

SEYCHELLES PETROLEUM COMPANY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2016

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 Seychelles
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, 2016.

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 profit for the year amounted to **USD 9.2m** (2015: **USD 5.6m**) for the Group and **USD 9.9m** (2015: **USD 9.4m**) for the Company.

DIVIDENDS

The Directors has proposed a final dividend amounting to **USD 6.6m** during year under review. **USD 3.5m** was paid in December 2016 and the remainder totaling **USD 3.1** was paid in January 2017 (2015: Dividends proposed and paid amounted to **USD 4.9m**).

PROPERTY AND EQUIPMENT

The Group and the Company acquired property and equipment amounting to **USD 2.1m** during the year (2015: **USD 1.3m**) comprising mainly plant and equipment, construction-in-progress on buildings, motor vehicles and furniture and fittings.

The property and equipment of the Group and of the Company were revalued upward by **USD 47.2m** during the year under review (2015: **Nil**). The Directors are of the opinion that property and equipment at the reporting date approximate their fair value.

DIRECTORS AND DIRECTORS' INTERESTS

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

Seychelles Petroleum Company Limited

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

Subsidiaries

(i) Seychelles Patriot Limited

S Fanny
B Jivan
F Joubert

(ii) Seychelles Pioneer Limited

S Fanny
B Jivan
F Joubert

DIRECTORS AND DIRECTORS' INTERESTS (CONT'D)

Subsidiaries (Cont'd)

(iii) Seychelles Progress 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

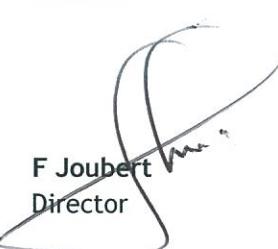
The auditors, Messrs. BDO Associates, retire and being eligible offer themselves for reappointment.

BOARD APPROVAL


S Fanny (Chairman)
Director


B Jivan
Director


C Benoiton (Chief Executive Officer)
Director


F Joubert
Director

Date: 21 APR 2017
Victoria, Seychelles

SEYCHELLES PETROLEUM COMPANY LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of SEYCHELLES PETROLEUM COMPANY LIMITED (the "Company"), as a body, in accordance with the Companies Act 1972. Our audit work has been undertaken so that we might state to the Company's members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company or the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of SEYCHELLES PETROLEUM COMPANY LIMITED and its subsidiaries (the Group) and the Company's financial statements on pages 4 to 46 which comprise the Statement of Financial Position as at December 31, 2016, the Statement of Profit or Loss, Statement of Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements on pages 4 to 46 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 1972 and Public Enterprise Monitoring Commission Act, 2013.

Basis for Opinion

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

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

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in compliance with the Companies Act, 1972 and Public Enterprise Monitoring Commission Act, 2013, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

SEYCHELLES PETROLEUM COMPANY LIMITED

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

In preparing the financial statements, the Directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

SEYCHELLES PETROLEUM COMPANY LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)**Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

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

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

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

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

We have obtained all information and explanations we have required.

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

Public Enterprise Monitoring Commission Act, 2013

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

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

BDO Associates
BDO ASSOCIATES
Chartered Accountants

Dated: 21 APR 2017
Victoria, Seychelles

	Notes	THE GROUP		THE COMPANY		
		2016 USD	2015 USD	2016 USD	2015 USD	
ASSETS						
Non-current assets						
Property and equipment	5	400,781,054	378,804,871	335,365,598	305,748,267	
Investment in subsidiaries	6	-	-	69,112,161	54,623,745	
Investment in financial assets	7	4,602	4,747	4,602	4,747	
		<u>400,785,656</u>	<u>378,809,618</u>	<u>404,482,361</u>	<u>360,376,759</u>	
Current assets						
Inventories	8	16,132,077	11,778,143	16,132,077	11,778,143	
Trade and other receivables	9	31,786,803	27,832,078	31,786,803	27,832,078	
Cash and cash equivalents	27(b)	21,696,808	14,941,389	21,689,666	14,934,058	
		<u>69,615,688</u>	<u>54,551,610</u>	<u>69,608,546</u>	<u>54,544,279</u>	
Total assets		<u>470,401,344</u>	<u>433,361,228</u>	<u>474,090,907</u>	<u>414,921,038</u>	
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	10	8,595,053	8,595,053	8,595,053	8,595,053	
Other reserves	11	275,027,750	265,922,396	275,575,858	265,924,508	
Retained earnings		<u>90,936,734</u>	<u>66,434,098</u>	<u>117,844,281</u>	<u>93,743,314</u>	
Owners' interest and Total equity		<u>374,559,537</u>	<u>340,951,547</u>	<u>402,015,192</u>	<u>368,262,875</u>	
LIABILITIES						
Non-current liabilities						
Borrowings	12	-	39,292,366	-	-	
Deferred tax liabilities	13	24,059,323	9,170,235	24,059,323	9,170,235	
Retirement benefit obligations	14	1,294,777	1,206,271	1,294,777	1,206,271	
		<u>25,354,100</u>	<u>49,668,872</u>	<u>25,354,100</u>	<u>10,376,506</u>	
Current liabilities						
Borrowings	12	23,472,800	17,201,273	-	11,152,154	
Trade and other payables	15	47,014,907	25,539,536	46,721,615	25,129,503	
		<u>70,487,707</u>	<u>42,740,809</u>	<u>46,721,615</u>	<u>36,281,657</u>	
Total liabilities		<u>95,841,807</u>	<u>92,409,681</u>	<u>72,075,715</u>	<u>46,658,163</u>	
Total equity and liabilities		<u>470,401,344</u>	<u>433,361,228</u>	<u>474,090,907</u>	<u>414,921,038</u>	

These financial statements have been approved for issue by the Board of Directors on 21 APR 2017

S Fanny (Chairman)
Director

B Jivan
Director

C Benoiton (Chief Executive Officer)
Director

F Joubert
Director

The notes on pages 9 to 46 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, 2016

	Notes	THE GROUP		THE COMPANY	
		2016 USD	2015 USD	2016 USD	2015 USD
Revenue	2(r) & 17	292,036,907	324,675,575	292,036,907	324,675,575
Cost of sales	18	(272,547,874)	(300,624,822)	(274,000,589)	(302,045,627)
Gross profit		19,489,033	24,050,753	18,036,318	22,629,948
Selling & marketing expenses	18	(1,570)	(16,165)	(1,570)	(16,165)
Administrative expenses	18	(5,558,616)	(5,354,078)	(5,702,275)	(5,478,882)
Other income	19	6,705,594	7,876,349	6,705,594	7,876,349
Other losses - Net	20	(386,444)	(10,289,196)	(386,444)	(10,289,196)
		20,247,997	16,267,663	18,651,623	14,722,054
Net finance costs	21	(2,518,737)	(5,795,975)	(209,241)	(459,825)
Profit before taxation	22	17,729,260	10,471,688	18,442,382	14,262,229
Taxation charge	16(b)	(8,551,770)	(4,896,977)	(8,551,770)	(4,896,977)
Profit for the year		9,177,490	5,574,711	9,890,612	9,365,252

