

**SEYCHELLES PETROLEUM COMPANY LIMITED**  
**FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2014**

**SEYCHELLES PETROLEUM COMPANY LIMITED**

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**DIRECTORS** : S Fanny (Chairperson)  
C Benoiton (Chief Executive Officer)  
B Jivan  
F Joubert

**SECRETARY** : Corporate Registrars (Pty) Limited  
P O Box 18, The Creole Spirit  
Victoria, Mahé  
Seychelles

**REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS** : Newport,  
Victoria, Mahé  
Seychelles

**AUDITORS** : BDO Associates  
Chartered Accountants

**BANKERS** : The Mauritius Commercial Bank (Seychelles) Limited  
Barclays Bank (Seychelles) Limited  
Barclays Bank PLC  
Habib Bank (Seychelles)  
Seychelles International Mercantile Banking Corporation Limited  
Bank of Baroda (Seychelles)

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, 2014.

### PRINCIPAL ACTIVITIES

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

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

The activities of the subsidiaries are tanker rental and ship management.

### FINANCIAL PERFORMANCE

Net loss for the year amounted to USD 11.3M (2013: USD 10.4M) for the Group and USD 4.4M (2013: USD 10.9M) for the Company.

### DIVIDENDS

The Directors did not recommend any dividend for the year under review (2013: Nil).

### PROPERTY AND EQUIPMENT

The Group and the Company acquired property and equipment amounting to USD 2.2M during the year (2013: USD 2.5M) comprising mainly work-in-progress on buildings and plant and equipment. Buildings, tanks, pumps and petrol stations were last revalued in 2012 to USD 296.5M.

### DIRECTORS

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 Fanny (Chairman)  
C Benoiton (Chief Executive Officer)  
B Jivan  
F Joubert

#### Subsidiaries

##### (i) Seychelles Patriot Limited

S Fanny  
B Jivan  
F Joubert

##### (iii) Seychelles Progress Limited

S Fanny  
B Jivan  
F Joubert

##### (ii) Seychelles Pioneer Limited

S Fanny  
B Jivan  
F Joubert

##### (iv) Seychelles Prelude Limited

S Fanny  
B Jivan  
F Joubert

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**

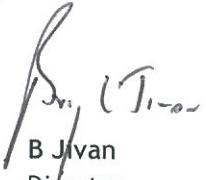
The auditors, Messrs. BDO Associates, retire and being eligible offer themselves for reappointment.

**BOARD APPROVAL**

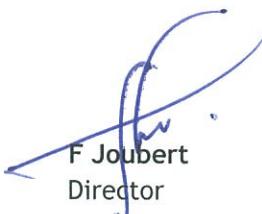
S Fanny (Chairman)  
Director



C Benoiton (Chief Executive Officer)  
Director



B Jivan  
Director



F Joubert  
Director

Date: 25 May 2015  
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 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Report on the Financial Statements**

We have audited the financial statements of **Seychelles Petroleum Company Limited** and its subsidiaries (the "Group") and the Company's separate financial statements set out on pages 4 to 43, which comprise the statements of financial position as at December 31, 2014, statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Directors' Responsibility for the Financial Statements**

As stated on page 2(a) of the Directors' Report, the Board of Directors are responsible for the preparation of the financial statements.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**SEYCHELLES PETROLEUM COMPANY LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS****Opinion**

In our opinion, the financial statements on pages 4 to 43 give a true and fair view of the financial position of the Group and of the Company at December 31, 2014, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1972.

**Emphasis of matters***Going concern*

The Group and the Company had net current liabilities of **USD 6.3M** (2013: USD 17.9M) and **USD 1.1M** (2012: USD 11.9M) respectively. The main shareholder has confirmed its continuous financial support to the Group and the Company and consequently the financial statements have been prepared on a going concern basis.

*Financial statement of Vicnav Limited, a subsidiary company*

We draw attention to the fact that for the year ended December 31, 2014, the financial statements of Vicnav Limited, one of the Company's subsidiaries was not available for consolidation purposes. We have obtained representations from the Directors in respect of the following:-

- that the investment in Vicnav Limited has been fully impairment in the books of the Company as at December 31, 2014.
- at Group level, the Directors are of the opinion that the non-consolidation of this subsidiary would not have a material impact on the Group's performance for the current period under review.

*Our opinion is not qualified in these respect.*

**Report on Other Legal and Regulatory Requirements***Companies Act, 1972*

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

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.



SEYCHELLES PETROLEUM COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

3(b)

**Report on Other Legal and Regulatory Requirements (Cont'd)**

*Public Enterprise Monitoring Commission Act, 2013*

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

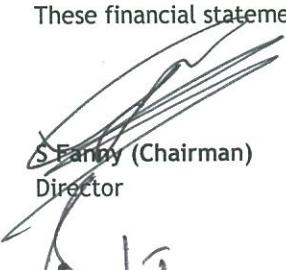
We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

*BDO Associates*  
BDO ASSOCIATES  
*Chartered Accountants*

Dated: **25 May 2015**

Victoria, Seychelles

## STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2014

Notes	THE GROUP			THE COMPANY		
	Re-stated		Re-stated	Re-stated		Re-stated
	2014	2013	2012	2014	2013	2012
USD						
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property and equipment	5	<b>408,378,445</b>	450,679,107	475,766,331	<b>321,964,591</b>	338,141,700
Intangible asset	6	<b>7,277</b>	7,277	7,277	-	-
Investment in subsidiaries	7	-	-	-	<b>60,744,342</b>	76,031,975
Investment in financial assets	8	<b>2,847,834</b>	10,747,962	12,545,343	<b>2,847,834</b>	10,747,962
		<b>411,233,556</b>	<b>461,434,346</b>	<b>488,318,951</b>	<b>385,556,767</b>	<b>424,921,637</b>
<b>Current assets</b>						
Inventories	9	<b>22,760,850</b>	19,463,421	24,379,422	<b>22,760,850</b>	19,463,421
Trade and other receivables	10	<b>42,180,314</b>	54,681,201	49,405,363	<b>42,150,974</b>	54,644,575
Cash and cash equivalents	26(b)	<b>23,225,788</b>	9,464,413	7,578,649	<b>23,179,526</b>	9,418,278
		<b>88,166,952</b>	<b>83,609,035</b>	<b>81,363,434</b>	<b>88,091,350</b>	<b>83,526,274</b>
<b>Total assets</b>		<b>499,400,508</b>	<b>545,043,381</b>	<b>569,682,385</b>	<b>473,648,117</b>	<b>508,447,911</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Share capital	11	<b>8,595,053</b>	8,595,053	8,595,053	<b>8,595,053</b>	8,595,053
Other reserves	12	<b>245,252,770</b>	243,349,554	235,161,864	<b>245,256,008</b>	243,351,045
Retained earnings		<b>73,473,548</b>	<b>81,587,858</b>	<b>92,984,920</b>	<b>99,700,120</b>	<b>104,131,521</b>
Owners' interest		<b>327,321,371</b>	<b>333,532,465</b>	<b>336,741,837</b>	<b>353,551,181</b>	<b>356,077,619</b>
Non-controlling interest		<b>(131,928)</b>	<b>(131,928)</b>	<b>(131,928)</b>	-	-
<b>Total equity</b>		<b>327,189,443</b>	<b>333,400,537</b>	<b>336,609,909</b>	<b>353,551,181</b>	<b>356,077,619</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Borrowings	13	<b>52,002,612</b>	62,080,521	59,408,842	<b>5,152,155</b>	8,864,077
Deferred tax liabilities	14	<b>24,572,151</b>	46,921,784	49,484,119	<b>24,572,685</b>	46,922,318
Retirement benefit obligations	15	<b>1,198,510</b>	1,117,273	1,005,544	<b>1,198,510</b>	1,117,273
		<b>77,773,273</b>	<b>110,119,578</b>	<b>109,898,505</b>	<b>30,923,350</b>	<b>56,903,668</b>
<b>Current liabilities</b>						
Trade and other payables	16	<b>63,422,500</b>	61,551,563	73,137,700	<b>62,961,670</b>	61,399,692
Borrowings	13	<b>31,015,292</b>	39,971,703	50,036,271	<b>26,211,916</b>	34,066,932
		<b>94,437,792</b>	<b>101,523,266</b>	<b>123,173,971</b>	<b>89,173,586</b>	<b>95,466,624</b>
<b>Total liabilities</b>		<b>172,211,065</b>	<b>211,642,844</b>	<b>233,072,476</b>	<b>120,096,936</b>	<b>152,370,292</b>
<b>Total equity and liabilities</b>		<b>499,400,508</b>	<b>545,043,381</b>	<b>569,682,385</b>	<b>473,648,117</b>	<b>508,447,911</b>
These financial statements have been approved for issue by the Board of Directors on <b>25 May 2015</b>						
 <b>S. Faray (Chairman)</b> Director						
 <b>B. Jivan</b> Director						
 <b>C. Benoiton (Chief Executive Officer)</b> Director						
 <b>F. Joubert</b> Director						

The notes on pages 9 to 43 form an integral part of these financial statements.

