YUGEN LIMITED

FINANCIAL STATEMENTS
Year ended 31 December 2019

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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Constantinos Karachalios (Resigned 4/10/2019) Robertos Karahannas (Resigned 4/10/2019) Marios Lytras Theodora Papadimitriou Christos Tziolas Georgiou Georgios (Appointed 4/10/2019) Agathou Maria (Appointed 4/10/2019)
Company Secretary	POL Secretarial Limited Metochiou, 37 Agios Andreas, 1101, Nicosia, Cyprus
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower 6 Stasinou Avenue PO Box 21656 1511 Nicosia, Cyprus
Registered office	Metochiou, 37 Agios Andreas, 1101, Nicosia, Cyprus
Registration number	HE378891

MANAGEMENT REPORT

The Board of Directors of Yugen Limited (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2019.

Principal activities and nature of operations of the Company
The principal activities of the Company, which are unchanged from last year, are the management and operation of its fuel terminal at the Vassiliko area, that is currently under construction for the provision of storage and handling services to Fuel Marketing Entities.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory as this is the second year of operations and the fuel terminal is currently under construction.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Results
The Company's results for the year are set out on page 7. The net loss for the year attributable to the shareholders of the Company amounted to €247.718 (2018: €11.754). On 31 December 2019 the total assets of the Company were €29.486.537 (2018: €1.128.916) and the net assets of the Company were €24.241.528 (2018: €10.754).

Dividends
The Company did not have any distributable profits as at 31 December 2019, thus the Board of Directors cannot recommend the payment of a dividend.

Share capital

Authorised capital
On incorporation date the Company’s authorised share capital was fixed under its Memorandum of Association at 1.000 ordinary shares at nominal value €1 each. On 18 January 2019, the Company increased the authorised share capital from 1.000 to 10.000 ordinary shares of nominal value of €1 each. On 8 May 2019, the Company further increased the authorised share capital to 100.000 ordinary shares of nominal value of €1 each.

Issued capital
During 2019, the Company's issued share capital increased from 1.000 to 50.000 ordinary shares by issuing 49.000 additional ordinary shares of nominal value of €1 each at a premium of €499 per share as follows:
- On 18 January 2019 by issuing 8.000 additional ordinary shares
- On 8 May 2019 by issuing 3.600 additional ordinary shares
- On 30 May 2019 by issuing 8.000 additional ordinary shares
- On 5 September 2019 by issuing 11.400 additional ordinary shares
- On 4 December 2019 by issuing 18.000 additional ordinary shares

During 2020, the Company’s issued share capital increased from 50.000 to 64.000 ordinary shares by issuing 14.000 additional ordinary shares of nominal value of €1 each at a premium of €499 per share.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2019 and at the date of this report are presented on page 1. During 2019, Karahannas Robertos and Karachalios Konstantinos resigned from the Board of Directors and Georgiou Georgios and Agathou Maria were appointed in their place.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 21 to the financial statements.

MANAGEMENT REPORT

Independent Auditors
The independent auditors, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Marios Lytras
Director

Nicosia, ... 2020

Independent Auditor's Report

To the Members of Yugen Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Yugen Limited (the ''Company''), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is 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 scepticism 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 the Board of Directors.
- Conclude on the appropriateness of the Board 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 a true and fair view.

We communicate with the Board of Directors 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 Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, ... 2020

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	Note	**2019** **€**	2018 €
Administration expenses	8	**(144.057)**	(11.754)
Operating loss		**(144.057)**	(11.754)
Finance income	9	**1.054**	-
Finance costs	9	**(104.715)**	-
Loss before tax		**(247.718)**	(11.754)
Tax	10	**-**	-
Net loss for the year		**(247.718)**	(11.754)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(247.718)**	(11.754)