	Notes	THE GROUP			THE COMPANY		
		2016 USD	2015 USD	2015 USD	2016 USD	2015 USD	2015 USD
Profit for the year		9,177,490	5,574,711	9,890,612	9,365,252		
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Currency translation differences	11	(23,952,478)	2,374,192	(23,406,482)	2,373,065		
- Other reserves		21,966,737	2,707,896	20,851,946	178,874		
- Retained earnings							
<i>Item that will not be reclassified to profit or loss</i>							
Gain on revaluation of property, plant and equipment	5(e)	47,225,682	-	-	47,225,682	-	-
Deferred tax effect on revaluation of property, plant and equipment	13	(14,167,705)	-	-	(14,167,705)	-	-
Reversal of deferred tax effect on revaluation of property and equipment			10,592,359	-	-	10,592,359	-
Equity instruments at fair value through other comprehensive income reserve	7(a)	(145)	(2,843,087)	(145)	(2,843,087)	(145)	(2,843,087)
Other comprehensive income/(expense) for the year, net of tax		31,072,091	12,831,360	30,503,296	10,122,337		
Total comprehensive income/(expense) for the year		40,249,581	18,406,071	40,393,908	19,487,589		
Profit/(Loss) attributable to:							
Owners of the parent		9,177,490	5,574,711	9,890,612	9,365,252		
Non-controlling interest		-	-	-	-	-	-
Total comprehensive income/(expense) for the year		9,177,490	5,574,711	9,890,612	9,365,252		
Owners of the parent		40,249,581	18,406,071	40,393,908	19,487,589		
Non-controlling interest		-	-	-	-	-	-
Total comprehensive income/(expense) for the year		40,249,581	18,406,071	40,393,908	19,487,589		

THE GROUP	Note	Attributable to owners of the parent				Total Controlling Interest USD	Non- Controlling Interest USD	Total Equity USD
		Share Capital USD	Other Reserves USD	Retained Earnings USD	Total USD			
Balance at January 1, 2016		8,595,053	265,922,396	66,434,098	340,951,547	-	340,951,547	
Total comprehensive income for the year		-	9,105,354	31,144,227	40,249,581	-	40,249,581	
Dividends		-	-	(6,641,591)	(6,641,591)	-	(6,641,591)	
Balance at December 31, 2016	26	<u>8,595,053</u>	<u>275,027,750</u>	<u>90,936,734</u>	<u>374,559,537</u>	-	<u>374,559,537</u>	
Balance at January 1, 2015		8,595,053	245,252,770	73,473,548	327,321,371	(131,928)	327,189,443	
Impairment of equity instrument at fair value though other comprehensive income		-	10,546,163	(10,546,163)	-	-	-	
Total comprehensive income for the year		-	10,123,463	8,461,482	18,584,945	-	18,584,945	
Deconsolidation of subsidiary		-	-	-	-	131,928	131,928	
Dividends		-	-	(4,954,769)	(4,954,769)	-	(4,954,769)	
Balance at December 31, 2015	26	<u>8,595,053</u>	<u>265,922,396</u>	<u>66,434,098</u>	<u>340,951,547</u>	-	<u>340,951,547</u>	
THE COMPANY								
	Note	Share Capital USD	Other Reserves USD	Other Reserves USD	Total USD	Retained Earnings USD	Retained Earnings USD	Total Equity USD
Balance at January 1, 2016		8,595,053	265,924,508	93,743,314	368,262,875	-	-	
Total comprehensive income for the year		-	9,651,350	30,742,558	40,393,908	-	-	
Dividends		-	-	(6,641,591)	(6,641,591)	-	-	
Balance at December 31, 2016	26	<u>8,595,053</u>	<u>275,575,858</u>	<u>117,844,281</u>	<u>402,015,192</u>	-	-	
Balance at January 1, 2015		8,595,053	245,256,008	99,700,120	353,551,181			
Impairment of equity instrument at fair value though other comprehensive income		-	10,546,163	(10,546,163)	-			
Total comprehensive income for the year		-	10,122,337	9,544,126	19,666,463			
Dividends		-	-	(4,954,769)	(4,954,769)	-	-	
Balance at December 31, 2015	26	<u>8,595,053</u>	<u>265,924,508</u>	<u>93,743,314</u>	<u>368,262,875</u>	-	-	

The notes on pages 9 to 46 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(b).

	Notes	THE GROUP		THE COMPANY	
		2016 USD	2015 USD	2016 USD	2015 USD
Cash flows generated from operations					
Cash generated from operations	27(a)	57,288,252	21,261,808	52,156,928	18,599,354
Interest paid	21	(1,511,641)	(2,640,079)	(209,241)	(1,007,718)
		55,776,611	18,621,729	51,947,687	17,591,636
Tax paid	16(a)	(5,667,810)	-	(5,667,810)	-
Net cash generated from operating activities		50,108,801	18,621,729	46,279,877	17,591,636
Cash flows from investing activities					
Purchase of property and equipment	5	(2,103,541)	(1,303,413)	(2,103,541)	(1,303,413)
Proceeds from sale of equipment		-	6,013	-	6,013
Net cash used in investing activities		(2,103,541)	(1,297,400)	(2,103,541)	(1,297,400)
Cash flows from financing activities					
Loans (disbursed to)/refunded by subsidiaries		-	-	(14,488,416)	6,120,597
Dividends	26	(3,468,387)	(4,954,769)	(3,468,387)	(4,954,769)
Repayment of borrowings	12	(33,020,839)	(26,524,265)	(11,152,154)	(20,211,917)
Net cash used in from financing activities		(36,489,226)	(31,479,034)	(29,108,957)	(19,046,089)
Net increase/(decrease) in cash and cash equivalents		11,516,034	(14,154,705)	15,067,379	(2,751,853)
Movement in cash and cash equivalents					
At January 1,		14,941,389	23,225,788	14,934,058	23,179,526
Increase/(decrease)		11,516,034	(14,154,705)	15,067,379	(2,751,853)
Cash and cash equivalent of deconsolidated subsidiary		-	(38,559)	-	-
Foreign exchange differences		(4,760,615)	5,908,865	(8,311,771)	(5,493,615)
At December 31,	27(b)	21,696,808	14,941,389	21,689,666	14,934,058

1. GENERAL INFORMATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 1972. The financial statements of the Group have been prepared under the historical cost convention as modified by the application of fair value measurements required or allowed by relevant accounting standards. Accounting policies have been consistently applied to all periods presented unless otherwise stated throughout the Group.