Auditors' report on pages 3 and 3(b).

## STATEMENTS OF PROFIT OR LOSS - YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP		THE COMPANY	
		Re-stated		Re-stated	
		2014	2013	2014	2013
		USD	USD	USD	USD
Revenue	2(l) & 18	421,544,642	412,200,066	421,544,642	412,200,066
Cost of sales	19	(420,249,986)	(411,740,155)	(421,073,137)	(413,049,724)
Gross profit/(loss)		1,294,656	459,911	471,505	(849,658)
Selling & marketing expenses	19	(158,911)	(154,960)	(158,911)	(154,960)
Administrative expenses	19	(12,266,651)	(9,224,188)	(11,314,878)	(8,539,868)
Other income	20	7,125,447	5,521,873	7,125,447	5,521,873
Other gains - Net	21	2,330,878	745,066	2,330,878	745,066
		(1,674,581)	(2,652,298)	(1,545,959)	(3,277,547)
Net finance costs	22	(11,813,342)	(1,556,546)	(5,098,095)	(1,441,476)
Loss before taxation	23	(13,487,923)	(4,208,844)	(6,644,054)	(4,719,023)
Taxation credit/(charge)	17	2,212,653	(6,201,850)	2,212,653	(6,201,850)
Loss for the year		(11,275,270)	(10,410,694)	(4,431,401)	(10,920,873)

## STATEMENTS OF OTHER COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP		THE COMPANY	
		2014 USD	2013 USD	2014 USD	2013 USD
<b>Loss for the year</b>		<b>(11,275,270)</b>	<b>(10,410,694)</b>	<b>(4,431,401)</b>	<b>(10,920,873)</b>
Other comprehensive income:					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Decrease in fair value of available-for-sale financial assets	8/12	(7,900,128)	(1,797,381)	(7,900,128)	(1,797,381)
Currency translation differences	12	(35,929)	(1,523,369)	(34,182)	(1,524,026)
- Other reserves		3,160,960	(986,368)	-	-
- Retained earnings					
<i>Item that will not be reclassified to profit or loss</i>					
Reversal of deferred tax effect on revaluation of property and equipment	12/14(b)	9,839,273	11,508,440	9,839,273	11,508,440
Other comprehensive income for the year, net of tax		<b>5,064,176</b>	<b>7,201,322</b>	<b>1,904,963</b>	<b>8,187,033</b>
<b>Total comprehensive loss for the year</b>		<b>(6,211,094)</b>	<b>(3,209,372)</b>	<b>(2,526,438)</b>	<b>(2,733,840)</b>
Loss attributable to:					
Owners of the parent		(11,275,270)	(10,410,694)	(4,431,401)	(10,920,873)
Non-controlling interest		-	-	-	-
<b>Total comprehensive loss attributable to:</b>		<b>(11,275,270)</b>	<b>(10,410,694)</b>	<b>(4,431,401)</b>	<b>(10,920,873)</b>
Owners of the parent		(6,211,094)	(3,209,372)	(2,526,438)	(2,733,840)
Non-controlling interest		-	-	-	-
<b>Total</b>		<b>(6,211,094)</b>	<b>(3,209,372)</b>	<b>(2,526,438)</b>	<b>(2,733,840)</b>

**STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2014**

THE GROUP	Attributable to owners of the parent						Non-Controlling Interest			Total Equity USD
	Share Capital	Other Reserves	Retained Earnings	Total	USD	USD	USD	USD	USD	
Balance at January 1, 2014										
- As previously stated	8,595,053	243,349,554	76,026,783	327,971,390	(131,928)	327,839,462				
- Prior year adjustment (note 28)	-	-	5,561,075	5,561,075	-	5,561,075				
- As re-stated	8,595,053	243,349,554	81,587,858	333,532,465	(131,928)	333,400,537				
Total comprehensive income/(expense) for the year	-	1,903,216	(8,114,310)	(6,211,094)	-	(6,211,094)				
Balance at December 31, 2014	8,595,053	245,252,770	73,473,548	327,321,371	(131,928)	327,189,443				
Balance at January 1, 2013										
- As previously stated	8,595,053	235,161,864	87,423,845	331,180,762	(131,928)	331,048,834				
- Prior year adjustment (note 28)	-	-	5,561,075	5,561,075	-	5,561,075				
- As re-stated	8,595,053	235,161,864	92,984,920	336,741,837	(131,928)	336,609,909				
Total comprehensive income/(expense) for the year	-	8,187,690	(11,397,062)	(3,209,372)	-	(3,209,372)				
Balance at December 31, 2013	8,595,053	243,349,554	81,587,858	333,532,465	(131,928)	333,400,537				
THE COMPANY										
Share Capital			Other Reserves							
- As previously stated	8,595,053	243,351,045	98,570,446	350,516,544						
- Prior year adjustment (note 28)	-	-	5,561,075	5,561,075		5,561,075				
- As re-stated	8,595,053	243,351,045	104,131,521	356,077,619						
Total comprehensive income/(expense) for the year	-	1,904,963	(4,431,401)	(2,526,438)						
Balance at December 31, 2014	8,595,053	245,256,008	99,700,120	353,551,181						
Balance at January 1, 2013										
- As previously stated	8,595,053	235,164,012	109,491,319	353,250,384						
- Prior year adjustment (note 28)	-	-	5,561,075	5,561,075		5,561,075				
- As re-stated	8,595,053	235,164,012	115,052,394	358,811,459						
Total comprehensive income/(expense) for the year	-	8,187,033	(10,920,873)	(2,733,840)						
Balance at December 31, 2013	8,595,053	243,351,045	104,131,521	356,077,619						

The notes on pages 9 to 43 form an integral part of these financial statements.  
Auditors' report on pages 3 and 3(b).

## STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2014

	Notes	THE GROUP		THE COMPANY	
		2014 USD	2013 USD	2014 USD	2013 USD
<b>Cash flows generated from operations</b>					
Cash generated from operations	26(a)	29,225,096	21,822,595	19,188,834	6,622,702
Interest paid	22	(3,890,559)	(3,987,629)	(1,704,572)	(2,253,409)
Interest received	20	66,180	14,682	66,180	14,682
		25,400,717	17,849,648	17,550,442	4,383,975
Tax recovered	17(a)	-	1,444,702	-	1,444,702
Tax paid	17(a)	(119,581)	(3,123,113)	(119,581)	(3,123,113)
<b>Net cash generated from operating activities</b>		<b>25,281,136</b>	<b>16,171,237</b>	<b>17,430,861</b>	<b>2,705,564</b>
<b>Cash flows from investing activities</b>					
Purchase of property and equipment	5	(2,245,071)	(2,481,465)	(2,245,071)	(2,481,465)
Proceeds from sale of equipment		10,022	11,870	10,022	11,870
<b>Net cash used in investing activities</b>		<b>(2,235,049)</b>	<b>(2,469,595)</b>	<b>(2,235,049)</b>	<b>(2,469,595)</b>
<b>Cash flows from financing activities</b>					
Loans refunded by subsidiaries		-	-	15,282,200	2,746,568
Repayment of borrowings	13	(19,034,320)	(7,392,889)	(11,566,938)	(2,737,137)
<b>Net cash (used in)/generated from financing activities</b>		<b>(19,034,320)</b>	<b>(7,392,889)</b>	<b>3,715,262</b>	<b>9,431</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,011,767</b>	<b>6,308,753</b>	<b>18,911,074</b>	<b>245,400</b>
<b>Movement in cash and cash equivalents</b>					
At January 1,		9,464,413	7,578,649	9,418,278	7,532,154
Increase		4,011,767	6,308,753	18,911,074	245,400
Foreign exchange differences		9,749,608	(4,422,989)	(5,149,826)	1,640,724
<b>At December 31,</b>	26(b)	<b>23,225,788</b>	<b>9,464,413</b>	<b>23,179,526</b>	<b>9,418,278</b>

**1. GENERAL INFORMATION**

Seychelles Petroleum Company Limited is a limited liability Company incorporated and domiciled in Seychelles. The main activities of the Company is the supply of petroleum products, marine bunkering, aviation refueling and transhipment services and transportation of petroleum and chemical products by tankers. Its registered office is situated at New Port, Victoria, Mahé, Seychelles.

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. Where necessary comparative figures have been amended to conform with change in presentation in the current year. The financial statements of the Group have been prepared under the historical cost convention, except that:

- (i) certain property and equipment are carried at revalued amounts/deemed costs;
- (ii) available-for-sale financial assets are stated at their fair value; and
- (iii) relevant financial assets and financial liabilities are measured at fair value/amortised cost.

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

Amendments to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', clarify the requirements relating to the offset of financial assets and financial liabilities. *The amendment is not expected to have any impact on the Group's financial statements.*

Amendments to IFRS 10, IFRS 12 and IAS 27, 'Investment Entities', define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. *As the Company is not an investment entity, the standard has no impact on the Group's financial statement.*

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what obligating event that gives rise to pay a levy and when should a liability be recognised. *The Company is not subject to levies so the interpretation has no impact on the Group's financial statements.*

Amendments to IAS 36, 'Recoverable Amount Disclosures for Non- financial Assets', remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated. *The amendment has not impact on the Group's financial statements*

Amendments to IAS 39, 'Novation of Derivatives and Continuation of Hedge Accounting', provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. *The amendment has not impact on the Group's financial statements.*

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(a) Basis of preparation (Cont'd)****Annual Improvements to IFRSs 2010-2012 Cycle**

IFRS 13 (Amendment), 'Fair Value Measurement' clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. *The amendment has no impact on the Group's financial statements.*

**Annual Improvements to IFRSs 2011-2013 Cycle**

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards' clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first IFRS financial statements. *The amendment has no impact on the Group's financial statements, since the Group is an existing IFRS preparer.*

**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 2015 or later periods, but which the Group has not early adopted. At the reporting date of these financial statements, the following were in issue but not yet effective:

**IFRS 9 Financial Instruments**

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Annual Improvements to IFRSs 2010-2012 cycle

Annual Improvements to IFRSs 2011-2013 cycle

**IFRS 14 Regulatory Deferral Accounts**

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)

IFRS 15 Revenue from Contract with Customers

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)

Equity Method in Separate Financial Statements (Amendments to IAS 27)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to

IFRS 10 and IAS 28)

Annual Improvements to IFRSs 2012-2014 Cycle

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.

**(b) 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.

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

### (b) Property and equipment (Cont'd)

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 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:

	Years
Leasehold land and buildings	Over the period of the lease
Double hull tankers	15 & 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.

### (c) Intangible assets

#### *Computer software*

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

### (d) 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)****(d) 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)****(e) Financial instruments****Categories of financial assets**

The Group classifies its financial assets in the following categories : financial assets through profit or loss, loans and receivables, held-to-maturity, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting. Management classifies its investments as available-for-sale financial assets.

**Available-for-sale financial assets**

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months to the end of the reporting period.

**Initial measurement**

Purchases and sales of available-for-sale financial assets are recognised on trade-date (or settlement date), the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value plus transaction costs and subsequently carried at fair value.

**Subsequent measurement**

Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of profit or loss as gains and losses on financial assets.

**Derecognition**

Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

**Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the statement of profit or loss. Impairment losses for an investment in an equity instrument are not reversed through the statement of profit or loss.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(e) Financial instruments (Cont'd)****(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

**(ii) *Trade receivables***

Trade receivables are recognised initially at fair value 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. The amount of provision is recognised in the statement of profit or loss.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the statement of profit or loss.

**(iii) *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.

**(iv) *Trade payables***

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

**(v) *Cash and cash equivalents***

Cash and cash equivalents include cash in hand, short term deposits held with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**(vi) *Share capital***

Ordinary shares are classified as equity.

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

**(g) 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.

**(h) Retirement benefit obligations***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 does 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.

**(i) Foreign currencies****(i) 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.

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

## (i) Foreign currencies (Cont'd)

(ii) *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 available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) *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:

- (a) 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.
- (b) 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
- (c) All resulting exchange differences are recognised in other comprehensive income.

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

	2014	2013
	USD	USD
1 Seychelles Rupee	0.0698	0.0816
1 Euro	<u>1.2159</u>	<u>1.3742</u>

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

**(k) 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.

**(l) Revenue recognition**

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

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

*Sales*

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

*Other revenues*

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

**(m) 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 ±5% with all other variables remaining constant, the impact (increase/(decrease)) on the results for the year would have been mainly as a result of foreign exchange gains/(losses) as depicted in the table hereunder.

#### THE GROUP

	Seychelles Rupee		Euro	
	Re-stated		2014 USD'000	2013 USD'000
	2014 USD'000	2013 USD'000		
Bank balances	789	322	-	-
Trade and other receivables	544	669	15	51
Trade and other payables	(238)	(341)	(97)	(102)
Borrowings	-	-	(776)	(1,135)

#### THE COMPANY

	Seychelles Rupee		Euro	
	Re-stated		2014 USD'000	2013 USD'000
	2014 USD'000	2013 USD'000		
- Bank balances	789	322	-	-
- Trade and other receivables	544	669	15	51
- Trade and other payables	(272)	(341)	(41)	(95)

###### (ii) *Cash flow and fair value interest rate risk*

The Group's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates.

At December 31, 2014, if interest rates on floating rate borrowings had been ±0.10% higher/(lower) with all other variables held constant, results for the year would have been higher/(lower) by USD'000 83 (2013: USD'000 102) for the Group and USD'000 31 (2013: USD'000 43) for the Company due to impact on interest expense on loans.

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

#### 3.1 Financial Risk Factors (Cont'd)

##### (a) Market risk

###### (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 available-for-sale financial assets.

###### 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	
	2014	2013
	USD'000	USD'000
Available-for-sale	142	537

##### (b) Credit risk

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

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

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

	THE GROUP AND THE COMPANY	
	2014	2013
	%	%
10 major counterparties	59	70
Others (diversified risk)	41	30
	100	100

##### (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.

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

## 3.1 Financial Risk Factors (Cont'd)

## (c) Liquidity risk (Cont'd)

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	Between 1	Between 2	After	Total
	1 year USD'000	& 2 years USD'000	& 5 years USD'000	5 years USD'000	
<b>At December 31, 2014</b>					
Bank borrowings	31,015	12,539	31,956	7,508	83,018
Trade and other payables	63,423	-	-	-	63,423
	<b>94,438</b>	<b>12,539</b>	<b>31,956</b>	<b>7,508</b>	<b>146,441</b>
<b>At December 31, 2013</b>					
Bank borrowings	39,972	14,368	25,541	22,171	102,052
Trade and other payables	61,552	-	-	-	61,552
	<b>101,524</b>	<b>14,368</b>	<b>25,541</b>	<b>22,171</b>	<b>163,604</b>
THE COMPANY	Less than	Between 1	Between 2	Total	USD'000
	1 year USD'000	& 2 years USD'000	& 5 years USD'000		
<b>At December 31, 2014</b>					
Bank borrowings	26,212	5,152	-	31,364	
Trade and other payables	62,962	-	-	62,962	
	<b>89,174</b>	<b>5,152</b>	<b>-</b>	<b>94,326</b>	
<b>At December 31, 2013</b>					
Bank borrowings	34,067	8,864	-	42,931	
Trade and other payables	61,400	-	-	61,400	
	<b>95,467</b>	<b>8,864</b>	<b>-</b>	<b>104,331</b>	

## 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 trading securities or available-for-sale.

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.

