	16,023,700
Lubricants	610,155	697,569
Others	2,267,717	2,100,015
	<u>22,465,227</u>	<u>18,821,284</u>

- (a) The cost of inventories recognised as an expense and included in cost of sales amounted to USD 259,168,118 (2017: USD 200,210,695) for the Group and USD 265,050,711 (2017: 206,889,610) for the Company (note 17).

## 9. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
Trade receivables	37,635,640	37,919,651	37,635,640	37,919,651
Less: provision for impairment (see note 9(c))	(4,697,115)	(4,384,586)	(4,697,115)	(4,384,586)
	<u>32,938,525</u>	<u>33,535,065</u>	<u>32,938,525</u>	<u>33,535,065</u>
Prepayments	4,502,755	4,453,916	4,502,755	4,453,916
Others	101,682	595,885	101,682	595,885
Tax receivable	2,188,571	331,424	2,188,571	331,424
	<u>39,731,533</u>	<u>38,916,290</u>	<u>39,731,533</u>	<u>38,916,290</u>

- (a) The carrying values of trade and other receivables classified as loans and receivables included in Trade receivables amount 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.

The Group has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

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, 2018

## 9. 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:

## (i) At January 1, 2018

THE GROUP AND THE COMPANY

## (i) International

	Trade Receivables-days past due					
	Not past due	< 30 days	31-60 days	61-90 days	>90 days	Total
Expected credit loss rate (%)	2.31%	24.61%	34.12%	55.02%	55.02%	10.08%
Estimated gross carrying amount at default (SR)	14,987,952	1,086,779	863,195	351,532	1,427,885	18,717,343
Lifetime ECL	345,592	267,408	294,546	193,426	785,675	1,886,647

## (ii) Local

	Trade Receivables-days past due					
	Not past due	< 30 days	31-60 days	61-90 days	>90 days	Total
Expected Credit loss rate (%)	3.94%	52.04%	70.07%	91.41%	91.41%	33.61%
Estimated gross carrying amount at default (SR)	8,399,284	438,159	386,544	237,144	3,689,716	13,150,846
Lifetime ECL	331,299	228,037	270,862	216,769	3,372,713	4,419,680
Total lifetime ECL (note 9(d))	676,891	495,445	565,408	410,195	4,158,388	6,306,327

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 9. TRADE AND OTHER RECEIVABLES (CONT'D)

## (c) Credit Loss Allowances (Cont'd)

(ii) At December 31, 2018

THE GROUP AND THE COMPANY

## (i) International

	Trade Receivables-days past due				Total
	Not past due	< 30 days	31-60 days	61-90 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	1,026,885
Lifetime ECL	285,117	3,582	365	318	708,110
					997,492

## (ii) Local

	Trade Receivables-days past due				Total
	Not past due	< 30 days	31-60 days	61-90 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	3,256,007
Lifetime ECL	357,042	166,154	110,704	133,893	2,931,830
					3,699,623
Total Lifetime ECL (note 9(d))	642,159	169,736	111,069	134,211	3,639,940
					4,697,115

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 9. 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

	<u>Total</u>
	<u>USD</u>
Balance at January 1, 2018 under IAS 39	4,384,586
As previously reported	1,921,741
Effect upon application of IFRS 9 (note 9(c))	<u>6,306,327</u>
As restated (note 9(c)(i))	<u>(1,537,946)</u>
Charge/(Credit) during the period (page 6)	<u>(71,266)</u>
Exchange differences	<u>4,697,115</u>
Balance at December 31, 2018 (note 9(c))	<u>4,697,115</u>

*Sensitivity analysis*

If the ECL rates on trade receivables between 61 and 90 days past due had been 5% higher (lower) as of December 2018, the loss allowance would have been USD 6.7 k higher.

(e) Loans and receivables comprise 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.

## 10. SHARE CAPITAL

<u>THE GROUP</u>	
<u>AND THE COMPANY</u>	
<u>Number of</u>	<u>Amount</u>
<u>shares</u>	<u>USD</u>
<u>2,000</u>	<u>8,595,053</u>

*Ordinary shares*

Balance at December 31, 2018 & 2017

The total authorised number of ordinary shares is 2,000 shares (2017: 2,000 shares) with a par value of SR 25,000 per share. All issued shares are fully paid.