The notes on pages 11 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2019

	Note	2019 €	2018 €
ASSETS			
Non-current assets			
Property, plant and equipment -assets under construction	11	**24.316.991**	1.024.800
Right-of-use assets	12	**1.572.785**	-
		25.889.776	1.024.800
Current assets			
Other Receivables	13	**1.552**	103.116
Receivables from related parties	18	**-**	1.000
Cash at bank	14	**3.595.209**	-
		3.596.761	104.116
Total assets		**29.486.537**	1.128.916
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**50.000**	1.000
Share premium	15	**24.451.000**	-
Accumulated losses		**(259.472)**	(11.754)
Total equity		**24.241.528**	(10.754)
Non-current liabilities			
Lease liabilities	16	**1.307.497**	-
		1.307.497	-
Current liabilities			
Other payables	17	**3.714.873**	2.380
Payables to related companies	18	**26.700**	1.137.290
Lease liabilities	16	**195.939**	-
		3.937.512	1.139.670
Total liabilities		**5.245.009**	1.139.670
Total equity and liabilities		**29.486.537**	1.128.916

On .... 2020 the Board of Directors of Yugen Limited authorised these financial statements for issue.

....	....
Georgiou Georgios (Appointed 4/10/2019)	Marios Lytras
Director	Director

The notes on pages 11 to 25 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2019

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Comprehensive income					
Net loss for the year		-	-	(11.754)	(11.754)
Issue of share capital	15	1.000	-	-	1.000
Balance at 31 December 2018/ 1 January 2019		**1.000**	**-**	**(11.754)**	**(10.754)**
Net loss for the year		-	-	(247.718)	(247.718)
Issue of share capital	15	49.000	24.451.000	-	24.500.000
Balance at 31 December 2019		**50.000**	**24.451.000**	**(259.472)**	**24.241.528**

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

CASH FLOW STATEMENT
Year ended 31 December 2019

	Note	2019 €	2018 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(247.718)**	(11.754)
Adjustments for:			
Depreciation of Right of use assets	12	**49.150**	-
Unrealised exchange profit	9	**(1.054)**	-
Interest expense - lease liability	9	**97.107**	-
		(102.515)	(11.754)
Changes in working capital:			
Increase in other receivables		**(1.552)**	-
Decrease in receivables from related parties		**1.000**	-
Increase in other payables		**3.712.493**	2.380
(Decrease)/increase in payables to related companies		**(1.110.590)**	9.374
Cash generated from operations		**2.498.836**	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	11	**(23.292.191)**	-
Net cash used in investing activities		**(23.292.191)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**24.500.000**	-
Repayments of Lease liabilities		**(112.490)**	-
Unrealised exchange profit		**1.054**	-
Net cash generated from financing activities		**24.388.564**	-
Net increase in cash and cash equivalents		**3.595.209**	-
Cash and cash equivalents at beginning of the year		**-**	-
Cash and cash equivalents at end of the year	14	**3.595.209**	-

The notes on pages 11 to 25 form an integral part of these financial statements.

1. Corporate information

Country of incorporation

The Company Yugen Limited (the ''Company'') was incorporated in Cyprus on 18 January 2018 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Metochiou, 37, Agios Andreas, 1101, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the management and operation of its fuel terminal at the Vassiliko area, that is currently under construction for the provision of storage and handling services to Fuel Marketing Entities.

Operating Environment

On 11 March 2020, the World Health Organization declared the Coronavirus COVID-19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time – more information on post balance sheet event note 21.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2019. This adoption did not have a material effect on the accounting policies of the Company except for the adoption of IFRS 16 which is analysed below.

The accounting principles and calculations used in the preparation of the Company's financial statements are consistent with those applied in the preparation of the Company's financial statements for the year ended 31 December 2018 and have been consistently applied in all periods presented in this report except for the following IFRS which have been adopted by the Company as of 1 January 2019. The Company applied for the first time, IFRS 16 (Leases) and disclosed below, as required by IAS8, the nature and effect of these changes. Several other amendments and interpretations were applied for the first time in 2019 but do not have a significant impact on the financial statements of the Company for the year ended 31 December 2019.

3. Adoption of new or revised standards and interpretations (continued)

IFRS 16 "Leases"

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating Leases Incentives and SIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on balance sheet model.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The comparative figures have not been restated. The Company applied the practical expedient to grandfather the definition of a lease on transition. This means that it applied IFRS 16 to all contracts entered into before 1 January 2019 that were identified as leases in accordance with IAS 17 and IFRIC 4. Furthermore, the Company elected to use the recognition exemptions proposed by the standard for lease contracts that, at the commencement date have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which, the underlying asset is of low value ("low value assets"). Finally, the Company decided to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with similar remaining lease term for similar class of underlying assets in a similar economic environment).