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

#### 3.3 Capital risk management

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. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, minority interest, retained earnings, revaluation reserve and capital reserves) other than amounts recognised in equity relating to cash flow hedges, and includes some forms of subordinated debt.

During 2014, the Group's strategy, which was unchanged from prior year, was to maintain the debt-to-adjusted capital ratio at an adequate level in order to secure access to finance at a reasonable cost.

The debt-to-adjusted capital ratios at December 31, 2014 and at December 31, 2013 were as follows:

	THE GROUP		THE COMPANY	
	Re-stated		Re-stated	
	2014	2013	2014	2013
	USD'000	USD'000	USD'000	USD'000
Total debt	83,018	102,052	31,364	42,931
Less: cash and cash equivalents	(23,226)	(9,464)	(23,180)	(9,418)
<b>Net debt</b>	<b>59,792</b>	<b>92,588</b>	<b>8,184</b>	<b>33,513</b>
 Owner's interest	 327,321	 333,532	 353,551	 356,078
 Debt-to-adjusted capital ratio	 0.18	 0.28	 0.02	 0.09

**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) *Buildings, tanks, pumps and petrol stations***

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

**(b) *Impairment of available-for-sale financial assets***

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

**(c) *Impairment of other 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.

**(d) *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.

**(e) *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 judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)****Critical accounting estimates and assumptions (Cont'd)****(f) *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 has not carried 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.

**(g) *Non consolidation of subsidiary***

The financial statements of Vicnav Limited, one of the subsidiaries was not made available for consolidation purposes. The fair value of the investment in Vicnav Limited has been assumed to approximate its cost at Company's level and no impairment is required as at December 31, 2013. At Group level, Vicnav Limited reported a net loss of USD 14.6k and shareholders' deficit of USD 266k in 2012 and since there were no material activities reported in 2013, the non-consolidation of this subsidiary has been assumed to have no material impact on the Group's performance for the current period under review.

**(h) *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, 2013

## 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, 2013	10,269,158	250,498,402	1,477,913	18,670,815	286,199,008	3,997,621	12,466,041	583,578,958							
Additions	3,532	-	76,648	558,881	-	27,874	1,814,530	2,481,465							
Disposal	-	-	(112)	(24,530)	-	(53,991)	-	(78,633)							
Transfers	396,930	-	-	12,531,116	-	-	(12,928,046)	-							
Exchange differences	-	9,409,926	-	-	-	-	-	-							9,409,926
At January 1, 2014	10,669,620	259,908,328	1,554,449	31,736,282	286,199,008	3,971,504	1,352,525	595,391,716							
Additions	1,169	-	72,403	1,001,512	-	281,968	888,019	2,245,071							
Disposals	-	-	(372)	(17,933)	-	(80,518)	-	(98,823)							
Transfers	295,913	-	17,187	769,543	-	353,278	(1,435,921)	-							
Exchange differences	-	(24,764,762)	-	-	-	-	-	-							
At December 31, 2014	10,966,702	235,143,566	1,643,667	33,489,404	286,199,008	4,526,232	804,623	572,773,202							
<b>DEPRECIATION</b>															
At January 1, 2013	376,262	95,724,566	1,129,163	6,872,811	699,581	3,010,244	-	107,812,627							
Charge for the year	561,216	14,610,312	77,514	510,866	16,549,730	337,053	-	32,646,691							
Disposal adjustments	-	-	(112)	(24,530)	-	(53,991)	-	(78,633)							
Exchange differences	-	4,331,924	-	-	-	-	-	-							4,331,924
At January 1, 2014	937,478	114,666,802	1,206,565	7,359,147	17,249,311	3,293,306	-	144,712,609							
Charge for the year	556,180	15,606,521	69,887	991,928	15,293,013	287,983	-	32,805,512							
Disposal adjustments	-	-	(372)	(17,933)	-	(80,518)	-	(98,823)							
Exchange differences	-	(13,024,541)	-	-	-	-	-	-							(13,024,541)
At December 31, 2014	1,493,658	117,248,782	1,276,080	8,333,142	32,542,324	3,500,771	-	-							164,394,757
<b>NET BOOK VALUE</b>															
At December 31, 2014	<u>9,473,044</u>	<u>117,894,784</u>	<u>367,587</u>	<u>25,156,262</u>	<u>253,656,684</u>	<u>1,025,461</u>	<u>804,623</u>	<u>408,378,445</u>							
At December 31, 2013	<u>9,732,142</u>	<u>145,241,526</u>	<u>347,884</u>	<u>24,377,135</u>	<u>268,949,697</u>	<u>678,198</u>	<u>1,352,525</u>	<u>450,679,107</u>							

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

(b) THE COMPANY		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	USD
<b>COST OR VALUATION</b>									
At January 1, 2013	10,269,158	44,904,357	1,365,623	18,670,815	286,199,008	3,997,621	12,466,041	377,872,623	
Additions	3,532	-	76,648	558,881	-	27,874	1,814,530	2,481,465	
Disposals	-	-	(112)	(24,530)	-	(53,991)	-	(78,633)	
Transfers	396,930	-	-	12,531,116	-	-	(12,928,046)	-	
At January 1, 2014	10,669,620	44,904,357	1,442,159	31,736,282	286,199,008	3,971,504	1,352,525	380,275,455	
Additions	1,169	-	72,403	1,001,512	-	281,968	888,019	2,245,071	
Disposals	-	-	(372)	(17,933)	-	(80,518)	-	(98,823)	
Transfers	295,913	-	17,187	769,543	-	353,278	(1,435,921)	-	
At December 31, 2014	10,966,702	44,904,357	1,531,377	33,489,404	286,199,008	4,526,232	804,623	382,421,703	
<b>DEPRECIATION</b>									
At January 1, 2013	376,262	10,903,939	1,035,193	6,872,811	699,581	3,010,244	-	22,898,030	
Charge for the year	561,216	1,277,979	77,514	510,866	16,549,730	337,053	-	19,314,358	
Disposal adjustments	-	-	(112)	(24,530)	-	(53,991)	-	(78,633)	
At January 1, 2014	937,478	12,181,918	1,112,595	7,359,147	17,249,311	3,293,306	-	42,133,755	
Charge for the year	556,180	1,223,189	69,887	991,928	15,293,013	287,983	-	18,422,180	
Disposal adjustments	-	-	(372)	(17,933)	-	(80,518)	-	(98,823)	
At December 31, 2014	1,493,658	13,405,107	1,182,110	8,333,142	32,542,324	3,500,771	-	60,457,112	
<b>NET BOOK VALUE</b>									
At December 31, 2014	9,473,044	31,499,250	349,267	25,156,262	253,656,684	1,025,461	804,623	321,964,591	
At December 31, 2013	9,732,142	32,722,439	-	24,377,135	268,949,697	678,198	1,352,525	338,141,700	

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

(c) The double hull tankers have been pledged as security for bank borrowings.