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

(b) New and amended accounting standards and Interpretations:**(i) Early adoption****IFRS 9 - Financial Instruments (2013)**

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

Financial assets

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

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

- it is held within a business model whose objective is to hold assets in order to collect contractual cashflows; and
- the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) New and amended accounting standards and Interpretations (Cont'd)

(i) Early adoption (Cont'd)

Financial assets (Cont'd)

The following summarises the key changes:

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

Financial liabilities

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

(ii) Amendments to published Standards and Interpretations effective in the reporting period

IFRS 14 Regulatory Deferral Accounts provides relief for first-adopters of IFRS in relation to accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). IFRS 14 permits these entities to apply their previous accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. *The standard is not expected to have any impact on the Group's financial statements.*

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11). The amendments clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. Existing interests in the joint operation are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed. *The amendment has no impact on the Group's financial*

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38). The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. Amendments clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome under specific conditions. *The amendment has no impact on the Group's financial statements.*

Equity method in separate financial statements (Amendments to IAS 27). The amendments allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value in their separate FS. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. *The amendment has no impact on the Group's financial statements.*

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(b) New and amended accounting standards and Interpretations (Cont'd)****(ii) Amendments to published Standards and Interpretations effective in the reporting period (Cont'd)**

Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41). IAS 41 now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. *The amendment has no impact on the Group's financial statements.*

Annual Improvement to IFRSs 2012 - 2014 cycles

- IFRS 5 is amended to clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such. *The amendment has no impact on the Group's financial statements.*
- IFRS 7 amendment provides specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition. *The amendment has no impact on the Group's financial statements.*
- IFRS 7 is amended to clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34. *The amendment has no impact on the Group's financial statements.*
- IAS 19 amendment clarifies that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise. *The amendment has no impact on the Group's financial statements.*
- IAS 34 amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report' and adds a requirement to cross-reference from the interim financial statements to the location of that information. *The amendment has no impact on the Group's financial statements.*

Disclosure Initiative (Amendments to IAS 1). The amendments to IAS 1 provide clarifications on a number of issues. An entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. Line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. Confirmation that the notes do not need to be presented in a particular order. The share of Other Comprehensive Income arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

(b) New and amended accounting standards and Interpretations (Cont'd)

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

Investment entities: Applying the consolidation exception (Amendments to IFRS 10, IFRS 12 and IAS 28). The amendments clarify that the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities. Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement. *The amendment has no impact on the Group's financial statements*

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2017 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

IFRS 15 Revenue from Contract with Customers

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

IFRS 16 Leases

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)

Amendments to IAS 7 Statement of Cash Flows

Clarifications to IFRS 15 Revenue from Contracts with Customers

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

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

Annual Improvements to IFRSs 2014-2016 Cycle

IFRIC 22 Foreign Currency Transactions and Advance Consideration

Transfers of Investment Property (Amendments to IAS 40)

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(c) Property and equipment

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

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

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

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

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

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

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

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

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

(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**

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

(i) Classification of financial instruments

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

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

The Group classifies its financial liabilities at fair value and at amortised cost. This remained largely unchanged from IAS 39.

The Group classified its financial assets under IAS 39 as financial assets available-for-sale.

(ii) Recognition and derecognition of financial instruments

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

Financial assets at fair value through other comprehensive income are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its right to receive contractual cashflows on the financial asset in a transaction in which substantially all the risks and rewards of the ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised from the balance sheet when the Group has discharged its obligation on the contract is cancelled or expires.

(iii) Equity instruments at fair value through other comprehensive income

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

(iv) Offsetting

Financial instruments and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(e) Financial instruments (Cont'd)****(vi) Instruments - equity instruments at fair value through other comprehensive income**

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

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

Dividends on such investments are recognised in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investments.

(vii) 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 at fair value through other comprehensive income are not reversed through the Statement of Profit or Loss but rather directly in equity.

(f) 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.

(g) 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.

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

(i) Trade payables

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

(j) 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.

(k) Share capital

Ordinary shares are classified as equity.

(l) 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.

(m) Inventories

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(n) Defined benefit plans**

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

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

(o) Foreign currencies*Functional and presentation currency*

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

Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Profit or Loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the Statement of Profit or Loss within 'other (losses)/gains - net'.

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(o) Foreign currencies (Cont'd)

Group companies

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

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

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

	2016	2015
	USD	USD
1 Seychelles Rupee	0.0728	0.0751
1 Euro	<u>1.0438</u>	<u>1.0927</u>

(p) 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).

(q) 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.

(r) Revenue recognition

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

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

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

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

Other revenues

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

(s) 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.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(a) Market risk (Cont'd)

THE GROUP

	Seychelles Rupee		Euro	
	2016	2015	2016	2015
	USD'000	USD'000	USD'000	USD'000
Bank balances	3,519	317	-	-
Trade and other receivables	843	521	-	1
Trade and other payables	(924)	(718)	-	-
Borrowings	-	-	169	(478)

THE COMPANY

	Seychelles Rupee		Euro	
	2016	2015	2016	2015
	USD'000	USD'000	USD'000	USD'000
- Bank balances	3,519	317	-	-
- Trade and other receivables	843	521	-	-
- Trade and other payables	910	(440)	-	-

At December 31, 2016, 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 21 (2015: USD'000 511) for the Group and USD'000 252 (2015: USD'000 580) for the Company due to impact on interest expense on loans.

(iii) *Equity price risk*

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

Sensitivity analysis

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

	THE GROUP AND THE COMPANY	
	2016	2015
	USD'000	USD'000
Equity instrument through other comprehensive income	0.23	0.23

(b) Credit risk

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

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

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (Cont'd)

(b) Credit risk (Cont'd)

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

	THE GROUP AND THE COMPANY	
	2016	2015
	%	%
10 major counterparties	35	46
Others (diversified risk)	65	54
	<u>100</u>	<u>100</u>

(c) Liquidity risk

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

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

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

THE GROUP	Less than	Between 1	Between 2	After	Total
	1 year USD'000	& 2 years USD'000	& 5 years USD'000	5 years USD'000	
At December 31, 2016					
Bank borrowings	23,473	-	-	-	23,473
Trade and other payables	47,015	-	-	-	47,015
	<u>70,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,488</u>
At December 31, 2015					
Bank borrowings	17,881	7,826	30,787	-	56,494
Trade and other payables	25,540	-	-	-	25,540
	<u>43,421</u>	<u>7,826</u>	<u>30,787</u>	<u>-</u>	<u>82,033</u>
THE COMPANY					
	Less than	Between 1	Between 2	Total	Total
	1 year USD'000	& 2 years USD'000	& 5 years USD'000		
At December 31, 2016					
Trade and other payables	46,722	-	-	-	<u>46,722</u>
At December 31, 2015					
Bank borrowings	11,152	-	-	-	11,152
Trade and other payables	25,130	-	-	-	25,130
	<u>36,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,282</u>

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.2 Fair value estimation

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

Instruments included in level 1 comprise primarily quoted equity investments classified as 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.