The following table summarized the impact of adoption of the new standard each individual line item of statement of financial position. Line items that were not affected by the changes have not been included. As a result, the sub totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

(a) Impact on the statement of financial position

	Balance at 31 December 2018 as previously presented	Reclassifications	Effect of adoption of IFRS 16	1 January 2019 under IFRS 16
	€	€	€	€
Right-of-use assets (Note 12)	-	103.116	1.518.819	1.621.935
Prepayments (Note 13)	103.116	(103.116)	-	-
Lease liability (Note 16)	-	-	(1.518.819)	(1.518.819)
Retained earnings	(11.754)	-	-	(11.754)

The lease liabilities as at 1 January 2019 are equal to the operating lease commitments as disclosed in prior year's financial statements as at 31 December 2018 of €1.518.819, as these were shown discounted in the financial statements for the year ended 31 December 2018.

Nature of the effect of adoption of IFRS 16

The Company has one lease contract for the land at Vasiliko area for the construction of the Fuels Terminal. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Company; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized, and the lease payments were recognized as rent expense in profit or loss on a straight line basis over the lease term. The Company's lease contract for the land at Vasiliko was accounted for as an operating lease up to 31 December 2018.

The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

3. Adoption of new or revised standards and interpretations (continued)

-Leases previously accounted for as operating leases

The Company recognized right of use assets and lease liabilities for those leases previously classified as operating leases. The right of use assets were recognized as equal to the lease liability, adjusted by the amount of any prepaid lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients whereby it:

-Relied on its assessment of whether leases are onerous immediately before the date of initial application

-Excluded the initial direct costs from the measurement of the right of use asset at the date of initial application

-Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

(b) Impact on the statement of comprehensive income for the year ended 31 December 2019

	€
Decrease in operating expenses	**(112.490)**
Depreciation expense for right of use assets (Note 12)	49.150
Interest expense on lease liabilities (Note 9)	97.107
Total cost of leases in scope of IFRS 16	**146.257**
Decrease in net income before tax	**33.767**

4. Summary of significant 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 years presented in these financial statements unless otherwise stated.

Foreign currency translation

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

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at 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 profit or loss.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

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. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. Summary of significant accounting policies (continued)

Leases (IAS 17 applicable up to 31 December 2018)

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Company as lessee

Leases of property plant and equipment, where the Company has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in "Borrowings". The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. Leases where the lessor retains substantially a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Company as lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the balance sheet based on their nature.

As from 1 January 2019 this accounting policy has been updated based on the new IFRS 16, as described above.

Right-of-use assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are subject to impairment. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

- **Lease of Vasiliko Land:** **33 years**

4. Summary of significant accounting policies (continued)

Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The result of this re-measurement is disclosed in a line of the right-of-use assets note as modifications.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below five thousand Euros). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under its lease to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (as a change in business strategy).

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or 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 asset's carrying amount 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). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cashflows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

• Financial assets at fair value through profit or loss

• Financial assets at amortised cost (debt instruments)

• Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives are also categorised as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the end of the reporting period, otherwise they are classified as non-current. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

(b) Financial assets at amortised cost

The Company measures financial assets at amortised cost if both of the following conditions are met: a) the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

4. Summary of significant accounting policies (continued)

Trade receivables (continued)

(c) Financial assets at fair value through OCI with no recycling of cumulative gains and losses uponderecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument by instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and at banks.

Trade payables

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

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

4. Summary of significant accounting policies (continued)

Trade receivables (continued)

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

5. New accounting pronouncements

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

6. Financial risk management objectives and policies

Financial risk factors
The Company is exposed to credit risk, liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

6.1 Credit risk
Credit risk arises from receivable balances from related parties carried at amortised cost.

6.2 Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the financial support of its shareholder. During the year, the shareholder contributed additional share capital for the investment needs of the Company.