(d) Depreciation have been charged to the statement of profit or loss as follows:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
Cost of sales	31,469,303	31,266,002	17,085,971	17,933,669
Administrative expenses	1,336,209	1,380,689	1,336,209	1,380,689
	<u>32,805,512</u>	<u>32,646,691</u>	<u>18,422,180</u>	<u>19,314,358</u>

(e) The Group's buildings, tanks, pumps and petrol stations were last revalued as at December 31, 2012 by HMT Project Management (Pty) Ltd, independent valuers, on an open market 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 approximate their fair values as at December 31, 2014.

## Significant unobservable valuation input

## Range

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

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

(f) 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	
	2014	2013	2014	2013
Cost	29,785,819	28,061,672	4,695,902	12,108,474
Accumulated depreciation	(12,754,704)	(11,002,830)	(1,288,443)	(3,445,142)
Net book value	<u>17,031,115</u>	<u>17,058,841</u>	<u>3,407,459</u>	<u>8,663,332</u>

## 6. INTANGIBLE ASSETS

## Computer software

## THE GROUP

2014 & 2013  
USD

## COST

At January 1, and December 31, 75,259

## ACCUMULATED DEPRECIATION

At January 1, and December 31, 67,982

## NET BOOK VALUE

At December 31, 7,277

(a) There was no amortisation charge during the year (2013: Nil). The above intangible asset belongs to the subsidiary Vicnav Limited where no financial statements were available. The Directors are of the opinion that there were no material changes to the carrying amount of this asset and for prudence sake this has been kept same as in previous year.

## 7. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2014	2013
	USD	USD
Cost - Unquoted (note 7(a) and 7(b))	14,856	20,289
Loans receivable (note 7(c) and 7(d))	60,729,486	76,011,686
	<u>60,744,342</u>	<u>76,031,975</u>

(a) Movement of investment in subsidiaries is as follows:

	THE COMPANY	
	2014	2013
	USD	USD
At January 1,	20,289	20,289
Impairment loss during the year	(5,433)	-
<b>At December 31,</b>	<b>14,856</b>	<b>20,289</b>

(b) Details of the subsidiary companies are:

Name of subsidiary	Activities	Class of shares	% shareholding 2014 & 2013	Country of incorporation
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
Vicnav Limited	Ship management	Ordinary	51	Cyprus

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

(c) 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.

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

(e) 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, 2014

	Vicnav Limited	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000	USD'000
Non-current assets	19	15,141	16,009	27,974	27,271
Current assets	68	2	1	3	2
Non-current liabilities	347	4,854	5,710	21,124	14,815
Current liabilities	25	15,875	16,472	14,711	18,913
Revenue	-	3,309	3,309	4,031	4,031
Loss for the year and total comprehensive loss	-	(256)	(327)	(3,211)	(2,521)

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

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

*Summarised statement of financial position and statement of profit or loss and other comprehensive income (Cont'd)*

December 31, 2013

	Vicnav Limited	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000	USD'000
Non-current assets	19	20,634	21,634	35,536	34,714
Current assets	75	3	1	3	1
Non-current liabilities	346	8,230	9,064	21,124	14,815
Current liabilities	24	18,182	18,936	19,974	24,589
Revenue	-	3,300	3,300	4,021	4,021
Loss for the year and total comprehensive loss	-	(151)	(213)	753	122

*Summarised cash flow information*

December 31, 2014

	Vicnav Limited	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000	USD'000
Operating activities	-	5,664	5,780	5,334	5,681
Financing activities	-	(5,665)	(5,780)	(5,334)	(5,680)
Net change in cash and cash equivalents	-	(1)	-	-	1

December 31, 2013

	Vicnav Limited	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000	USD'000
Operating activities	-	1,540	1,414	2,652	2,116
Financing activities	-	(1,540)	(1,414)	(2,650)	(2,118)
Net change in cash and cash equivalents	-	-	-	2	(2)

## 8. INVESTMENT IN FINANCIAL ASSETS

Available-for-sale - quoted

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
At January 1,	10,747,962	12,545,343
Net decrease in fair value (note 12)	(7,900,128)	(1,797,381)
At December 31,	2,847,834	10,747,962

## 8. INVESTMENT IN FINANCIAL ASSETS (CONT'D)

(a) Available-for-sale financial assets are denominated in the following currencies:

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
UK Pound Sterling	2,678,185	10,167,376
Australian Dollars	169,649	580,586
	<b>2,847,834</b>	<b>10,747,962</b>

(b) None of the available-for-sale financial assets are either past due or impaired.

(c) Available-for-sale financial assets of the Group are classified as Level 1 of the Fair Value Hierarchy (2013: Level 1).

## 9. INVENTORIES

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
Petroleum products	19,038,339	16,145,688
Lubricants	1,484,668	1,984,072
Others	<b>2,237,843</b>	<b>1,333,661</b>
	<b>22,760,850</b>	<b>19,463,421</b>

(a) The cost of inventories recognised as an expense and included in cost of sales amounted to USD 296,001,332 (2013: USD 293,823,144) for both the Group and for the Company (note 19).

## 10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
Trade receivables	41,192,541	49,267,193	41,192,541	49,267,193
Less: provision for impairment (see note 10(e) below)	(6,389,182)	(5,123,835)	(6,389,182)	(5,123,835)
	34,803,359	44,143,358	34,803,359	44,143,358
Prepayments	1,182,655	1,096,244	1,182,655	1,096,244
Other receivables				
- Business tax receivable (note 17(a))	5,374,351	9,284,107	5,374,351	9,284,107
- Others	819,949	157,492	790,609	120,866
	<b>42,180,314</b>	<b>54,681,201</b>	<b>42,150,974</b>	<b>54,644,575</b>

(a) The carrying amounts of 'trade and other receivables' approximate their fair value.

(b) As at December 31, 2014, trade receivables of USD 6,389,182 (2013: USD 5,123,835) were fully impaired. The individually impaired receivables mainly relates to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. These receivables are aged over three months.

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

(c) As at December 31, 2014, trade receivables of USD 1,307,421 (2013: USD 2,101,668) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aged analysis of these trade receivables is as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
3 to 6 months	-	28,703
Over 6 months	1,307,421	2,072,965
	<u>1,307,421</u>	<u>2,101,668</u>

(d) The carrying amounts of trade receivables are denominated in the following currencies:

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
US Dollar	29,999,464	34,862,030
Seychelles Rupee	10,887,288	13,387,585
Others	305,789	1,017,578
	<u>41,192,541</u>	<u>49,267,193</u>

(e) Movement in the provision for impairment of trade receivables is as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
At January 1,	5,123,835	4,927,094
Charged/(Credited) to profit or loss	2,254,911	(76,522)
Exchange differences	(989,564)	273,263
<b>At December 31,</b>	<b>6,389,182</b>	<b>5,123,835</b>

(f) The other classes within trade and other receivables do not contain impaired assets and are denominated in Seychelles Rupees.

(g) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

(h) Trade receivables have been pledged as security for borrowings.

## 11. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	Number of shares	Amount
	USD	USD
Ordinary shares	2,000	8,595,053
Balance at December 31, 2014 & 2013		

The total authorised number of ordinary shares is 2,000 shares (2013: 2,000 shares) with a par value of SR 25,000 per share. All issued shares are fully paid.