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 2016, 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, 2016 and at December 31, 2015 were as follows:

	THE GROUP		THE COMPANY	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Total debt	23,473	56,494	-	11,152
Less: cash and cash equivalents	(21,697)	(14,941)	(21,690)	(14,934)
Net debt	<u>1,776</u>	<u>41,552</u>	<u>(21,690)</u>	<u>(3,782)</u>
Owner's interest	374,560	340,952	402,015	368,263
Debt-to-adjusted capital ratio	0.005	0.12	N/A	N/A

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 equity instruments at fair value through other comprehensive income/available-for-sale financial assets*

The Group follows the guidance of IFRS 9/IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(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.

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**(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 judgment to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

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

(g) *Functional currency*

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

(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.

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
Notes	Valuation	USD	USD	USD	USD	USD	USD	USD	USD
COST OR VALUATION									
At January 1, 2015	10,966,702	235,143,566	1,643,667	33,489,404	286,199,008	4,526,232	804,623	572,773,202	
Additions	45,811	-	94,562	322,125	-	121,518	719,397	1,303,413	
Disposal	-	-	(2,041)	(13,712)	-	(17,122)	(1,848)	(34,723)	
Transfers	167,543	-	136,703	82,231	-	-	(386,477)	-	
Exchange differences	-	(19,278,242)	-	-	-	-	-	(19,278,242)	
At December 31, 2015	11,180,056	215,865,324	1,872,891	33,880,048	286,199,008	4,630,628	1,135,695	554,763,650	
Additions	34,706	-	39,350	1,414,621	-	140,431	474,433	2,103,541	
Write off	-	-	(112,290)	(36,217)	(2,868,954)	-	(394,313)	(3,411,774)	
Revaluation adjustment	(1,120,222)	-	-	-	(13,156,140)	-	-	(14,276,362)	
Transfers	(40,390)	-	-	(12,679,414)	12,719,804	-	-	-	
Exchange differences	-	(7,648,606)	-	-	-	-	-	(7,648,606)	
At December 31, 2016	10,054,150	208,216,718	1,799,951	22,579,038	282,893,718	4,771,059	1,215,815	531,530,449	
DEPRECIATION									
At January 1, 2015	1,493,658	117,248,782	1,276,080	8,333,142	32,542,324	3,500,771	-	164,394,757	
Charge for the year	549,918	5,827,623	76,317	1,039,933	14,503,157	188,268	-	22,185,216	
Disposal adjustments	-	-	(1,147)	(14,328)	-	(17,122)	-	(32,597)	
Exchange differences	-	(10,607,522)	-	-	-	-	-	(10,607,522)	
At December 31, 2015	2,043,576	112,468,883	1,351,250	9,358,747	47,045,481	3,671,917	-	175,939,854	
Charge for the year	549,771	5,802,765	83,577	1,058,531	14,534,769	212,203	-	22,241,616	
Write off	-	(93,968)	-	(35,900)	(1,155,157)	-	-	(1,285,025)	
Revaluation adjustment	(2,107,688)	-	-	-	(59,394,355)	-	-	(61,502,043)	
Transfers	2,313	-	-	-	-	-	-	2,313	
Exchange differences	-	(4,647,320)	-	-	-	-	-	(4,647,320)	
At December 31, 2016	487,972	113,624,328	1,434,827	10,381,378	1,030,738	3,884,120	-	130,749,395	
NET BOOK VALUE									
At December 31, 2016	9,566,178	94,592,390	365,124	12,197,660	281,862,980	886,939	1,215,815	400,781,054	
At December 31, 2015	9,136,480	103,396,441	521,641	24,521,301	239,153,527	958,711	1,135,695	378,823,796	

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	Cost	Cost	Cost	Cost	Valuation	Cost	Cost	USD
	USD	USD	USD	USD	USD	USD	USD	USD	USD
COST OR VALUATION									
At January 1, 2015	10,966,702	44,904,357	1,531,377	33,489,404	286,199,008	4,526,232	804,623	382,421,703	
Additions	45,811	-	94,562	322,125	-	121,518	719,397	1,303,413	
Disposals	-	-	(2,041)	(13,712)	-	(17,122)	(1,848)	(34,723)	
Transfers	167,543	-	136,703	82,231	-	-	(386,477)	-	
At January 1, 2016	11,180,056	44,904,357	1,760,601	33,880,048	286,199,008	4,630,628	1,135,695	383,690,393	
Additions	34,706	-	39,350	1,414,621	-	140,431	474,433	2,103,541	
Write off	-	-	-	(36,217)	(2,868,954)	-	(394,313)	(3,299,484)	
Revaluation adjustment	(1,120,222)	-	-	-	(13,156,140)	-	-	(14,276,362)	
Transfers	(40,390)	-	-	(12,679,414)	12,719,804	-	-	-	
At December 31, 2016	10,054,150	44,904,357	1,799,951	22,579,038	282,893,718	4,771,059	1,215,815	368,218,088	
DEPRECIATION									
At January 1, 2015	1,493,658	13,405,107	1,182,110	8,333,142	32,542,324	3,500,771	-	60,457,112	
Charge for the year	549,918	1,160,017	76,317	1,039,933	14,503,157	188,268	-	17,517,610	
Disposal adjustments	-	-	(1,147)	(14,328)	-	(17,122)	-	(32,596)	
At January 1, 2016	2,043,576	14,565,124	1,257,280	9,358,747	47,045,481	3,671,917	-	77,942,126	
Charge for the year	549,771	1,162,300	83,577	1,058,531	14,534,769	212,203	-	17,601,151	
Write off	-	-	-	(35,900)	(1,155,157)	-	-	(1,191,057)	
Revaluation adjustment	(2,107,688)	-	-	-	(59,394,355)	-	-	(61,502,043)	
Transfers	2,313	-	-	-	-	-	-	2,313	
At December 31, 2016	487,972	15,727,424	1,340,857	10,381,378	1,030,738	3,884,120	-	32,852,490	
NET BOOK VALUE									
At December 31, 2016	9,566,178	29,176,933	459,094	12,197,660	281,862,980	886,939	1,215,815	335,365,598	
At December 31, 2015	9,136,480	30,339,233	503,321	24,521,301	239,153,527	958,711	1,135,695	305,748,267	

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 (note 18):

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
Cost of sales	20,933,469	20,885,508	16,293,004	16,217,901
Administrative expenses	1,308,147	1,299,708	1,308,147	1,299,709
	<u>22,241,616</u>	<u>22,185,216</u>	<u>17,601,151</u>	<u>17,517,610</u>

(e) The Group's buildings, tanks, pumps and petrol stations were revalued as at December 31, 2016 by USD 47.2m by HMT Project Management (Pty) Ltd, independent valuers, on an replacement cost basis. The revaluation surplus, net of deferred tax was credited to revaluation reserve in shareholders' equity. The Directors have assumed that the carrying amount of the Company's buildings, tanks, pumps and petrol stations approximate their fair values as at December 31, 2016.

(f) The fair value of Property and Equipment falls within Category 2 of the fair value hierarchy.

