

SEYCHELLES PIONEER LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

SEYCHELLES PIONEER LIMITED

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CORPORATE INFORMATION

DIRECTORS : S Fanny
F Joubert
B Jivan

SECRETARY : CW Support Limited
Bank Chambers
15-19 Athol Street,
Douglas
Isle of Man, IM1 1LB

REGISTERED OFFICE : Bank Chambers
15-19 Athol Street,
Douglas
Isle of Man, IM1 1LB

**PRINCIPAL PLACE OF
BUSINESS** : Seychelles Petroleum Company Limited
New Port, Mahé
Seychelles

AUDITORS : BDO Associates
Chartered Accountants
P O Box 18, Mahé
Seychelles

BANKER : KfW IPEX - Bank GmbH
Palmengartenstraße 5-9
60325 Frankfurt am Main
Germany

DIRECTORS' REPORT - DECEMBER 31, 2015

The Directors have pleasure in submitting their report on Seychelles Pioneer Limited together with the audited financial statements of the Company for the year ended December 31, 2015.

PRINCIPAL ACTIVITY

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

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

RESULTS	€
Profit for the year	159,130
Revenue deficit brought forward	(4,597,251)
Revenue deficit carried forward	<u>(4,438,121)</u>

DIVIDENDS

The Directors did not recommend the payment of any dividend for the year under review (2014: Nil).

EQUIPMENT

The Board is of the opinion that the fair value of the double hull tanker as at December 31, 2015 does not differ materially from its carrying amount at the end of the reporting period. During the year under review, the Directors have reviewed the useful life of the tanker and have estimated that it should be increased from 15 to 25 years. This policy has been applied effective January 1, 2015 prospectively.

DIRECTORS AND DIRECTORS' INTEREST

The Directors of the Company from the date of the last report and to-date are:

S Fanny
F Joubert
B Jivan

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

DIRECTORS' REPORT - DECEMBER 31, 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Company including the 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 Isle of Man Companies Acts, 1931 to 2004. 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.

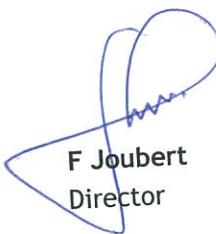
AUDITORS

The retiring auditors, BDO Associates, being eligible offer themselves for re-appointment.

BOARD APPROVAL



S Fanny
Director



F Joubert
Director



B Jiwan
Director

Date: 16 JUN 2016
Victoria, Seychelles

SEYCHELLES PIONEER LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of the Company, as a body, in terms of our engagement to conduct the audit on their behalf. Our audit work has been undertaken so that we might state to the members those matters which we are required to state to them in an 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of Seychelles Pioneer Limited set out on pages 4 to 19 which comprise the Statement of Financial Position as at December 31, 2015, the Statement of Profit or Loss, Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of significant accounting policies and explanatory notes.

Board's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

SEYCHELLES PIONEER LIMITED

3 (a)

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

In our opinion, the financial statements on pages 4 to 19 give a true and fair view of the financial position of the Company at December 31, 2015 and of its financial performance and its cash flows for the year then ended in compliance with International Financial Reporting Standards and in accordance with the provisions of the Isle of Man Companies Acts, 1931 to 2004.

Emphasis of matter*Going concern*

At December 31, 2015, the Company had owners' deficit and net current liabilities of € 4.4M (2014: € 4.6M) and €2.03M (2014: € 2.1M) respectively. The main shareholder has confirmed its continuous financial support to the Company and consequently the financial statements have been prepared on a going concern basis.

Our opinion is not qualified in this respect

Public Enterprise Monitoring Commission Act, 2013

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

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


BDO ASSOCIATES
Chartered Accountants

Date: 16 JUN 2016
Victoria, Seychelles

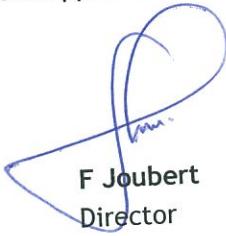
STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2015

	Notes	2015 €	2014 €
Non-current asset			
Equipment	5	<u>11,636,126</u>	<u>12,451,970</u>
Current asset			
Cash at bank		<u>1,852</u>	<u>1,850</u>
Total assets		<u>11,637,978</u>	<u>12,453,820</u>
EQUITY AND LIABILITIES			
Capital and reserves	6	2,662	2,662
Share capital		<u>(4,438,121)</u>	<u>(4,597,251)</u>
Revenue deficit		<u>(4,435,459)</u>	<u>(4,594,589)</u>
Owners' deficit			
LIABILITIES			
Non-current liability	7	<u>14,032,627</u>	<u>14,984,114</u>
Borrowings			
Current liabilities			
Other payables - accruals	7	44,644	68,129
Borrowings		<u>1,996,166</u>	<u>1,996,166</u>
		<u>2,040,810</u>	<u>2,064,295</u>
Total liabilities		<u>16,073,437</u>	<u>17,048,409</u>
Total equity and liabilities		<u>11,637,978</u>	<u>12,453,820</u>