## 12. OTHER RESERVES

## (a) THE GROUP

	Currency translation deficit	Revaluation reserves	Available-for-sale fair value reserve	Capital reserves	Total
	USD	USD	USD	USD	USD
At January 1, 2013					
Reversal of deferred tax on revaluation of property and equipment (note 14(b))	-	11,508,440	-	-	11,508,440
Decrease in fair value of available-for-sale financial assets (note 8)	-	-	(1,797,381)	-	(1,797,381)
Exchange differences	(1,523,369)	-	-	-	(1,523,369)
At December 31, 2013	(13,775,879)	252,534,604	3,797,156	793,673	243,349,554
Reversal of deferred tax on revaluation of property and equipment (note 14(b))	-	9,839,273	-	-	9,839,273
Decrease in fair value of available-for-sale financial assets (note 8)	-	-	(7,900,128)	-	(7,900,128)
Exchange differences	(35,929)	-	-	-	(35,929)
At December 31, 2014	(13,811,808)	262,373,877	(4,102,972)	793,673	245,252,770

## (b) THE COMPANY

	Currency translation deficit	Revaluation reserves	Available-for-sale fair value reserve	Capital reserves	Total
	USD	USD	USD	USD	USD
At January 1, 2013					
Reversal of deferred tax on revaluation of property and equipment (note 14(b))	-	11,508,440	-	-	11,508,440
Decrease in fair value of available-for-sale financial assets (note 8)	-	-	(1,797,381)	-	(1,797,381)
Exchange differences	(1,524,026)	-	-	-	(1,524,026)
At December 31, 2013	(13,774,388)	252,534,604	3,797,156	793,673	243,351,045
Reversal of deferred tax on revaluation of property and equipment (note 14(b))	-	9,839,273	-	-	9,839,273
Decrease in fair value of available-for-sale financial assets (note 8)	-	-	(7,900,128)	-	(7,900,128)
Exchange differences	(34,182)	-	-	-	(34,182)
At December 31, 2014	(13,808,570)	262,373,877	(4,102,972)	793,673	245,256,008

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 13. BORROWINGS

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
<i>Bank borrowings</i>				
- Non-current	52,002,612	62,080,521	5,152,155	8,864,077
- Current	31,015,292	39,971,703	26,211,916	34,066,932
	<u>83,017,904</u>	<u>102,052,224</u>	<u>31,364,071</u>	<u>42,931,009</u>

(a) The effective interest rates of bank borrowings currency-wise at the end of the reporting period were as follows:

	THE GROUP AND THE COMPANY	
	2014	2013
	%	%
- Euro	1.99% - 5.25%	2.18% - 4.15%
- US Dollar	2.16% - 4.66%	2.18% - 8.09%
- Seychelles Rupee	-	5%

(b) The maturity of non-current borrowings is as follows:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
After one year and before two years	12,539,823	14,368,332	5,152,155	8,864,077
After two years and before five years	31,954,961	25,541,392	-	-
After five years	7,507,828	22,170,797	-	-
	<u>52,002,612</u>	<u>62,080,521</u>	<u>5,152,155</u>	<u>8,864,077</u>

(c) The exposure of the Group's and the Company's borrowings to interest rate changes are as follows:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
Less than six months	18,351,300	22,635,364	16,559,763	19,682,979
Between six and twelve months	11,443,686	16,358,108	9,652,153	13,405,723
Between one and five years	35,495,094	38,931,494	5,152,155	7,885,846
Over five years	7,507,828	22,170,797	-	-
	<u>72,797,908</u>	<u>100,095,763</u>	<u>31,364,071</u>	<u>40,974,548</u>
Borrowings with fixed interest rates	10,219,996	1,956,461	-	1,956,461
	<u>83,017,904</u>	<u>102,052,224</u>	<u>31,364,071</u>	<u>42,931,009</u>

(d) The carrying amounts of the Group's and the Company's borrowings are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
US Dollar	67,955,742	79,345,678	31,364,071	42,931,009
Euro	15,062,162	22,706,546	-	-
	<u>83,017,904</u>	<u>102,052,224</u>	<u>31,364,071</u>	<u>42,931,009</u>

(e) The carrying amounts of borrowings approximate their amortised costs.

(f) Bank borrowings are secured on some of the assets of the Group, including property and equipment and trade receivables.

## 13. BORROWINGS (CONT'D)

(g) Borrowings comprise bank loans from PTA Bank and KfW IPEX Bank GmbH. Instalments repayable for some of the loans from KfW IPEX Bank GmbH were re-negotiated and rescheduled in 2013.

## 14. DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method at 30% (2013: 30%) for the Group and 30% (2013: 30%) for the Company.

(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	
	2014	2013	2014	2013
	USD	USD	USD	USD
Deferred tax assets (note 14(c)(i))	(3,121,457)	(1,877,533)	(3,120,911)	(1,876,986)
Deferred tax liabilities (note 14(c)(ii))	27,693,608	48,799,317	27,693,596	48,799,304
	<u>24,572,151</u>	<u>46,921,784</u>	<u>24,572,685</u>	<u>46,922,318</u>

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
At January 1,	46,921,784	49,484,119	46,922,318	49,484,653
Credit for the year	(15,975,395)	(5,306,590)	(15,975,395)	(5,306,590)
Exchange differences	(6,374,238)	2,744,255	(6,374,238)	2,744,255
<b>At December 31,</b>	<b>24,572,151</b>	<b>46,921,784</b>	<b>24,572,685</b>	<b>46,922,318</b>

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

- Statement of profit or loss (note 17)	(6,136,122)	6,201,850	(6,136,122)	6,201,850
- Other comprehensive income (note 12)	(9,839,273)	(11,508,440)	(9,839,273)	(11,508,440)
	<u>(15,975,395)</u>	<u>(5,306,590)</u>	<u>(15,975,395)</u>	<u>(5,306,590)</u>

(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		Retirement		
	Accelerated tax depreciation	Tax losses	Impairment losses	benefit obligations	Total
	USD	USD	USD	USD	USD
At January 1, 2013	(547)	(14,289,058)	(1,625,942)	(331,830)	(16,247,377)
Charge for the year	-	15,076,829	178,960	15,050	15,270,839
Exchange differences	-	(792,424)	(90,169)	(18,402)	(900,995)
<b>At December 31, 2013</b>	<b>(547)</b>	<b>(4,653)</b>	<b>(1,537,151)</b>	<b>(335,182)</b>	<b>(1,877,533)</b>
Credit for the year	(844,601)	4,653	(602,550)	(72,986)	(1,515,484)
Exchange differences	-	-	222,945	48,615	271,560
<b>At December 31, 2014</b>	<b>(845,148)</b>	<b>-</b>	<b>(1,916,756)</b>	<b>(359,553)</b>	<b>(3,121,457)</b>

## 14. DEFERRED TAXES (CONT'D)

(i) *Deferred tax assets (Cont'd)*

<u>THE COMPANY</u>	Accelerated tax depreciation	Tax losses	Impairment losses	Retirement benefit obligations	Total
	USD	USD	USD	USD	USD
At January 1, 2013	-	(14,289,058)	(1,625,942)	(331,830)	(16,246,830)
Charge for the year	-	15,076,829	178,960	15,050	15,270,839
Exchange differences	-	(792,424)	(90,169)	(18,402)	(900,995)
At December 31, 2013	-	(4,653)	(1,537,151)	(335,182)	(1,876,986)
Credit for the year	(844,602)	4,653	(602,550)	(72,986)	(1,515,485)
Exchange differences	-	-	222,945	48,615	271,560
<b>At December 31, 2014</b>	<b>(844,602)</b>	<b>-</b>	<b>(1,916,756)</b>	<b>(359,553)</b>	<b>(3,120,911)</b>

(ii) *Deferred tax liabilities*

<u>THE GROUP</u>	Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
	USD	USD	USD	USD
At January 1, 2013	7,779,011	25,241,224	32,711,261	65,731,496
Credit for the year	(5,232,037)	(3,836,952)	(11,508,440)	(20,577,429)
Exchange differences	431,397	1,399,795	1,814,058	3,645,250
At December 31, 2013	2,978,371	22,804,067	23,016,879	48,799,317
Credit for the year	(2,978,371)	(1,642,267)	(9,839,273)	(14,459,911)
Exchange differences	-	(3,307,465)	(3,338,333)	(6,645,798)
<b>At December 31, 2014</b>	<b>-</b>	<b>17,854,335</b>	<b>9,839,273</b>	<b>27,693,608</b>

