

**SEYCHELLES PATRIOT LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2017**

**SEYCHELLES PATRIOT LIMITED**

**TABLE OF CONTENTS - DECEMBER 31, 2017**

---

	<b>PAGES</b>
<b>Corporate Information</b>	<b>1</b>
<b>Directors' Report</b>	<b>2 - 2(a)</b>
<b>Auditors' Report</b>	<b>3 - 3(b)</b>
<b>Statement of Financial Position</b>	<b>4</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>	<b>5</b>
<b>Statement of Changes in Equity</b>	<b>6</b>
<b>Statement of Cash Flows</b>	<b>7</b>
<b>Notes to the Financial Statements</b>	<b>8 - 19</b>

**SEYCHELLES PATRIOT LIMITED**

1

**CORPORATE INFORMATION**

---

**DIRECTORS** : S Fanny (Chairperson)  
B Jivan  
F Joubert

**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

The Directors have pleasure in submitting their report on Seychelles Patriot Limited together with the audited financial statements of the Company for the year ended December 31, 2017.

**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	203,511
Revenue deficit brought forward	(9,505,179)
Revenue deficit carried forward	<u><u>(9,301,668)</u></u>

**DIVIDENDS**

The Directors did not recommend the payment of any dividend for the year under review (2016: Nil).

**EQUIPMENT**

The Board is of the opinion that the fair value of the double hull tanker as at December 31, 2017 does not differ materially from its carrying amount at the end of the reporting period.

**DIRECTORS AND DIRECTORS' INTEREST:** S Fanny (Chairperson)  
B Jivan  
F Joubert

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

SEYCHELLES PATRIOT LIMITED

2 (a)

DIRECTORS' REPORT - DECEMBER 31, 2017

---

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



B Jivan  
Director



F Joubert  
Director

Date: 18 DEC 2018  
Victoria, Seychelles

## SEYCHELLES PATRIOT LIMITED

3

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of **SEYCHELLES PATRIOT LIMITED** (the "Company"), as a body, in accordance with the provisions of the Isle of Man Companies Acts, 1931 to 2004. 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 Company's financial statements on pages 4 to 19 which comprise the Statement of Financial Position as at December 31, 2017, 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 19 give a true and fair view of the financial position of the Company as at December 31, 2017 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in accordance with the provisions of the Isle of Man Companies Acts, 1931 to 2004.

##### 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 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.

##### Emphasis of matter

##### Going concern

The Company had shareholders' deficit of € 9.3m (2016: € 9.5m). 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*

#### 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 provisions of the Isle of Man Companies Acts, 1931 to 2004 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 PATRIOT LIMITED**

3(a)

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

In preparing the financial statements, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing 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 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 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 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 PATRIOT LIMITED

3(b)

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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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**

*The provisions of the Isle of Man Companies Acts*

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

*Public Enterprise Monitoring Commission Act, 2013*

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

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

Dated: 18 DEC 2018  
Victoria, Seychelles

**BDO Associates**  
BDO ASSOCIATES  
Chartered Accountants

## SEYCHELLES PATRIOT LIMITED

4

## STATEMENT OF FINANCIAL POSITION - DECEMBER 31, 2017

	Notes	2017 €	2016 €
<b>ASSETS</b>			
<b>Non-current asset</b>			
Equipment	5	<u>19,179,953</u>	<u>20,453,309</u>
<b>Current asset</b>			
Cash at bank		<u>2,752</u>	<u>2,752</u>
<b>Total assets</b>		<u>19,182,705</u>	<u>20,456,061</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	6	2,900	2,900
Revenue deficit		<u>(9,301,668)</u>	<u>(9,505,179)</u>
Owners' deficit		<u>(9,298,768)</u>	<u>(9,502,279)</u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Borrowings	7	<u>28,478,973</u>	<u>10,652,467</u>
<b>Current liabilities</b>			
Other payables		2,500	216,054
Borrowings	7	<u>-</u>	<u>19,089,819</u>
		<u>2,500</u>	<u>19,305,873</u>
<b>Total liabilities</b>		<u>28,481,473</u>	<u>29,958,340</u>
<b>Total equity and liabilities</b>		<u>19,182,705</u>	<u>20,456,061</u>

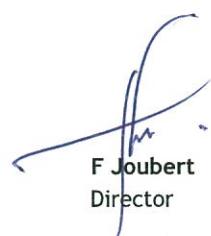
These financial statements have been approved for issue by the Board of Directors on 18 DEC 2018



S Fanny  
Director



B Jivan  
Director



F Joubert  
Director

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

SEYCHELLES PATRIOT LIMITED

5

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME -YEAR ENDED DECEMBER 31,  
2017

	Notes	2017	2016
		€	€
Revenue	2(h)	1,493,608	1,510,503
Cost of sales	8	<u>(1,273,356)</u>	<u>(1,273,356)</u>
		220,252	237,147
Other income		-	4,286
Administrative expenses	8	(27,501)	(4,040)
Net foreign exchange gains/(losses)		<u>77,737</u>	<u>(687,432)</u>
Profit/(loss) from operations		270,488	(450,039)
Interest expense - borrowings		<u>(66,977)</u>	<u>(522,073)</u>
Profit/(loss) and total comprehensive income/(expense) for the year	9	<u>203,511</u>	<u>(972,112)</u>