6.3 Capital risk management
Capital includes equity shares and share premium.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

7. Critical accounting estimates, judgments and assumptions

The preparation of the Company's financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Company's accounting policies, Management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the financial statements:

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Determination of lease term**

  In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant: If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate). If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate). Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset. The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

8. Expenses by nature

	2019	2018
	€	€
Depreciation of Right of use assets (Note 12)	**49.150**	-
Auditors' remuneration	**4.620**	2.380
Operating lease rentals	**-**	9.374
Legal fees	**79.467**	-
Other expenses	**10.820**	-
Total expenses	**144.057**	11.754

9. Finance income/(costs)

	2019	2018
	€	€
Foreign exchange profit	**1.054**	-
Finance income	**1.054**	-
Net foreign exchange losses	**(3.130)**	-
Interest expense - lease liability (Note 16)	**(97.107)**	-
Sundry finance expenses	**(4.478)**	-
Finance costs	**(104.715)**	-
Net finance costs	**(103.661)**	-

10. Tax

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2019	2018
	€	€
Loss before tax	**(247.718)**	(11.754)
Tax calculated at the applicable tax rates	**(30.965)**	(1.469)
Tax effect of expenses not deductible for tax purposes	**6.579**	-
Tax effect of allowances and income not subject to tax	**(132)**	
Tax effect of tax loss for the year	**24.518**	1.469
Tax charge	**-**	-

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

11. Property, plant and equipment

	Property under construction €
Cost	
Additions	1.024.800
Balance at 31 December 2018/1 January 2019	**1.024.800**
Additions	23.292.191
Balance at 31 December 2019	**24.316.991**
Net book amount	
Balance at 31 December 2019	**24.316.991**
Balance at 31 December 2018	**1.024.800**

Propery under construction relates to the new fuels terminal being currently under construction at the Vassiliko area.

12. Right-of-use assets

	Land €
Cost	
Balance at 1 January 2019	**1.621.935**
Balance at 31 December 2019	**1.621.935**
Depreciation	
Balance at 1 January 2019	-
Depreciation of the year	49.150
Balance at 31 December 2019	**49.150**
Net book amount	
Balance at 31 December 2019	**1.572.785**

On 7 December 2018, a land lease agreement was signed between Yugen Limited and the Republic of Cyprus (Ministry of Energy, Commerce and Tourism) for the Energy and Industrial area at Vasiliko. The agreement is for 33 years with an annual rental fee of €112.490 being payable at the beginning of each year.

13. Other Receivables

	2019 €	2018 €
Deposits and prepayments (Note 12)	**-**	103.116
Refundable VAT	**1.552**	-
	1.552	103.11

The exposure of the Company to credit risk and impairment losses in relation to other receivables is reported in note 6 of the financial statements.

14. Cash at bank

Cash balances are analysed as follows:

	2019	2018
	€	€
Cash at bank	**3.595.209**	-
	3.595.209	-

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2019	2018
	€	€
Cash at bank and in hand	**3.595.209**	-

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

15. Share capital

	2019 Number of shares	**2019 €**	2018 Number of shares	2018 €
Authorised				
Ordinary shares of €1 each	**100.000**	**100.000**	1.000	1.000
Issued and fully paid				
Balance at 1 January	**1.000**	**1.000**	1.000	1.000
Issue of shares	**49.000**	**49.000**	-	-
Balance at 31 December	**50.000**	**50.000**	1.000	1.000

Authorised capital
On incorporation date the Company's authorised share capital was fixed under its Memorandum of Association at 1.000 ordinary shares at nominal value €1 each. On 18 January 2019, the Company increased the authorised share capital from 1.000 to 10.000 ordinary shares of nominal value of €1 each. On 8 May 2019, the Company further increased the authorised share capital to 100.000 ordinary shares of nominal value of €1 each.

Issued capital
During 2019, the Company's issued share capital increased from 1.000 to 50.000 ordinary shares by issuing 49.000 additional ordinary shares of nominal value of €1 each at a premium of €499 per share as follows:

- On 18 January 2019 by issuing 8.000 additional ordinary shares
- On 8 May 2019 by issuing 3.600 additional ordinary shares
- On 30 May 2019 by issuing 8.000 additional ordinary shares
- On 5 September 2019 by issuing 11.400 additional ordinary shares
- On 4 December 2019 by issuing 18.000 additional ordinary shares

During 2020, the Company's issued share capital increased from 50.000 to 64.000 ordinary shares by issuing 14.000 additional ordinary shares of nominal value of €1 each at a premium of €499 per share.