<u>THE COMPANY</u>	Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
	USD	USD	USD	USD
At January 1, 2013	7,779,010	25,241,212	32,711,261	65,731,483
Credit for the year	(5,232,037)	(3,836,952)	(11,508,440)	(20,577,429)
Exchange differences	431,397	1,399,795	1,814,058	3,645,250
At December 31, 2013	2,978,370	22,804,055	23,016,879	48,799,304
Credit for the year	(2,978,370)	(1,642,267)	(9,839,273)	(14,459,910)
Exchange differences	-	(3,307,465)	(3,338,333)	(6,645,798)
<b>At December 31, 2014</b>	<b>-</b>	<b>17,854,323</b>	<b>9,839,273</b>	<b>27,693,596</b>

## 15. 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:

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
At January 1,	1,117,273	1,005,544
Charged in the statement of profit or loss (note 24)	269,825	55,606
Exchange differences	(188,588)	56,123
<b>At December 31,</b>	<b>1,198,510</b>	<b>1,117,273</b>

## 16. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
Trade payables	59,124,570	55,077,162	59,124,570	55,077,162
Accrued expenses	3,171,464	4,503,981	3,171,464	4,503,981
Other payables	1,126,466	1,970,420	665,636	1,818,549
	<u>63,422,500</u>	<u>61,551,563</u>	<u>62,961,670</u>	<u>61,399,692</u>

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

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
US Dollars	53,235,283	52,251,509	53,235,283	52,251,509
Euro	1,947,312	2,045,034	813,538	1,893,163
Seychelles Rupee	4,767,815	6,822,389	5,440,759	6,822,389
Others	3,472,090	432,631	3,472,090	432,631
	<u>63,422,500</u>	<u>61,551,563</u>	<u>62,961,670</u>	<u>61,399,692</u>

## 17. TAX EXPENSE

(a) *Statement of financial position*

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
At January 1,		
- As previously stated	(3,723,032)	(1,937,190)
- Prior year adjustment (note 28)	(5,561,075)	(5,561,075)
- As re-stated	(9,284,107)	(7,498,265)
Refund received during the year	-	1,444,702
Paid during the year	(119,581)	(3,123,113)
Charge for the year	3,923,469	-
Exchange difference	105,868	(107,431)
At December 31,	<u>(5,374,351)</u>	<u>(9,284,107)</u>

*Disclosed under:*

- Trade and other receivables (note 10)	<u>(5,374,351)</u>	<u>(9,284,107)</u>
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(b) *Statement of profit or loss*

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
Current tax on the adjusted profit for the year at applicable tax rates (note 17(c))	3,923,469	-
Deferred taxes charge (note 14(b))	(6,136,122)	6,201,850
Taxation (credit)/charge	<u>(2,212,653)</u>	<u>6,201,850</u>

## 17. TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
Loss before taxation	<u>(13,487,923)</u>	<u>(4,208,844)</u>	<u>(6,644,054)</u>	<u>(4,719,023)</u>
Tax calculated at applicable tax rates (note 17(d))	(4,046,377)	(1,262,653)	(1,856,554)	(1,415,707)
Income not subject to tax	1,646,342	-	1,646,342	-
Expenses not deductible for tax purposes	3,681,987	2,991,967	1,492,164	2,991,967
Excess of depreciation over capital allowance	3,712,739	4,857,452	3,712,739	4,857,452
Utilisation of prior years' tax losses	<u>(1,071,222)</u>	<u>(6,586,766)</u>	<u>(1,071,222)</u>	<u>(6,433,712)</u>
	<u>3,923,469</u>	<u>-</u>	<u>3,923,469</u>	<u>-</u>

(d) The Group and the Company did not have any unused tax losses as at December 31, 2014 (2013: USD 4.1M) to be carried forward and used against future taxable profits.

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

Taxable income	Tax rates - %
	2013 & 2014
≤ SR. 1,000,000	25%
> SR. 1,000,000	30%

## 18. REVENUE

	THE GROUP AND THE COMPANY	
	2014	2013
	USD	USD
Sales of products	377,718,814	379,313,755
Sales of services	43,825,828	32,886,311
	<u>421,544,642</u>	<u>412,200,066</u>

## 19. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
Cost of inventories recognised as expense	296,001,190	293,823,144	296,001,190	293,823,144
Depreciation (note 5(d))	32,805,512	32,646,691	18,422,180	19,314,358
Duties and taxes	43,855,073	43,864,546	43,855,073	43,864,546
Bareboat charter fees	-	-	14,764,139	14,607,774
Bunkering costs	13,475,438	11,075,936	13,475,438	11,075,936
Ship running expenses	15,337,326	16,506,063	15,337,326	16,506,063
Port agency costs	10,565,318	7,190,995	10,565,318	7,190,995
Employee benefit expense (note 24)	4,237,037	3,591,488	4,237,037	3,591,488
Provision for credit impairment	2,255,006	(76,522)	2,255,006	(76,522)
Other expenses	<u>14,143,648</u>	<u>12,496,962</u>	<u>13,634,219</u>	<u>11,846,770</u>
Total cost of sales, selling and marketing and administrative expenses	<u>432,675,548</u>	<u>421,119,303</u>	<u>432,546,926</u>	<u>421,744,552</u>

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 19. EXPENSES BY NATURE (CONT'D)

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
<i>Analysed as:</i>				
Cost of sales	420,249,986	411,740,155	421,073,137	413,049,724
Selling and marketing expenses	158,911	154,960	158,911	154,960
Administrative expenses	12,266,651	9,224,188	11,314,878	8,539,868
	<b>432,675,548</b>	<b>421,119,303</b>	<b>432,546,926</b>	<b>421,744,552</b>

## 20. OTHER INCOME

	THE GROUP		AND THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
<i>Demurrage claims</i>				
Storage and throughput			2,838,410	2,914,702
Deviations and other recoveries			1,937,167	1,490,780
Gain on disposal of property and equipment			1,495,499	732,079
Sundry income			10,022	11,870
			<b>844,349</b>	<b>372,442</b>
			<b>7,125,447</b>	<b>5,521,873</b>

## 21. OTHER GAINS - NET

	THE GROUP		AND THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
<i>Net foreign exchange gains on operations</i>				
			<b>2,330,878</b>	<b>745,066</b>

## 22. NET FINANCE COSTS

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
<i>Interest income</i>				
Interest income	<b>66,180</b>	14,682	<b>66,180</b>	14,682
Interest expense - bank borrowings	(3,890,559)	(3,987,629)	(1,704,572)	(2,253,409)
Net foreign exchange financing (losses)/ gains on financing activities	<b>(7,988,963)</b>	2,416,401	<b>(3,459,703)</b>	797,251
	<b>(11,879,522)</b>	(1,571,228)	<b>(5,164,275)</b>	(1,456,158)
<i>Net finance costs</i>	<b>(11,813,342)</b>	(1,556,546)	<b>(5,098,095)</b>	(1,441,476)

## 23. LOSS BEFORE TAXATION

Loss before taxation is arrived at after:

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	USD	USD	USD	USD
<i>Crediting:</i>				
Rental income	378,817	290,096	378,817	290,096
Gain on disposal of equipment	<b>10,021</b>	11,870	<b>10,022</b>	11,870

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 23. LOSS BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2014 USD	2013 USD	2014 USD	2013 USD
<i>and (charging):</i>				
Depreciation on property and equipment - owned (note 5)	(32,805,512)	(32,646,691)	(18,422,180)	(19,314,358)
Provision for credit impairment (note 10)	(2,254,911)	76,522	(2,254,911)	76,522
Lease rentals	(208,641)	(237,629)	(208,641)	(237,629)
Directors' remuneration (see note 23(a) below)	(141,134)	(117,239)	(141,134)	(117,239)
Employee benefit expense (note 24)	<u>(4,237,037)</u>	<u>(3,591,488)</u>	<u>(4,237,037)</u>	<u>(3,591,488)</u>

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

	THE GROUP AND THE COMPANY	
	2014 USD	2013 USD
E Belle	-	2,068
S Fanny	7,895	8,272
F Joubert	7,895	8,272
B Jivan	7,895	8,272
C Benoiton	<u>117,449</u>	<u>90,355</u>
	<u>141,134</u>	<u>117,239</u>