## 11. 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	USD
At January 1, 2017	(35,390,094)		306,024,212		3,599,959		793,673		275,027,750	
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 7(a))	-		-		(85)		-		(85)	
Exchange differences	40,119		-		-		-		40,119	
At December 31, 2017	(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 7(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	



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 11. 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
At January 1, 2017	(34,841,986)		306,024,212		3,599,959		793,673		275,575,858
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 7(a))	-	-	-	-	(85)	-	-	-	(85)
Exchange differences	(1,643,752)		-		-		-		(1,643,752)
At December 31, 2017	(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 7(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

(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, Available for Sale was reclassified to Equity instrument at fair value through OCI. However, during the current year, the same amount was reversed through Retained Earnings as above.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 12. DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method at 30% (2017: 30%) for the Group and 30% (2017: 30%) for the Company at December 31, 2018.

- (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	
	2018	2017	2018	2017
	USD	USD	USD	USD
Deferred tax assets (note 12(c)(i))	(1,916,784)	(1,726,765)	(1,916,784)	(1,726,765)
Deferred tax liabilities (note 12(c)(ii))	24,728,198	26,917,534	24,728,198	26,917,534
	<u>22,811,414</u>	<u>25,190,769</u>	<u>22,811,414</u>	<u>25,190,769</u>

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

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
At January 1,	25,190,769	24,059,323	25,190,769	24,059,323
(Credit)/Charge for the year	(1,983,778)	1,571,663	(1,983,778)	1,571,663
Exchange differences	(395,577)	(440,217)	(395,577)	(440,217)
At December 31,	<u>22,811,414</u>	<u>25,190,769</u>	<u>22,811,414</u>	<u>25,190,769</u>

(Credit)/Charge for the year is analysed as follows:

Statement of Profit or Loss (note 15(b))	<u>(1,983,778)</u>	<u>1,571,663</u>	<u>(1,983,778)</u>	<u>1,571,663</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	Accelerated tax	Provision for	Retirement	Total
	depreciation	credit losses	benefit obligations	
	USD	USD	USD	
At January 1, 2017	(5,442,138)	(2,124,543)	(388,433)	(7,955,114)
Credit/(Charge) for the year	5,342,562	770,294	(30,064)	6,082,792
Exchange differences	99,576	38,874	7,107	145,557
At December 31, 2017	-	(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	-	<u>(1,409,133)</u>	<u>(507,651)</u>	<u>(1,916,784)</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 12. DEFERRED TAXES (CONT'D)

THE COMPANY

	Accelerated tax depreciation	Impairment losses	Retirement benefit obligations	Total
	USD	USD	USD	USD
At January 1, 2017	(5,442,138)	(2,124,543)	(388,433)	(7,955,114)
Credit/(Charge) for the year	5,342,562	770,294	(30,064)	6,082,792
Exchange differences	99,576	38,874	7,107	145,557
At December 31, 2017	-	(1,315,375)	(411,390)	(1,726,765)
- As previously reported	-	(1,315,375)	(411,390)	(1,726,765)
- Effect of adopting IFRS 9 (note 28)	-	(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)

(ii) *Deferred tax liabilities*THE GROUP

	Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
	USD	USD	USD	USD
At January 1, 2017	-	17,846,732	14,167,705	32,014,437
Charge / (Credit) for the year	3,868,399	(8,379,528)	-	(4,511,129)
Exchange differences	-	(326,545)	(259,229)	(585,774)
At December 31, 2017	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

THE COMPANY

	Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
	USD	USD	USD	USD
At January 1, 2016	-	17,846,732	14,167,705	32,014,437
Charge / (Credit) for the year	3,868,399	(8,379,528)	-	(4,511,129)
Exchange differences	-	(326,545)	(259,229)	(585,774)
At December 31, 2017	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

## 13. 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, 2018

## 13. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP AND THE COMPANY	
	2018	2017
	USD	USD
At January 1,	1,371,299	1,294,777
Charge/(Credit) to the Statement of Profit or Loss (note 22)	345,401	101,484
Exchange differences	(24,535)	(24,962)
At December 31,	1,692,165	1,371,299

## 14. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
Trade payables	29,373,430	39,319,321	29,373,430	39,319,321
Accrued expenses	6,112,084	5,339,043	6,112,084	5,339,043
Tax liability (note 15(a))	-	-	-	-
Other payables	1,606,942	1,997,465	1,593,390	1,983,169
	37,092,456	46,655,829	37,078,904	46,641,533

(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	
	2018	2017	2017	2017
	USD	USD	USD	USD
US Dollars	24,137,686	28,013,292	24,137,686	28,013,292
Euro	136,686	212,215	136,686	212,215
Seychelles Rupee	10,951,587	18,128,630	10,938,035	18,114,334
Others	1,866,497	301,692	1,866,497	301,692
	37,092,456	46,655,829	37,078,904	46,641,533