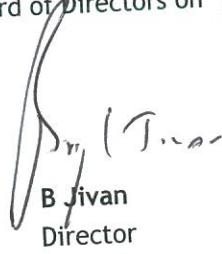
These financial statements have been approved for issue by the Board of Directors on 16 JUN 2016



S Fanny
Director



F Joubert
Director



B Jivan
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -YEAR ENDED DECEMBER 31,
2015

	Notes	2015 €	2014 €
Revenue	2(h)	1,231,915	2,490,723
Cost of sales	8	(815,844)	(2,366,088)
		416,071	124,635
Other income		-	48,034
Interest income		-	10
Administrative expenses	8	(39,237)	(31,457)
Profit from operations		376,834	141,222
Interest expense - borrowings		(217,704)	(334,011)
Profit/(Loss) and total comprehensive income/(loss) for the year	9	159,130	(192,789)

The notes on pages 8 to 19 form an integral part of these financial statements.
Auditors' report on pages 3 and 3(a).

STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2015

	Share Capital €	Revenue deficit €	Total €
At January 1, 2015	2,662	(4,597,251)	(4,594,589)
Total comprehensive income for the year	-	159,130	159,130
At December 31, 2015	<u>2,662</u>	<u>(4,438,121)</u>	<u>(4,435,459)</u>
At January 1, 2014	2,662	(4,404,462)	(4,401,800)
Total comprehensive loss for the year	-	(192,789)	(192,789)
At December 31, 2014	<u>2,662</u>	<u>(4,597,251)</u>	<u>(4,594,589)</u>

The notes on pages 8 to 19 form an integral part of these financial statements.
 Auditors' report on pages 3 and 3(a).

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2015

	Note	2015 €	2014 €
Cash generated from operations			
Profit/(Loss) for the year		159,130	(192,789)
<i>Adjustments for:</i>			
Interest expense		217,704	334,011
Interest income		-	(10)
Depreciation	5	815,844	2,366,088
		<u>1,192,678</u>	<u>2,507,300</u>
<i>Changes in working capital</i>			
- Other payables		(23,485)	(7,051)
		<u>1,169,193</u>	<u>2,500,249</u>
Interest received		-	10
Net cash inflow from operating activities		<u>1,169,193</u>	<u>2,500,259</u>
Cash flows from financing activities			
Interest paid		(217,704)	(334,011)
Repayment of borrowings		(951,487)	(2,166,238)
Net cash outflow from financing activities		<u>(1,169,191)</u>	<u>(2,500,249)</u>
Net increase in cash and cash equivalents		<u>2</u>	<u>10</u>
At January 1,		1,850	1,840
Increase		2	10
At December 31,		<u>1,852</u>	<u>1,850</u>

The notes on pages 8 to 19 form an integral part of these financial statements.
 Auditors' report on pages 3 and 3(a).

1. GENERAL INFORMATION

Seychelles Pioneer Limited is a limited liability company incorporated and domiciled in the Isle of Man. The Company rents its double hull tanker to its holding Company, (Seychelles Petroleum Company Limited), on a bareboat charter agreement for the transportation of chemicals and petroleum products. Its registered office is situated at Bank Chambers, 15-19 Athol Street, Douglas, Isle of Man IM1 1LB.

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. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of **Seychelles Pioneer Limited** comply with the Isle of Man Companies Acts, 1931 to 2004 and have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements are prepared under the historical cost convention, except that borrowings, loans and receivables and other financial assets and financial liabilities are carried at amortised cost.

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

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19) applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary.

Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. *The amendment has no impact on the Company's financial statements.*

Annual Improvements 2010-2012 Cycle

IFRS 2, 'Share based payments' amendment is amended to clarify the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'. *The amendment has no impact on the Company's financial statements.*

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

IFRS 3, 'Business combinations' is amended to clarify that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or equity, on the basis of the definitions in IAS 32, 'Financial instruments: Presentation'. It also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in value recognised in profit and loss. *The amendment has no impact on the Company's financial statements.*

IFRS 8, 'Operating segments' is amended to require disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported. *The amendment has no impact on the Company's financial statements.*

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

IAS 24, 'Related party disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity (the 'management entity'). Disclosure of the amounts charged to the reporting entity is required. *The amendment has no impact on the Company's financial statements.*

IAS 38, 'Intangible Assets' is amended to require an entity to take into account accumulated impairment losses when adjusting the amortisation on revaluation. *The amendment has no impact on the Company's financial statements*

Annual Improvements 2011-2013 Cycle

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

IFRS 3, 'Business combinations' is amended to clarify that IFRS 3 does not apply to the accounting for the formation of any joint venture under IFRS 11. *The amendment has no impact on the Company's financial statements.*

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(a) Basis of preparation (Cont'd)**

Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

Annual Improvements 2011-2013 Cycle (Cont'd)

IFRS 13, 'Fair value measurement' is amended to clarify that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9. The amendment has no impact on the Company's financial statements.