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

**SEYCHELLES PATRIOT LIMITED**

6

**STATEMENT OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2017**

	Share Capital €	Revenue deficit €	Total €
<b>At January 1, 2017</b>	<b>2,900</b>	<b>(9,505,179)</b>	<b>(9,502,279)</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>203,511</b>	<b>203,511</b>
<b>At December 31, 2017</b>	<b>2,900</b>	<b>(9,301,668)</b>	<b>(9,298,768)</b>
<b>At January 1, 2016</b>	<b>2,900</b>	<b>(8,533,067)</b>	<b>(8,530,167)</b>
<b>Total comprehensive expense for the year</b>	<b>-</b>	<b>(972,112)</b>	<b>(972,112)</b>
<b>At December 31, 2016</b>	<b>2,900</b>	<b>(9,505,179)</b>	<b>(9,502,279)</b>

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

## SEYCHELLES PATRIOT LIMITED

7

## STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2017

	Notes	2017 €	2016 €
<b>Cash generated from operations</b>			
Profit/(Loss) for the year		203,511	(972,112)
<i>Adjustments for:</i>			
Interest expense		66,977	522,073
Depreciation	5	1,273,356	1,273,356
		1,543,844	823,317
<i>Changes in working capital</i>			
- (Decrease)/increase in other payables		(213,554)	47,965
<b>Net cash inflow from operating activities</b>		<b>1,330,290</b>	<b>871,282</b>
<b>Cash flows from financing activities</b>			
Interest paid		(66,977)	(522,073)
Received from Shareholder	7(a)	18,527,054	-
Repayment of borrowings	7(a),(b)	(19,790,367)	(349,106)
<b>Net cash outflow from financing activities</b>		<b>(1,330,290)</b>	<b>(871,179)</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>103</b>
At January 1,		2,752	2,649
Increase		-	103
<b>At December 31,</b>		<b>2,752</b>	<b>2,752</b>

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

---

**1. GENERAL INFORMATION**

**Seychelles Patriot 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 Patriot 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.

***Amendments to published Standards effective in the reporting period***

Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12). The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. *The amendment has no impact on the Company's financial statements.*

Disclosure Initiative (Amendments to IAS 7). The amendments require the entity to explain changes in its liabilities arising from financing activities. This includes changes arising from cash flows and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences. A reconciliation of the opening and closing carrying amounts for each item for which cash flows have been or would be classified as financial activities is presented in the financial statements. *The amendment has no impact on the Company's financial statements.*

***Annual Improvements to IFRSs 2014 - 2016 cycle***

IFRS 12 Disclosure of Interests in other Entities. The amendments clarify that entities are not exempt from all of the disclosure requirements in IFRS 12 when entities have been classified as held for sale or as discontinued operations. *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***

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2018 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;

IFRS 15 Revenue from Contracts 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;

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);

IFRS 17 Insurance Contracts;

IFRIC 23 Uncertainty over Income Tax Treatments;

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

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

Annual Improvements to IFRSs 2015-2017 Cycle.

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

**(b) Equipment**

Equipment is initially stated at cost. Subsequent to initial recognition, equipment is stated at historical cost less accumulated depreciation. 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.

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:

Double hull tanker	25 years
--------------------	----------

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****Standards, Amendments to published Standards and Interpretations issued but not yet effective  
(Cont'd)****(b) Equipment (Cont'd)**

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

**(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.

**2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)****(d) Foreign currencies****(i) 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.

**(ii) Transactions and balances**

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

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

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.

**(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:

- Currency risk;
- 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) Currency risk**

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollars.

If the Euro had weakened/strengthened against the US Dollar by ±5% with all other variables remaining constant, the impact on the results for the year would have been ±€ 1,423,949 (2016: ±€ 1,487,114) mainly as a result of foreign exchange losses/gains on translation of US dollar denominated borrowings.

**3. FINANCIAL RISK MANAGEMENT (CONT'D)****3.1 Financial Risk Factors (Cont'd)****(ii) 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	No fixed repayment term €'000	Total €'000
<b>At December 31, 2017</b>						
Borrowing from shareholder	-	-	-	-	28,479	28,479
Other payables	3	-	-	-	-	3
<b>At December 31, 2016</b>						
Bank borrowings	19,090	-	-	-	-	19,090
Borrowing from shareholder	-	-	-	-	10,652	10,652
Other payables	216	-	-	-	-	216

**(iii) 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, 2017, 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 67 (2016: Euro'000 52) due to impact on interest expense on loans.

**(iv) Credit risk**

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

**3. FINANCIAL RISK MANAGEMENT (CONT'D)****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 2017, the Company's strategy, which was unchanged from 2016, was to maintain the gearing ratio at a reasonable level in order to secure access to finance at a reasonable cost.