## 15. TAX EXPENSE

(a) *Statement of Financial Position*

	THE GROUP AND THE COMPANY	
	2018	2017
	USD	USD
At January 1,	(331,424)	7,550,021
Paid during the year	(9,341,094)	(15,438,166)
Charge for the year (note 15(b))	7,318,846	7,627,308
Exchange difference	165,101	(70,587)
At December 31,	(2,188,571)	(331,424)

*Disclosed under:*

Trade and other receivables (note 9)	(2,188,571)	(331,424)
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## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 15. TAX EXPENSE (CONT'D)

(b) *Statement of Profit or Loss*

	THE GROUP AND THE COMPANY	
	2018	2017
	USD	USD
Current tax on the adjusted profit for the year at applicable tax rates (note 15(c))	7,318,846	7,627,308
Deferred tax (credit)/charge (note 12(b))	(1,983,778)	1,571,663
<b>Taxation charge</b>	<b>5,335,068</b>	<b>9,198,971</b>

## (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	
	2018	2017	2018	2017
	USD	USD	USD	USD
Profit before taxation	11,631,922	30,670,364	10,578,119	29,436,242
Tax calculated at applicable tax rates (note 16(d))	3,123,436	8,830,873	3,123,436	8,780,873
Income not subject to tax	-	(4,260,386)	-	(4,260,386)
Expenses not deductible for tax purpose	595,493	(463,592)	595,493	(463,592)
Excess of depreciation over capital allowance	3,599,917	3,520,413	3,599,917	3,520,413
	<b>7,318,846</b>	<b>7,627,308</b>	<b>7,318,846</b>	<b>7,627,308</b>

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

Taxable income	Tax rates - % 2018 & 2017
≤ SR. 1,000,000	25%
> SR. 1,000,000	30%

## 16. REVENUE

	THE GROUP AND THE COMPANY	
	2018	2017
	USD	USD
Sales of products	356,974,337	306,446,883
Sales of services	40,098,597	37,927,163
	<b>397,072,934</b>	<b>344,374,046</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

17. EXPENSES BY NATURE	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
Cost of inventories recognised as expense (note 8(c))	259,168,118	200,210,695	265,050,711	206,889,610
Depreciation (note 5(d))	20,707,910	21,585,170	15,915,688	16,193,993
Duties and taxes	52,750,274	51,348,874	52,750,274	51,348,874
Bareboat charter fees	6,041,165	6,069,232	6,041,165	6,069,232
Bunkering costs	15,236,382	12,513,833	15,236,382	12,513,833
Ship running expenses	14,044,728	17,706,668	14,044,728	17,706,668
Port agency costs	11,913,842	10,331,586	11,913,842	10,331,586
Employee benefit expense (note 22) (Reversal) / Provision for credit impairment (note 9(d))	(1,537,946)	2,572,812	(1,537,946)	2,572,812
Other expenses	8,243,471	7,073,887	8,210,119	7,073,887
<b>Total cost of sales, selling and marketing and administrative expenses</b>	<b>390,974,315</b>	<b>333,980,621</b>	<b>392,031,334</b>	<b>335,268,359</b>

17. EXPENSES BY NATURE	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
<i>Analysed as:</i>				
Cost of sales	379,276,404	319,179,472	380,366,775	320,467,210
Selling and marketing expenses	76,383	28,946	76,383	28,946
Administrative expenses	11,621,528	14,772,203	11,588,176	14,772,203
	<b>390,974,315</b>	<b>333,980,621</b>	<b>392,031,334</b>	<b>335,268,359</b>

18. OTHER INCOME	THE GROUP AND THE COMPANY	
	2018	2017
	USD	USD
Demurrage claims	3,041,641	3,721,372
Storage and throughput	2,918,531	2,908,971
Deviations and other recoveries	1,477,909	815,440
Gain on disposal of property and equipment	11,090	14,002
Sundry income	709,050	645,513
	<b>8,158,221</b>	<b>8,105,298</b>

19. OTHER (LOSSES) / GAINS - NET	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
Net foreign exchange (losses) / gains on operations	(2,678,472)	12,221,978	(2,675,256)	12,221,978

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 20. NET FINANCE (COSTS)/INCOME

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
Interest (expense)/income	53,554	(138,280)	53,554	3,279
Net foreign exchange financing losses on financing activities	-	87,943	-	-
<b>Net finance (costs)/income</b>	<b>53,554</b>	<b>(50,337)</b>	<b>53,554</b>	<b>3,279</b>