## 24. EMPLOYEE BENEFIT EXPENSES

	THE GROUP AND THE COMPANY	
	2014 USD	2013 USD
Salaries and wages	3,967,212	3,535,882
Retirement benefit obligations (note 15)	<u>269,825</u>	<u>55,606</u>
	<u>4,237,037</u>	<u>3,591,488</u>

## 25. COMMITMENTS

(a) *Capital commitments*

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

	THE GROUP AND THE COMPANY	
	2014 USD'000	2013 USD'000
Property and equipment	<u>682</u>	<u>1,619</u>

## 25. COMMITMENTS (CONT'D)

(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	2014	2013
	USD'000	USD'000	
Not later than one year	187	201	
Later than one year and not later than five years	749	882	
Later than five years	<u>12,603</u>	<u>15,204</u>	
	<u>13,539</u>	<u>16,287</u>	

(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	2014	2013
	USD'000	USD'000	
Not later than one year	339	280	
Later than one year and not later than five years	1,354	1,121	
Later than five years	<u>31,487</u>	<u>24,936</u>	
	<u>33,180</u>	<u>26,337</u>	

## 26. NOTES TO THE CASH FLOW STATEMENTS

(a) *Cash generated from operations*

Notes	THE GROUP			THE COMPANY		
	2014 USD	2013 USD	2014 USD	2013 USD	2014 USD	2013 USD
Page 5	(13,487,923)	(4,208,844)	(6,644,054)	(4,719,023)		
Loss before taxation						
Adjustments for:						
Depreciation on property and equipment	5	32,805,512	32,646,691	18,422,180	19,314,358	
Impairment loss on investment in subsidiary	7(a)	-	-	5,433	-	
Provision for credit impairment	10(e)	2,254,911	(76,522)	2,254,911	(76,522)	
Profit on disposal of equipment		(10,022)	(11,870)	(10,022)	(11,870)	
Interest receivable	20	(66,180)	(14,682)	(66,180)	(14,682)	
Unrealised foreign exchange losses	21	(2,330,878)	(745,066)	(2,330,878)	(745,066)	
Interest payable	22	3,890,559	3,987,629	1,704,572	2,253,409	
Increase in provision for retirement benefit obligations	15	269,825	55,606	269,825	55,606	
	23,325,804	31,632,942	13,605,787	13,605,787	16,056,210	
Changes in working capital						
- inventories	(3,297,429)	4,916,001	(3,297,429)	4,916,001		
- trade and other receivables	7,325,784	(3,140,211)	7,318,498	(3,140,210)		
- trade and other payables	1,870,937	(11,586,137)	1,561,978	(11,209,299)		
Cash generated from operations	29,225,096	21,822,595	19,188,834	19,188,834	6,622,702	

(b) *Cash and cash equivalents*

	THE GROUP			THE COMPANY		
	2014 USD	2013 USD	2014 USD	2013 USD	2014 USD	2013 USD
Cash in hand	1,810	29,884	1,810	29,884		
Bank balances	23,223,978	9,434,529	23,177,716	9,388,394		
	23,225,788	9,464,413	23,179,526	9,418,278		

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2014

## 27. RELATED PARTY TRANSACTIONS

## (a) THE GROUP

	Other related corporations		Directors	
	2014	2013	2014	2013
	USD'000	USD'000	USD'000	USD'000
Amount due to	(55)	(348)	-	-
Amount due from	4,543	9,066	-	-
Remuneration	-	-	141	117
Purchases of products and services	1,596	1,655	-	-
Sales	(74,262)	(84,599)	-	-

## (b) THE COMPANY

	Subsidiary companies		Other related corporations		Directors	
	2014	2013	2014	2013	2014	2013
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Amount due to	-	-	(55)	(348)	-	-
Amount due from	60,744	76,032	4,543	9,066	-	-
Remuneration	-	-	-	-	141	117
Bareboat charter fees	14,764	14,608	-	-	-	-
Technical management fees	-	639	-	-	-	-
Purchases of goods and services	-	-	1,596	1,655	-	-
Sales	-	-	(74,262)	(84,599)	-	-

(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, 2014, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2013: 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.

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

(e) *Key management personnel*

	THE GROUP AND THE COMPANY	
	2014	2013
	USD'000	USD'000
Salaries & other benefits	318,741	259,099
Pension costs	4,781	3,886
	<u>323,522</u>	<u>262,985</u>

## 28. PRIOR YEAR ADJUSTMENT

The Company's income resulting from transhipment and transportation of petroleum and chemical products by its tankers were previously exempt from business tax under Schedule II(16) of the Business Tax Act, 1987. Such exemption was removed under the new Business Tax Act, 2009 which therefore made the Company taxable on such income.

Since the Company had made taxable losses on these activities during the period 2010 to 2012, this resulted in a total recoverable of SR 5.6M from the Seychelles Revenue Commission (SRC) which is now being accounted for.

The effect of this adjustment on the financial statements was as follows:

<i>Statements of financial position</i>	2013 & 2012 USD'000
Increase in trade and other receivables and retained earnings	<u>5,561</u>
<i>Statement of profit or loss</i>	2012 USD'000
Taxation charge	<u>5,561</u>

## 29. FIVE YEAR FINANCIAL SUMMARY

## (a) THE GROUP

	2014 USD'000	2013 USD'000	2012 USD'000	2011* USD'000	2010* USD'000
(Loss)/Profit before taxation	(13,489)	(4,209)	(13,697)	(7,186)	412
Taxation charge	2,213	(6,202)	5,379	(2,402)	(2,096)
Net loss for the year	(11,276)	(10,411)	(8,318)	(9,588)	(1,684)
Other comprehensive (expense)/ income	3,161	(986)	(201)	634	1,014
Non-controlling interest	-	-	8	(11)	(24)
Retained earnings brought forward	81,588	92,985	101,496	110,461	111,155
Retained earnings carried forward	<u>73,473</u>	<u>81,588</u>	<u>92,985</u>	<u>101,496</u>	<u>110,461</u>
 <b>Capital &amp; reserves</b>					
Share capital	8,595	8,595	8,595	8,595	8,595
Other reserves	245,253	243,349	235,162	167,196	124,647
Retained earnings	<u>73,473</u>	<u>81,588</u>	<u>92,985</u>	<u>101,496</u>	<u>110,461</u>
Owners' interest	327,321	333,532	336,742	277,287	243,703
Non-controlling interest	(132)	(132)	(132)	(124)	-
<b>Total equity</b>	<u>327,189</u>	<u>333,400</u>	<u>336,610</u>	<u>277,163</u>	<u>243,703</u>

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

## (b) THE COMPANY

	2014 USD'000	2013 USD'000	2012 USD'000	2011* USD'000	2010* USD'000
(Loss)/profit before taxation	(6,644)	(4,719)	(12,670)	(3,746)	4,900
Taxation charge	2,213	(6,202)	5,378	(2,402)	(2,096)
(Loss)/profit for the year	(4,431)	(10,921)	(7,292)	(6,148)	2,804
Retained earnings brought forward	104,131	115,052	122,344	128,492	125,688
Retained earnings carried forward	<u>99,700</u>	<u>104,131</u>	<u>115,052</u>	<u>122,344</u>	<u>128,492</u>
<b>Capital &amp; reserves</b>					
Share capital	8,595	8,595	8,595	8,595	8,595
Other reserves	245,256	243,351	235,164	167,199	151,084
Retained earnings	<u>99,700</u>	<u>104,131</u>	<u>115,052</u>	<u>122,344</u>	<u>128,492</u>
<b>Total equity</b>	<b><u>353,551</u></b>	<b><u>356,077</u></b>	<b><u>358,811</u></b>	<b><u>298,138</u></b>	<b><u>288,171</u></b>

## (c) Changes in comparatives \*

The figures for years prior to 2012 were not re-stated to comply with the requirements of IFRS for reasons of impracticality and costs out of proportion to the benefit of stakeholders.