IAS 40, 'Investment property' is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. IAS 40 assists users to distinguish between investment property and owner-occupied property. Preparers also need to consider the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The amendment has no impact on the Company'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 1 January 2016 or later periods, but which the Company has not early adopted

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

IFRS 9 Financial Instruments

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

IFRS 14 Regulatory Deferral Accounts

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

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 15 Revenue from Contract with Customers)

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

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

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

Annual Improvements to IFRSs 2012-2014 Cycle

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) Disclosure Initiative (Amendments to IAS 1)

(b) Equipment

Equipment is stated at historical cost less accumulated 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 Company and the cost of the item can be measured reliably.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Equipment (Cont'd)

Depreciation is calculated on the straight line method to write off the cost of the asset, to its residual value over its estimated useful life as follows:

	2015	2014
Double hull tanker	25 years	15 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 equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

(c) Financial instruments

Financial assets and liabilities are recognised on the Company's statement of financial position when the Company has become a party to the contractual provisions of the instrument. The Company's accounting policies in respect of the main financial instruments are set out below.

(i) Borrowings

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

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption 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 Company has an unconditional right to defer settlement of the liability for at least twelve months after the date of the reporting period.

(ii) Other payables

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

(iii) Share capital

Ordinary shares are classified as equity.

(d) Foreign currencies

Functional and presentation currency

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of profit or loss.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the 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.

(e) Deferred income 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.

(f) 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).

(g) Operating leases - Company is the lessor

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2015

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(h) Revenue recognition

Revenue represents rental income from the lease of the Company's double hull tanker. Rental income is recognised on a straight line basis over the lease term.

(i) Provisions

Provisions are recognised when the Company has a present or constructive obligation as a result of past events and 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 company's activity exposes it to a variety of financial risks, including:

- Liquidity risk;
- Interest rate risk; and
- Credit risk

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

(i) Liquidity risk

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

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

	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000	Total €'000
At December 31, 2015					
Bank borrowings	2,495	1,497	-	-	3,992
Borrowings from shareholders	-	-	-	12,036	12,036
Other payables	45	-	-	-	45
At December 31, 2014					
Bank borrowings	1,996	2,495	1,497	-	5,988
Borrowings from shareholders	-	-	-	10,992	10,992
Other payables	68	-	-	-	68

3. FINANCIAL RISK MANAGEMENT (CONT'D)**3.1 Financial Risk Factors (Cont'd)****(ii) Interest rate risk**

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

At December 31, 2015, 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 Euro '000 22 (2014: Euro'000 33) due to impact on interest expense on loans.

(iii) Credit risk

The Company is not exposed to credit risk since its only customer is its Holding Company which is financially sound.

3.2 Fair value estimation

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

3.3 Capital Risk Management

The Company's objective when managing capital is 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.

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

The Company monitors capital on the basis of the gearing ratio which is the net debt divided by total capital plus debt. Net debt is calculated as total debts (as shown in the statement of financial position) less cash at bank.

During 2015, the Company's strategy, which was unchanged from 2014, was to maintain the gearing ratio at a reasonable level in order to secure access to finance at a reasonable cost.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital Risk Management (Cont'd)

The net debt at December 31, 2015 and at December 31, 2014 were as follows:

	THE COMPANY	
	2015	2014
	€'000	€'000
Total debt	16,028	16,980
Less: cash and cash equivalents	(2)	(2)
Net debt	<u>16,026</u>	<u>16,978</u>
 Total capital	 3	 3
Net debt	16,026	16,978
Total capital plus debt	<u>16,029</u>	<u>16,981</u>
 Gearing ratio	 100%	 100%

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, in the financial statements, there are no 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.

(a) *Equipment*

Useful lives and residual values

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

(b) *Functional Currency*

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

5. EQUIPMENT

	Double hull tanker	
	2015	2014
	€	€
<u>Cost</u>		
At January 1, and at December 31,	<u>35,491,332</u>	<u>35,491,332</u>
<u>Accumulated depreciation</u>		
At January 1,	23,039,362	20,673,274
Charge for the year	815,844	2,366,088
At December 31,	<u>23,855,206</u>	<u>23,039,362</u>
Net book value	<u>11,636,126</u>	<u>12,451,970</u>

(a) Depreciation has been fully charged to cost of sales.