(g) Significant unobservable valuation input

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

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

(h) 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	
	2016	2015	2016	2015
Cost	29,785,819	29,785,819	5,424,935	5,424,935
Accumulated depreciation	(16,258,451)	(14,506,577)	(1,643,920)	(1,589,122)
Net book value	<u>13,527,368</u>	<u>15,279,242</u>	<u>3,781,015</u>	<u>3,835,813</u>

6. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	2016	2015
	USD	USD
Cost - Unquoted (notes 7(a))	14,856	14,856
Loans receivable (note 7(d))	69,097,305	54,608,889
	<u>69,112,161</u>	<u>54,623,745</u>

(a) Details of the subsidiary companies are:

Name of subsidiary	Activities	Class of shares	% shareholding 2016 & 2015	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

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

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

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

(f) 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, 2016

	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000
Non-current assets	11,295	11,973	21,350	20,798
Current assets	2	1	3	1
Non-current liabilities	14,065	14,895	11,119	28,472
Current liabilities	1,582	2,029	20,152	3
Revenue	1,373	1,373	1,673	1,673
Profit/(Loss) for the year and total comprehensive income/(expense)	296	283	(1,077)	(373)

December 31, 2015

	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000
Non-current assets	12,715	13,461	23,741	23,140
Current assets	2	1	3	1
Non-current liabilities	2,181	2,076	20,220	14,815
Current liabilities	15,383	16,847	12,845	15,993
Revenue	1,371	1,371	1,670	1,670
Profit/(Loss) for the year and total comprehensive income/(expense)	177	87	(2,294)	(1,900)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

(g) Summarised financial information in respect of the Group's subsidiaries (Cont'd)*Summarised cash flow information*December 31, 2016

	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000
Operating activities	1,338	1,298	965	1,367
Financing activities	(1,338)	(1,298)	(965)	(1,367)
Net change in cash and cash equivalents	-	-	-	-

December 31, 2015

	Seychelles Pioneer Limited	Seychelles Progress Limited	Seychelles Patriot Limited	Seychelles Prelude Limited
	USD'000	USD'000	USD'000	USD'000
Operating activities	1,301	1,294	358	115
Financing activities	(1,301)	(1,294)	(358)	(115)
Net change in cash and cash equivalents	-	-	-	-

7. INVESTMENT IN FINANCIAL ASSETS

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

	THE GROUP AND THE COMPANY	
	2016	2015
	USD	USD
At January 1,	4,747	-
Reclassified from available for sale financial assets upon adoption of IFRS 9	-	2,847,834
Net decrease in fair value (note 11)	(145)	(2,843,087)
At December 31,	4,602	4,747

(b) The above equity instruments at fair value through other comprehensive income is denominated in Australian Dollars.

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

8. INVENTORIES

	THE GROUP AND THE COMPANY	
	2016	2015
	USD	USD
Petroleum products	14,519,751	10,636,889
Lubricants	955,991	517,641
Others	656,335	623,613
	<u>16,132,077</u>	<u>11,778,143</u>

(a) The cost of inventories recognised as an expense and included in cost of sales amounted to **USD 162,970,679** (2015: USD 188,428,719) for both the Group and for the Company (note 18).

9. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
Trade receivables	36,899,894	32,835,601	36,899,894	32,835,601
Less: provision for impairment (see note 9(c))	(7,081,809)	(7,305,302)	(7,081,809)	(7,305,302)
	29,818,085	25,530,299	29,818,085	25,530,299
Prepayments	1,485,270	1,866,397	1,485,270	1,866,397
Deconsolidation of subsidiary (note 25)	-	(36,626)	-	-
Others	483,448	472,008	483,448	435,382
	<u>31,786,803</u>	<u>27,832,078</u>	<u>31,786,803</u>	<u>27,832,078</u>

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

(b) As at December 31, 2016, trade receivables of **USD 7,081,809** (2015: USD 7,305,302) 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.

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

	THE GROUP AND THE COMPANY	
	2016	2015
	USD	USD
At January 1,	7,305,302	6,389,182
Charge to statement of profit or loss (note 18)	-	432,448
Exchange differences	(223,493)	483,672
At December 31,	7,081,809	7,305,302

9. TRADE AND OTHER RECEIVABLES (CONT'D)

(d) As at December 31, 2016, trade receivables of USD 3,641,807 (2015: USD 2,960,023) 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	
2016	2015
	USD
3 to 6 months	1,334,179
Over 6 months	2,307,628
	<u>3,641,807</u>
	1,869,087
	1,090,936
	<u>2,960,023</u>

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

THE GROUP AND THE COMPANY	
2016	2015
	USD
US Dollar	20,018,324
Seychelles Rupee	16,858,595
Others	22,975
	<u>36,899,894</u>
	22,393,744
	10,421,664
	20,193
	<u>32,835,601</u>

(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.

10. SHARE CAPITAL

THE GROUP AND THE COMPANY	
Number of shares	Amount USD

Ordinary shares

Balance at December 31, 2016 & 2015

2,000 8,595,053

The total authorised number of ordinary shares is 2,000 shares (2015: 2,000 shares) with a par value of SR 25,000 per share. All issued shares are fully paid.

11. OTHER RESERVES

(a) THE GROUP

	Equity instrument at fair value through other comprehensive income reserve				Capital reserves	Total USD
	Currency translation deficit	Revaluation reserves	Available for-sale-fair value reserve	USD	USD	USD
At January 1, 2015					793,673	245,252,769
Reversal of deferred tax on revaluation of property and equipment (note 13(b))	(13,811,808)	262,373,876	(4,102,972)			
Reclassified to equity instrument at fair value through other comprehensive income reserve upon adoption of IFRS 9	-	10,592,359	-			10,592,359
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 7(a))	-	-	4,102,972	(4,102,972)		
Transfer to retained earnings	2,374,192	-	-			
At December 31, 2015	(11,437,616)	272,966,235	-	3,600,104	793,673	265,922,396
Revaluation surplus	-	47,225,682	-			47,225,682
Deferred tax effect on revaluation (notes 13(b) and (c))	-	(14,167,705)	-			(14,167,705)
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 7(a))	(23,952,478)	-	-	(145)	-	(145)
Exchange differences	(35,390,094)	306,024,212	-			(23,952,478)
At December 31, 2016				3,599,959	793,673	275,027,750

11. OTHER RESERVES (CONT'D)

(b) THE COMPANY

	Equity instrument at fair value through other comprehensive income reserve				Capital reserves	Total USD
	Currency translation deficit	Revaluation reserves	Available for-sale-fair value reserve	USD	USD	USD
	USD	USD	USD	USD	USD	USD
At January 1, 2015						
Reversal of deferred tax on revaluation of property and equipment (note 13(b))						
Reclassified to equity instrument at fair value through other comprehensive income reserve upon adoption of IFRS 9						
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 7(a))						
Transfer to retained earnings upon impairment of financial asset						
Exchange differences						
At December 31, 2015						
Revaluation surplus						
Deferred tax effect on revaluation (notes 13(b) and (c))						
Decrease in fair value of equity instruments at fair value through other comprehensive income (note 7(a))						
Exchange differences						
At December 31, 2016						