### 3.3 Capital Risk Management (Cont'd)

The net debt at December 31, 2017 and at December 31, 2016 were as follows:

	2017	2016
	€'000	€'000
Total debt	28,479	29,742
Less: cash and cash equivalents	(3)	(3)
<b>Net debt</b>	<b>28,476</b>	<b>29,739</b>
 Total capital	 3	 3
Net debt	28,476	29,739
<b>Total capital plus debt</b>	<b>28,479</b>	<b>29,742</b>
 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. 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) 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 its tanker.

##### (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	
	2017	2016
	€	€
<u>Cost</u>		
At January 1, and At December 31,	42,790,789	42,790,789
<u>Accumulated depreciation</u>		
At January 1,	22,337,480	21,064,124
Charge for the year (notes 8 & 9)	1,273,356	1,273,356
At December 31,	23,610,836	22,337,480
Net book value	19,179,953	20,453,309

- (a) Depreciation has been fully charged to cost of sales.
- (b) The double hull tanker was pledged as security for bank borrowing. Bank borrowing was fully repaid during the year.

## 6. SHARE CAPITAL

	2017 & 2016
	€
Authorised, issued and fully paid up	
- 2,000 ordinary shares of 1 UK Pound (£) each	2,900

## 7. BORROWINGS

## (a) Amount payable to shareholders

	2017	2016
	€	€
At January 1,	10,652,467	29,401,730
Repayment during the year	(700,548)	(18,749,263)
Received during the year	18,527,054	-
At December 31,	28,478,973	10,652,467

## (b) Bank loan

	2017	2016
	€	€
At January 1,	19,089,819	19,193,856
Repayment during the year	(19,089,819)	(104,037)
Total borrowings	-	19,089,819

- (i) The bank loan was secured on the double hull tanker of the Company. The effective interest rates at the end of the prior year period was 3.05%. The bank loan was fully repaid during the year under review.
- (ii) The amount payable to shareholder is unsecured, non-interest bearing and has no fixed repayment term. The Directors have estimated that this should be recognised as a non-current liability.
- (iii) The carrying amounts of borrowings are not materially different from their amortised cost.
- (iv) The carrying amount of the Company's borrowings are denominated in US Dollars.

## NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2017

(v) Exposures of borrowings to interest rate risk and maturity profile are disclosed in notes 3.1(iii) and (ii) respectively.

## 8. EXPENSES BY NATURE

	2017	2016
	€	€
Depreciation	1,273,356	1,273,356
Legal and professional fees	11,623	1,560
Other expenses	15,878	2,480
	<b>1,300,857</b>	<b>1,277,396</b>

## Analysed as:

- Cost of sales	1,273,356	1,273,356
- Administrative expenses	27,501	4,040
	<b>1,300,857</b>	<b>1,277,396</b>

## 9. PROFIT/LOSS FOR THE YEAR

	2017	2016
	€	€
Profit/loss for the year is arrived at after:		
Crediting:		
Rental income	1,493,608	1,510,503
and (charging):		
Depreciation on equipment - owned	(1,273,356)	(1,273,356)
Auditor's remuneration	(2,500)	(2,500)
Directors' remuneration	-	-
Interest expense	<b>(66,977)</b>	<b>(522,073)</b>

## 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 (2016: Nil). The Company has € 4,645,001 (€ 4,848,512) of unutilised tax losses to use against future taxable income.

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

There was no capital commitment as at December 31, 2017 (2016: 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:

	2017	2016
	€	€
Not later than one year	1,493,608	1,510,503
Later than one year and not later than five years	5,974,432	6,042,012
Later than five years	<u>1,493,608</u>	<u>1,510,503</u>
	<u>8,961,648</u>	<u>9,063,018</u>

**12. RELATED PARTY TRANSACTIONS**

	2017	2016
	€	€
(a) <u>Holding company</u>		
Amount payable to shareholders (note 7)	28,478,973	10,652,467
Rental income	<u>1,493,608</u>	<u>1,510,503</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. 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, both Companies are incorporated and domiciled in Seychelles.

**14. FIVE YEAR FINANCIAL SUMMARY**

	2017 €'000	2016 €'000	2015 €'000	2014 €'000	2013 €'000
Profit/(loss) for the year	204	(972)	(2,062)	(2,417)	560
Revenue deficit brought forward	<u>(9,505)</u>	<u>(8,533)</u>	<u>(6,471)</u>	<u>(4,054)</u>	<u>(4,614)</u>
<b>Revenue deficit carried forward</b>	<b><u>(9,302)</u></b>	<b><u>(9,505)</u></b>	<b><u>(8,533)</u></b>	<b><u>(6,471)</u></b>	<b><u>(4,054)</u></b>
<b>OWNERS' DEFICIT:</b>					
Share capital	3	3	3	3	3
Revenue deficit	<u>(9,302)</u>	<u>(9,505)</u>	<u>(8,533)</u>	<u>(6,471)</u>	<u>(4,054)</u>
	<b><u>(9,299)</u></b>	<b><u>(9,502)</u></b>	<b><u>(8,530)</u></b>	<b><u>(6,468)</u></b>	<b><u>(4,051)</u></b>