(b) The double hull tanker has been pledged as security for bank borrowings.

6. SHARE CAPITAL

	2015 & 2014
	€
Authorised, issued and fully paid up	
- 2,000 ordinary shares of 1 UK Pound (£) each	<u>2,662</u>

7. BORROWINGS

	2015	2014
	€	€
Non current		
- Bank loan (notes 7(a),(b),(f) & (g))	1,996,174	3,992,340
- Amount payable to shareholder (note 7(c))	<u>12,036,453</u>	<u>10,991,774</u>
	<u>14,032,627</u>	<u>14,984,114</u>
Current		
- Bank loan (notes 7(a),(b),(f) & (g))	<u>1,996,166</u>	<u>1,996,166</u>
Total borrowings	<u>16,028,793</u>	<u>16,980,280</u>

(a) The bank loan is secured on the double hull tanker of the Company. The effective interest rates at the end of the reporting period was 5.02% (2014: 5.02%).

(b) The maturity of the non-current bank loan is as follows:

	2015	2014
	€	€
After one year and before two years	1,497,132	2,495,208
After two years and before five years	-	1,497,132
	<u>1,497,132</u>	<u>3,992,340</u>

(c) The amount payable to shareholder is unsecured, non-interest bearing and has no fixed repayment

(d) The carrying amounts of borrowings are not materially different from their amortised cost.

7. BORROWINGS (CONT'D)

- (e) The carrying amounts of the Company's borrowings are denominated in Euros.
- (f) Bank loan comprise loan from KfW IPEX Bank GmbH. Installments repayable for some of the loans from KfW IPEX Bank GmbH were re-negotiated and rescheduled in the previous period.
- (g) Bank loan installment is repayable twice yearly in April and October.
- (h) Exposures of borrowings to interest rate risk and maturity profile are disclosed in notes 3.1(ii) and (i) respectively.

8. EXPENSES BY NATURE

	2015	2014
	€	€
Depreciation	815,844	2,366,088
Legal and professional fees	22,607	-
Insurance	1,443	28,957
Other expenses	15,187	2,500
	<u>855,081</u>	<u>2,397,545</u>
Analysed as:		
- Cost of sales	815,844	2,366,088
- Administrative expenses	39,237	31,457
	<u>855,081</u>	<u>2,397,545</u>

9. LOSS FOR THE YEAR

	2015	2014
	€	€
Loss for the year is arrived at after:		
Crediting:		
Rental income	1,231,915	2,490,723
Interest income	-	10
and (charging):		
Depreciation on equipment - owned	(815,844)	(2,366,088)
Auditor's remuneration	(2,500)	(2,500)
Directors' remuneration	-	-
Interest expense	<u>(217,704)</u>	<u>(334,011)</u>

10. TAXATION

No provision is required for the current year as the Company does not have any taxable income as per the provisions of the Isle of Man Income Tax Act, 1970 (2014: Nil).

11. COMMITMENTS**(a) Capital commitment**

There was no capital commitment as at December 31, 2015 (2014: Nil).

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

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

	2015	2014
	€	€
Not later than one year	1,231,915	2,532,927
Later than one year and not later than five years	4,927,661	3,250,567
	<u>6,159,576</u>	<u>5,783,494</u>

12. RELATED PARTY TRANSACTIONS**(a) Holding Company**

	2015	2014
	€	€
Amount payable to	12,036,453	10,991,774
Rental income	<u>1,231,915</u>	<u>2,490,723</u>

- (b) The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.
- (c) Outstanding balances at the year-end are unsecured and interest free. There has been no guarantees provided for any related party payables.
- (d) There is no key management personnel at Company's level.

13. FIVE YEAR FINANCIAL SUMMARY

	2015 €'000	2014 €'000	2013 €'000	2012 €'000	2011 €'000
Profit/(Loss) for the year	159	(193)	(313)	(225)	(496)
Revenue deficit brought forward	(4,597)	(4,404)	(4,092)	(3,867)	(3,371)
Revenue deficit carried forward	<u>(4,438)</u>	<u>(4,597)</u>	<u>(4,405)</u>	<u>(4,092)</u>	<u>(3,867)</u>
OWNERS' DEFICIT:					
Share capital	3	3	3	3	3
Revenue deficit	(4,438)	(4,597)	(4,405)	(4,092)	(3,867)
	<u>(4,435)</u>	<u>(4,594)</u>	<u>(4,402)</u>	<u>(4,089)</u>	<u>(3,864)</u>

14. HOLDING COMPANY

The Company considers Seychelles Petroleum Company Limited as its Holding Company and Societe Seychelloise D'investissement Limited (SSI) as the Ultimate Holding Company, a company incorporated and domiciled in Seychelles.