16. Lease liabilities

	2019	2018
	€	€
Balance at 1 January	**1.518.819**	-
Interest expense on lease liabilities (Note 9)	**97.107**	-
Repayments	**(112.490)**	-
Balance at 31 December	**1.503.436**	-

The maturity table of the undiscounted cash flows of the lease liabilities is presented below:

	Less than 1 year	**Between 1 and 5 years**	**Over 5 years**	**Total**
31 December 2019	**€**	€	€	€
Lease liability	**112.490**	449.960	2.924.743	3.487.193
	112.490	449.960	2.924.743	3.487.193

The cash flows relating to the lease liability are discounted at a rate of 6,25% which reflects the Company's incremental borrowing rate.

On 7 December 2018, a land lease agreement was signed between Yugen Limited and the Republic of Cyprus (Ministry of Energy, Commerce and Tourism) for the Energy and Industrial area at Vasiliko. The agreement is for 33 years with an annual rental fee of €112.490 being payable at the beginning of each year.

The Company's lease contract includes option for extension for additional two periods of 30 years each.

Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term:

	€
Within 5 years	**562.450**
More than five years	**6.186.950**
	6.749.400

The Company had total cash outflows for leases of €112.490 in 2019 (2018: €112.490)

All lease obligations are denominated in Euro.

17. Other payables

	2019	2018
	€	€
Other payables	**3.711.373**	-
Accruals	**3.500**	2.380
	3.714.873	2.380

Other payables relate to amounts due to a third-party contractor, for the construction of fuel terminals at Vasiliko area.

18. Related party transactions

The Company is controlled by Hellenic Petroleum Cyprus Holding (HPCH) Ltd, incorporated in Cyprus, which owns 100% of the Company's shares. The Company's ultimate controlling party is Hellenic Petroleum S.A., incorporated in Greece.

The following transactions were carried out with related parties:

18.1 Receivables from related parties

Name	Nature of transactions	**2019** **€**	2018 €
R.A.M. Oil Cyprus Ltd	Finance	**-**	1.000
		-	1.000

The receivables from related parties were provided interest free, and there was no specified repayment date.

18.2 Payables to related parties

Name	Nature of transactions	**2019** **€**	2018 €
Hellenic Petroleum Cyprus Ltd	Finance	**-**	1.137.290
Asprofos Engineering S.A.	Finance	**26.700**	-
		26.700	1.137.290

The above balances bear no interest and are repayable on demand.

19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2019 (2018: Nil).

20. Capital Commitments

Construction of Fuel Terminals

During 2018, the ultimate controlling party decided that the Company will take over the construction of the fuel terminal at Vasiliko area, which is planned to be finalised during 2020. As a result, the Company entered into a contract agreement with a third party contractor, for the construction of fuel terminals at Vasiliko area. As at 31 December 2019 the total contractual cost relating to this third-party contractor amounts to €27.753.610 (2018: €23.400.000).

As at 31 December 2019, the Company had capital commitments of €5.207.370 (2018: €23.400.000) which relate to the construction of the fuel terminals.

21. Events after the reporting period

(i) During 2020, the Company's issued share capital increased from 50.000 to 64.000 ordinary shares by issuing 14.000 additional ordinary shares of nominal value of €1 each at a premium of €499 per share to Hellenic Petroleum Cyprus Holdings Ltd for a total amount of EUR €7.000.000.

(ii) With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that as at the date of approval of these financial statements, no material impact is expected on the Company's financial position and performance. The Company is financially supported by the Group, with no external financing in place, hence its ability to continue as a going concern is not considered at stake. Furthermore, considering the current local developments, management believes, that the completion of the construction of the terminal will not be significantly affected by this outbreak and the expected completion date of mid-2020 remains relevant. Management will continue to monitor the situation closely and will assess any potential further impact on the Company's financial position and performance, in case the period of disruption becomes prolonged.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

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