12. BORROWINGS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
<i>Bank borrowings</i>				
- Non-current	-	39,639,942	-	-
Deconsolidation of subsidiary (note 25)	-	(347,576)	-	-
- Non-current	-	39,292,366	-	-
- Current	23,472,800	17,201,273	-	11,152,154
Total	23,472,800	56,493,639	-	11,152,154

(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	
	2016	2015
- Euro	1.99% - 5.25%	1.99% - 5.25%
- US Dollar	2.36% - 4.66%	2.16% - 4.66%

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
After one year and before two years	-	17,881,408	-	-
After two years and before five years	-	7,825,528	-	-
After five years	-	30,786,703	-	-
	-	56,493,639	-	-

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
Less than six months	995,681	11,247,589	-	-
Between six and twelve months	-	6,633,819	-	-
Between one and five years	-	38,612,231	-	11,152,154
	995,681	56,493,639	-	11,152,154
Borrowings with fixed interest rates	22,477,119	-	-	-
	23,472,800	56,493,639	-	11,152,154

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
US Dollar	20,085,113	46,940,695	-	11,152,154
Euro	3,387,687	9,552,944	-	-
	23,472,800	56,493,639	-	11,152,154

12. BORROWINGS (CONT'D)

(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.

(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. However per Board minutes dated March 23, 2017 the Board resolved to settle all loan balances by April 6, 2017, consequently all loans have been classified as current liabilities.

13. DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method at 30% (2015: 30%) for the Group and 30% (2015: 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	
	2016	2015	2016	2015
	USD	USD	USD	USD
Deferred tax assets (note 13(c)(i))	(7,955,114)	(7,096,539)	(7,955,114)	(7,096,539)
Deferred tax liabilities (note 13(c)(ii))	32,014,437	16,266,774	32,014,437	16,266,774
	<u>24,059,323</u>	<u>9,170,235</u>	<u>24,059,323</u>	<u>9,170,235</u>

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
At January 1,	9,170,235	24,572,685	9,170,235	24,572,685
Charge/(Credit) for the year	15,169,454	(17,271,342)	15,169,454	(17,271,342)
Exchange differences	(280,366)	1,868,892	(280,366)	1,868,892
At December 31,	24,059,323	9,170,235	24,059,323	9,170,235

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

- Statement of profit or loss (note 16)	1,001,749	(6,678,983)	1,001,749	(6,678,983)
- Other comprehensive income (note 11)	14,167,705	(10,592,359)	14,167,705	(10,592,359)
	<u>15,169,454</u>	<u>(17,271,342)</u>	<u>15,169,454</u>	<u>(17,271,342)</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:

13. DEFERRED TAXES (CONT'D)

(i) *Deferred tax assets*

<u>THE GROUP</u>	Accelerated tax	Impairment	Retirement	Total
	depreciation	losses	benefit	
	USD	USD	USD	USD
At January 1, 2015	(845,148)	(1,916,756)	(359,553)	(3,121,457)
Credit for the year	(3,634,501)	(129,675)	24,902	(3,739,274)
Exchange differences	(63,964)	(145,160)	(27,230)	(236,354)
Deconsolidation of subsidiary (note 25)	546	-	-	546
At December 31, 2015	(4,543,067)	(2,191,591)	(361,881)	(7,096,539)
Credit/(Charge) for the year	(1,037,970)	43	(37,616)	(1,075,543)
Exchange differences	138,899	67,005	11,064	216,968
At December 31, 2016	(5,442,138)	(2,124,543)	(388,433)	(7,955,114)

THE COMPANY

	Accelerated tax	Impairment	Retirement	Total
	depreciation	losses	benefit	
	USD	USD	USD	USD
At January 1, 2015	(844,602)	(1,916,756)	(359,553)	(3,120,911)
Charge for the year	(3,634,501)	(129,675)	24,902	(3,739,274)
Exchange differences	(63,964)	(145,160)	(27,230)	(236,354)
At December 31, 2015	(4,543,067)	(2,191,591)	(361,881)	(7,096,539)
Credit/(Charge) for the year	(1,037,970)	43	(37,616)	(1,075,543)
Exchange differences	138,899	67,005	11,064	216,968
At December 31, 2016	(5,442,138)	(2,124,543)	(388,433)	(7,955,114)

(ii) *Deferred tax liabilities*

<u>THE GROUP</u>	Unrealised	Revaluation	Total
	exchange gains	of assets	
	USD	USD	USD
At January 1, 2015	17,854,335	9,839,273	27,693,608
Credit for the year	(2,939,709)	(10,592,359)	(13,532,068)
Exchange differences	1,352,159	753,086	2,105,246
Deconsolidating of subsidiary	(12)	-	(12)
At December 31, 2015	16,266,773	-	16,266,774
Charge for the year	2,077,292	14,167,705	16,244,997
Exchange differences	(497,334)	-	(497,334)
At December 31, 2016	17,846,731	14,167,705	32,014,437

13. DEFERRED TAXES (CONT'D)

(ii) *Deferred tax liabilities (Cont'd)*THE COMPANY

	Unrealised exchange gains USD	Revaluation of assets USD	Total USD
At January 1, 2015	17,854,323	9,839,273	27,693,596
Credit for the year	(2,939,709)	(10,592,359)	(13,532,068)
Exchange differences	1,352,159	753,087	2,105,246
At December 31, 2015	16,266,773	-	16,266,774
Charge for the year	2,077,292	14,167,705	16,244,997
Exchange differences	(497,334)	-	(497,334)
At December 31, 2016	<u>17,846,731</u>	<u>14,167,705</u>	<u>32,014,437</u>

14. RETIREMENT BENEFIT OBLIGATIONS

Other post retirement benefits

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

	THE GROUP AND THE COMPANY	
	2016	2015
	USD	USD
At January 1,	1,206,271	1,198,510
Charge/(Credit) to the statement of profit or loss (note 23)	125,830	(81,387)
Exchange differences	(37,324)	89,148
At December 31,	<u>1,294,777</u>	<u>1,206,271</u>

15. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
Trade payables	28,757,790	12,416,353	28,757,790	12,416,353
Accrued expenses	9,631,267	6,375,519	9,631,267	6,375,519
Tax Liability (note 16(a))	7,550,021	6,196,287	7,550,021	6,196,287
Other payables	1,075,829	574,964	782,537	141,344
Deconsolidation of subsidiary (note 25)	-	(23,587)	-	-
	<u>47,014,907</u>	<u>25,539,536</u>	<u>46,721,615</u>	<u>25,129,503</u>

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

15. TRADE AND OTHER PAYABLES

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
US Dollars	28,013,292	8,793,263	28,013,292	8,793,263
Euro	212,215	144,709	212,215	144,709
Seychelles Rupee	18,487,708	14,369,820	18,194,416	14,369,820
Others	301,692	2,231,744	301,692	1,821,711
	<u>47,014,907</u>	<u>25,539,536</u>	<u>46,721,615</u>	<u>25,129,503</u>