## 21. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after:

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
<i>Crediting:</i>				
Rental income	596,374	556,542	596,374	556,542
Gain on disposal of equipment (note 18)	11,090	14,002	11,090	14,002
<i>and (Charging):</i>				
Depreciation on property and equipment - owned (notes 5)	(20,707,910)	21,585,170	(15,915,688)	(16,193,993)
Provision for credit impairment (note 9)	-	(2,572,812)	-	(2,572,812)
Lease rentals	246,143	(203,436)	246,143	(203,436)
Directors' remuneration (note 21(a))	(149,894)	(143,180)	149,894	(143,180)
Loss on asset written off (note 5)	-	-	-	-
Audit fees	(39,604)	(39,604)	(26,737)	(26,737)
Employee benefit expense (note 22)	4,406,371	4,567,864	4,406,371	4,567,864

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

	THE GROUP AND THE COMPANY	
	2018	2017
	USD	USD
S Fanny	5,138	6,879
F Joubert	-	5,466
B Jivan	-	5,465
V Laporte	5,138	1,414
T Lablache	-	1,414
E Belle	5,138	1,414
S Gendron	7,707	2,121
S Patel	5,138	785
S Romain	5,138	1,735
C Benoiton	116,497	116,487
	<b>149,894</b>	<b>143,180</b>

## 22. EMPLOYEE BENEFIT EXPENSES

	THE GROUP AND THE COMPANY	
	2018	2017
	USD	USD
Salaries and wages	4,060,970	4,466,380
Retirement benefit obligations (note 13)	345,401	101,484
	<b>4,406,371</b>	<b>4,567,864</b>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

**23. 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	
	2018	2017
	USD'000	USD'000
Property and equipment	1,730	2,728

**(b) Operating lease commitments - where the Group/Company 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	2017
	USD'000	USD'000
Not later than one year	192	195
Later than one year and not later than five years	770	782
Later than five years	12,379	12,775
	13,341	13,752

**(c) Operating 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	
	2018	2017
	USD'000	USD'000
Not later than one year	348	354
Later than one year and not later than five years	1,395	1,417
Later than five years	30,334	31,178
	32,077	32,949

**24. DIVIDENDS**

The Directors proposed and paid a final dividend of USD 5,820 per share amounting to USD 10.6m during year under review (2017: Dividends proposed and paid USD 6.6m (USD 3,282 per share)).

**(a) PROPOSED AND PAID**

	THE GROUP AND THE COMPANY	
	2018	2017
	USD'000	USD'000
At January 1,	-	3,173,204
Dividend proposed	10,560,921	6,563,755
Paid during the year	(10,560,921)	(9,736,959)
At December 31,	-	-



## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 25. NOTES TO THE CASH FLOW STATEMENTS

## (a) Cash generated from operations

Notes	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
Profit before taxation	11,631,922	30,670,364	10,578,119	29,436,242
<i>Adjustments for:</i>				
Depreciation on property, plant and equipment	20,707,910	21,585,170	15,915,688	16,193,993
Provision for credit impairment	-	2,572,812	-	2,572,812
(Profit)/loss on disposal of equipment	(11,090)	(14,002)	(11,090)	(14,002)
Unrealised foreign exchange losses / (gains)	2,678,472	(12,221,978)	2,675,256	(12,221,978)
Net interest (received)/paid	(53,554)	50,337	(53,554)	(3,279)
Charge of retirement benefit obligation	345,401	101,484	345,401	101,484
	35,299,061	42,744,187	29,449,820	36,065,272
<i>Changes in working capital</i>				
- Increase in inventories	(3,643,943)	(2,689,207)	(3,643,943)	(2,689,207)
- Decrease / (increase) in trade and other receivables	729,375	(4,100,840)	729,375	(4,100,840)
- Increase in trade and other payables	(9,563,373)	10,364,147	(9,562,629)	10,643,143
Cash generated from operations	22,821,120	46,318,287	16,972,623	39,918,368

## (b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2018	2017	2018	2017
	USD	USD	USD	USD
Cash in hand	2,876	2,707	2,876	2,707
Bank balances	4,779,063	7,846,294	4,779,063	7,838,294
	4,781,939	7,849,001	4,781,939	7,841,001