16. TAX EXPENSE

(a) *Statement of financial position*

	THE GROUP AND THE COMPANY	
	2016	2015
	USD	USD
At January 1,	6,196,287	(5,374,351)
Paid during the year	(5,667,810)	-
Charge for the year (note 16(b))	7,550,021	11,575,960
Exchange difference	(528,477)	(5,322)
At December 31,	7,550,021	6,196,287

Disclosed under:

Trade and other payable (note 15)	<u>7,550,021</u>	<u>6,196,287</u>
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(b) *Statement of profit or loss*

	THE GROUP AND THE COMPANY	
	2016	2015
	USD	USD
Current tax on the adjusted profit for the year at applicable tax rates (note 16(a) and 16(c))	7,550,021	11,575,960
Deferred tax charge/(credit) (note 13(b))	1,001,749	(6,678,983)
Taxation charge/(credit)	8,551,770	4,896,977

16. TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
Profit before taxation	<u>17,729,260</u>	<u>10,471,688</u>	<u>18,442,382</u>	<u>14,262,229</u>
Tax calculated at applicable tax rates (note 16(d))	5,458,886	4,329,455	5,458,886	4,329,455
Income not subject to tax	(2,084,652)	4,002,523	(2,084,652)	4,002,523
Expenses not deductible for tax purposes	239,636	2,729,133	239,636	2,729,133
Excess of depreciation over capital allowance	3,936,151	514,849	3,936,151	514,849
	<u>7,550,021</u>	<u>11,575,960</u>	<u>7,550,021</u>	<u>11,575,960</u>

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

Taxable income	Tax rates - %	
	2016	2015
≤ SR. 1,000,000	25%	
> SR. 1,000,000	30%	

17. REVENUE

	THE GROUP		AND THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
Sales of products			254,337,646	274,475,766
Sales of services			37,699,261	50,199,809
			<u>292,036,907</u>	<u>324,675,575</u>

18. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
Cost of inventories recognised as expense (note 8)	162,970,679	188,428,719	162,970,679	188,428,719
Depreciation (note 5(d))	22,241,616	22,185,216	17,601,151	17,517,610
Duties and taxes	47,297,370	43,154,822	47,297,370	43,154,822
Bareboat charter fees	-	-	6,055,986	6,029,355
Bunkering costs	7,651,653	10,676,651	7,651,653	10,676,651
Ship running expenses	13,332,548	16,672,878	13,332,548	16,672,878
Port agency costs	9,205,937	8,789,742	9,205,937	8,789,742
Employee benefit expense (note 23)	4,444,098	4,168,008	4,444,098	4,168,008
Provision for credit impairment (note 9(c))	-	432,448	-	432,448
Other expenses	<u>10,964,159</u>	<u>11,486,581</u>	<u>11,145,012</u>	<u>11,670,441</u>
Total cost of sales, selling and marketing and administrative expenses	<u>278,108,060</u>	<u>305,995,065</u>	<u>279,704,434</u>	<u>307,540,674</u>

18. EXPENSES BY NATURE (CONT'D)

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
<i>Analysed as:</i>				
Cost of sales	272,547,874	300,624,822	274,000,589	302,045,627
Selling and marketing expenses	1,570	16,165	1,570	16,165
Administrative expenses	5,558,616	5,354,078	5,702,275	5,478,882
	<u>278,108,060</u>	<u>305,995,065</u>	<u>279,704,434</u>	<u>307,540,674</u>

19. OTHER INCOME

	THE GROUP AND THE COMPANY	
	2016	2015
	USD	USD
<i>Demurrage claims</i>		
Storage and throughput	2,720,423	3,152,161
Deviations and other recoveries	2,473,791	2,110,043
Gain on disposal of property and equipment (note 22)	677,811	861,123
Sundry income	-	6,013
	<u>833,569</u>	<u>1,747,009</u>
	<u>6,705,594</u>	<u>7,876,349</u>

20. OTHER LOSSES - NET

	THE GROUP AND THE COMPANY	
	2016	2015
	USD	USD
<i>Net foreign exchange losses on operations</i>		
	<u>386,444</u>	<u>10,289,196</u>

21. NET FINANCE COSTS

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
<i>Interest expense - bank borrowings</i>				
Net foreign exchange financing (losses)/ gains on financing activities	(1,511,641)	(2,640,079)	(209,241)	(1,007,718)
Net finance costs	<u>(1,007,096)</u>	<u>(3,155,896)</u>	<u>-</u>	<u>547,893</u>
	<u>(2,518,737)</u>	<u>(5,795,975)</u>	<u>(209,241)</u>	<u>(459,825)</u>

22. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after:

	THE GROUP		THE COMPANY	
	2016	2015	2016	2015
	USD	USD	USD	USD
<i>Crediting:</i>				
Rental income	366,010	374,775	366,010	374,775
Gain on disposal of equipment (note 19)	-	6,013	-	6,013

22. PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	2016 USD	2015 USD	2016 USD	2015 USD

and (Charging):

Depreciation on property and equipment - owned (note 5 and note 18)	(22,241,616)	(22,185,217)	(17,601,151)	(17,517,610)
Provision for credit impairment (note 9)	-	(432,448)	-	(432,448)
Lease rentals	(201,797)	(197,866)	(201,797)	(197,866)
Directors' remuneration (note 22(a))	(139,440)	143,837	(139,440)	143,837
Loss on asset written off (note 5)	(1,732,436)	-	(1,714,114)	-
Audit Fees	(39,427)	(39,427)	(28,989)	(28,989)
Employee benefit expense (note 23)	<u>(4,444,098)</u>	<u>(4,168,008)</u>	<u>(4,444,098)</u>	<u>(4,168,008)</u>

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

	THE GROUP AND THE COMPANY	
	2016 USD	2015 USD
S Fanny	7,423	7,657
F Joubert	7,423	7,657
B Jivan	7,423	7,657
C Benoiton	117,171	120,866
	<u>139,440</u>	<u>143,837</u>

23. EMPLOYEE BENEFIT EXPENSES

	THE GROUP AND THE COMPANY	
	2016 USD	2015 USD
Salaries and wages	4,318,268	4,249,395
Retirement benefit obligations (note 14)	125,830	(81,387)
	<u>4,444,098</u>	<u>4,168,008</u>

24. COMMITMENTS

(a) *Capital commitments*

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

	THE GROUP AND THE COMPANY	
	2016 USD'000	2015 USD'000
Property and equipment	4,369	2,733

24. 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	
	2016	2015
	USD'000	USD'000
Not later than one year	199	202
Later than one year and not later than five years	796	807
Later than five years	13,003	13,575
	<u>13,998</u>	<u>14,584</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	
	2016	2015
	USD'000	USD'000
Not later than one year	361	382
Later than one year and not later than five years	1,444	1,529
Later than five years	31,759	33,644
	<u>33,564</u>	<u>35,555</u>

25. IMPACT OF DECONSOLIDATION

	Notes	USD
(a) On statement of financial position		
Property and equipment (NBV)	5	18,925
Intangible asset		7,277
Trade and other receivable	9	36,626
Deferred tax asset	13 (c)(i)/(ii)	534
Borrowings	12	(347,576)
Trade and accounts payable	15	(23,587)
Net liabilities		<u>(307,801)</u>
(b) On statement of profit or loss		<u>133,316</u>

26. DIVIDENDS

The Directors has proposed a final dividend amounting to USD 6.6m during year under review. USD 3.5m was paid in December 2016 and the remainder totaling USD 3.1 was paid in January 2017 (2015: Dividends proposed and paid amounted to USD 4.9m).