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2018

## 26. RELATED PARTY TRANSACTIONS

## (a) THE GROUP

	Other related corporations		Directors	
	2018	2017	2018	2017
	USD'000	USD'000	USD'000	USD'000
Amount due to	160	138	-	-
Amount due from	7,511	4,471	-	-
Remuneration	916	1,662	150	143
Purchases of products and services	82,988	60,708	-	-
Sales	-	-	-	-

## (b) THE COMPANY

	Subsidiary companies		Other related corporations		Directors	
	2018	2017	2018	2017	2018	2017
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Amount due to	-	-	160	138	-	-
Amount due from	89,066	99,315	7,511	4,471	-	-
Remuneration	-	-	-	-	150	143
Bareboat charter fees	6,041	6,069	-	-	-	-
Technical management fees	-	-	-	-	-	-
Purchases of goods and services	-	-	916	1,662	-	-
Sales	-	-	82,988	60,708	-	-

(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, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2017: 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, 2018

## 26. RELATED PARTY TRANSACTIONS (CONT'D)

## (e) Key management personnel

	THE GROUP AND THE COMPANY	
	2018	2017
Salaries & other benefits	406,973	330,640
Pension costs	8,139	6,613
	<u>415,112</u>	<u>337,253</u>

## 27. FIVE YEAR FINANCIAL SUMMARY

## (a) THE GROUP

	2018	2017*	2016*	2015*	2014*
	USD'000	USD'000	USD'000	USD'000	USD'000
Net profit/(loss) for the year	6,298	21,472	9,178	5,575	(11,276)
Other comprehensive (expense)/income	2,466	(4,948)	21,966	2,887	3,161
Impairment of equity instrument at fair value though other comprehensive income	-	-	-	(10,546)	-
Retained earnings brought forward	-	90,937	66,435	73,473	81,588
Reclassification (note 11)	3,600	-	-	-	-
Retained earnings forward-restated (note 28)	99,552	-	-	-	-
Profit available for distribution	111,916	107,461	97,579	71,389	73,473
Dividends	(10,561)	(6,564)	(6,642)	(4,954)	-
Retained earnings carried forward	<u>101,355</u>	<u>100,897</u>	<u>90,937</u>	<u>66,435</u>	<u>73,473</u>
<b>Capital &amp; reserves</b>					
Share capital	8,595	8,595	8,595	8,595	8,595
Other reserves	268,304	275,068	275,028	265,922	245,253
Retained earnings	101,355	100,897	90,937	66,435	73,473
Owners' interest	378,254	384,560	374,560	340,952	327,321
Non-controlling interest	-	-	-	-	(132)
Total equity	<u>378,254</u>	<u>384,560</u>	<u>374,560</u>	<u>340,952</u>	<u>327,189</u>

## (b) THE COMPANY

	2018	2017*	2016*	2015*	2014*
	USD'000	USD'000	USD'000	USD'000	USD'000
Profit/(loss) for the year	5,243	20,237	9,891	9,365	(4,431)
Other comprehensive (expense)/income	-	-	20,852	178	-
Impairment of equity instrument at fair value though other comprehensive income	-	-	-	(10,546)	-
Retained earnings brought forward	-	117,844	93,743	99,700	104,131
Reclassification (note 11)	3,600	-	-	-	-
Retained earnings forward-restated (note 28)	130,173	-	-	-	-
Profit available for distribution	139,016	138,081	124,486	98,697	99,700
Dividends	(10,561)	(6,564)	(6,642)	(4,954)	-
Retained earnings carried forward	<u>128,455</u>	<u>131,517</u>	<u>117,844</u>	<u>93,743</u>	<u>99,700</u>
<b>Capital &amp; reserves</b>					
Share capital	8,595	8,595	8,595	8,595	8,595
Other reserves	268,301	273,932	275,576	265,925	245,256
Retained earnings	128,455	131,517	117,844	93,743	99,700
Total equity	<u>405,351</u>	<u>414,044</u>	<u>402,015</u>	<u>368,263</u>	<u>353,551</u>

## 27. FIVE YEAR FINANCIAL SUMMARY (CONT'D)

- \* 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.

## 28. EFFECT OF IMPLEMENTATION OF IFRS 9

	THE GROUP	THE COMPANY
	At January 1, 2018	
	USD	USD
The implementation of IFRS 9 is as shown below:		
<b>Impact on the Statement of financial position</b>		
<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 9(c)(i) & (d))	(1,921,741)	(1,921,741)
Effect on deferred tax (note 12(c(i)))	576,522	576,522
As restated	<u>99,551,789</u>	<u>130,172,578</u>

The implementation of IFRS 9 had impact no impact on the statement of profit or loss and other comprehensive income in 2017.