This resulted into a dividend per share of USD 3.321 (2015: USD 2,477)

27. NOTES TO THE CASH FLOW STATEMENTS

(a) Cash generated from operations

Notes	THE GROUP		THE COMPANY	
	2016 USD	2015 USD	2016 USD	2015 USD
Profit before taxation	Page 5 17,729,260	10,471,688	18,442,382	14,262,229

Adjustments for:

Depreciation on property and equipment	5 9(e)	22,241,616 -	22,185,216 432,448	17,601,151 (8,140)
Provision for credit impairment				
Profit on disposal of equipment				
Loss on asset written off	5	2,126,749	-	2,108,427
Unrealised foreign exchange losses				
Interest payable	20	386,444	10,289,196	386,444
	21	1,511,641	2,640,079	209,241
Charge/ (Credit) of retirement benefit obligation	14	125,830	(81,387)	125,830
Deconsolidation of subsidiary	25(a)	-	307,801	-
Impact of deconsolidation	25(b)	-	(133,316)	-
		44,121,540	46,103,585	38,873,475
				43,419,674

Changes in working capital

- (Increase) / decrease in inventories	(4,353,934)	10,982,707	(4,353,934)	10,982,707
- (Increase) / decrease in trade and other receivables	(3,954,725)	8,057,765	(3,954,725)	8,028,425
- Increase/ (decrease) in trade and other payables	21,475,371	(43,882,249)	21,592,112	(43,831,452)
Cash generated from operations	57,288,252	21,261,808	52,156,928	18,599,354

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2016 USD	2015 USD	2016 USD	2015 USD
Cash in hand	2,649	2,124	2,649	2,124
Bank balances	21,694,159	14,939,265	21,687,017	14,931,934

Cash in hand	2,649	2,124	2,649	2,124
Bank balances	21,694,159	14,939,265	21,687,017	14,931,934

Cash in hand	2,649	2,124	2,649	2,124
Bank balances	21,696,808	14,941,389	21,689,666	14,934,058

28. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Other related corporations		Directors	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Amount due to	16	17	-	-
Amount due from	5,654	820	-	-
Remuneration			139	144
Purchases of products and services	1,769	3,213	-	-
Sales	57,566	61,612	-	-

(b) THE COMPANY

	Subsidiary companies		Other related corporations		Directors	
	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000	2016 USD'000	2015 USD'000
Amount due to	-	-	16	17	-	-
Amount due from	69,112	54,624	5,654	820	-	-
Remuneration	-	-	-	-	139	144
Bareboat charter fees	6,056	6,029	-	-	-	-
Technical management fees	-	-	-	-	-	-
Purchases of goods and services	-	-	1,769	3,213	-	-
Sales	-	-	57,566	61,612	-	-

(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, 2016, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2015: 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.

28. RELATED PARTY TRANSACTIONS (CONT'D)

(e) *Key management personnel*

	THE GROUP AND THE COMPANY	
	2016	2015
Salaries & other benefits	327,274	303,125
Pension costs	6,545	4,547
	<u>333,819</u>	<u>307,672</u>

29. FIVE YEAR FINANCIAL SUMMARY

(a) THE GROUP

	2016	2015	2014	2013	2012
	USD'000	USD'000	USD'000	USD'000	USD'000
Net profit/(loss) for the year	9,178	5,575	(11,276)	(10,411)	(8,318)
Other comprehensive income / (expense)	21,966	2,887	3,161	(986)	(201)
Non-controlling interest	-	-	-	-	8
Impairment of equity instrument at fair value though other comprehensive income	-	(10,546)	-	-	-
Retained earnings brought forward	<u>66,435</u>	<u>73,473</u>	<u>81,588</u>	<u>92,985</u>	<u>101,496</u>
Profit available for distribution	<u>97,579</u>	<u>71,389</u>	<u>73,473</u>	<u>81,588</u>	<u>92,985</u>
Dividends	<u>(6,642)</u>	<u>(4,954)</u>	-	-	-
Retained earnings carried forward	<u>90,937</u>	<u>66,435</u>	<u>73,473</u>	<u>81,588</u>	<u>92,985</u>
 Capital & reserves					
Share capital	<u>8,595</u>	<u>8,595</u>	<u>8,595</u>	<u>8,595</u>	<u>8,595</u>
Other reserves	<u>275,028</u>	<u>265,922</u>	<u>245,253</u>	<u>243,349</u>	<u>235,162</u>
Retained earnings	<u>90,937</u>	<u>66,435</u>	<u>73,473</u>	<u>81,588</u>	<u>92,985</u>
Owners' interest	<u>374,560</u>	<u>340,952</u>	<u>327,321</u>	<u>333,532</u>	<u>336,742</u>
Non-controlling interest	-	-	(132)	(132)	(132)
Total equity	<u>374,560</u>	<u>340,952</u>	<u>327,189</u>	<u>333,400</u>	<u>336,610</u>

(b) THE COMPANY

	2016	2015	2014	2013	2012
	USD'000	USD'000	USD'000	USD'000	USD'000
Profit/(loss) for the year	9,891	9,365	(4,431)	(10,921)	(7,292)
Other comprehensive income/expense	20,852	178	-	-	-
Impairment of equity instrument at fair value though other comprehensive income	-	(10,546)	-	-	-
Retained earnings brought forward	<u>93,743</u>	<u>99,700</u>	<u>104,131</u>	<u>115,052</u>	<u>122,344</u>
Profit available for distribution	<u>124,486</u>	<u>98,697</u>	<u>99,700</u>	<u>104,131</u>	<u>115,052</u>
Dividends	<u>(6,642)</u>	<u>(4,954)</u>	-	-	-
Retained earnings carried forward	<u>117,844</u>	<u>93,743</u>	<u>99,700</u>	<u>104,131</u>	<u>115,052</u>
 Capital & reserves					
Share capital	<u>8,595</u>	<u>8,595</u>	<u>8,595</u>	<u>8,595</u>	<u>8,595</u>
Other reserves	<u>275,576</u>	<u>265,925</u>	<u>245,256</u>	<u>243,351</u>	<u>235,164</u>
Retained earnings	<u>117,844</u>	<u>93,743</u>	<u>99,700</u>	<u>104,131</u>	<u>115,052</u>
Total equity	<u>402,015</u>	<u>368,263</u>	<u>353,551</u>	<u>356,077</u>	<u>358,811</u>