C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

Reg. Number: 301167

FINANCIAL STATEMENTS

For the year ended 31 December 2020

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Charalambos Christodoulides Antonakis Antoniou (appointed on 2 July 2020) Andreas Leonidou (appointed on 2 July 2020) Rony Halman (resigned on 21 June 2020) Uri Aldubi (resigned on 21 June 2020) Maya Gottdenker-Firon (resigned on 21 June 2020) Stavros Stavrou (resigned on 21 March 2020)
Company Secretary:	Cyproservus Co Limited
Independent Auditors:	MGI Gregoriou & Co Ltd Certified Public Accountants and Registered Auditors Florinis, 7 GREG TOWER, 6th floor P.C. 1065, Nicosia Cyprus
Registered office:	13 Karaiskakis Street Limassol, 3032 Cyprus
Registration number:	HE301167

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Independent Auditor's Report

To the Members of C.O. Cyprus Opportunity Energy Public Company Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of C.O. Cyprus Opportunity Energy Public Company Limited (the "Company"), which are presented in pages 5 to 21 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, 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 Qualified Opinion

As stated in note 2 to the financial statements, the Company has not prepared consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and International Financial Reporting Standard 10 'Consolidated Financial Statements'. In our opinion, the presentation of consolidated information is necessary for a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

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 qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3 to the financial statements which indicates that the Company incurred a loss of US$417,460 during the year ended 31 December 2020, and, as of that date the Company's liabilities exceeded its assets by US$5,035. As stated in note 3, these events or conditions, along with other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Independent Auditor's Report (continued)

To the Members of C.O. Cyprus Opportunity Energy Public Company Limited

Responsibilities of the Board of Directors for the Financial Statements (continued)

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.

Independent Auditor's Report (continued)

To the Members of C.O. Cyprus Opportunity Energy Public Company Limited

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.

Marios Anastasi
Certified Public Accountant and Registered Auditor
for and on behalf of
MGI Gregoriou & Co Ltd
Certified Public Accountants and Registered Auditors
Florinis, 7
GREG TOWER, 6th floor
P.C. 1065, Nicosia
Cyprus

Nicosia, 4 January 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	Note	**2020 US$**	2019 US$
Revenue	6	**-**	7,652
Administration expenses	7	**(25,202)**	(117,684)
Impairment of investment in subsidiary		**(27,000)**	-
Other expenses	8	**(365,716)**	-
Operating loss		**(417,918)**	(110,032)
Tax	10	**-**	-
Net loss for the year		**(417,460)**	(111,881)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(417,460)**	(111,881)

The notes on pages 9 to 21 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Note	2020 US$	2019 US$
ASSETS			
Non-current assets			
Investments in subsidiaries	11	-	27,000
Loans receivable	12	-	344,795
		-	371,795
Current assets			
Other receivables	13	-	33,244
Cash and cash equivalents	14	-	139
		-	33,383
Total assets		-	405,178
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**1,503,826**	1,503,826
Share premium		**1,142,535**	1,142,535
Non-refundable advances	16	**170,236**	-
Accumulated losses		**(2,821,632)**	(2,404,173)
Total equity		**(5,035)**	242,188
Current liabilities			
Trade and other payables	17	**5,035**	162,962
Borrowings		-	28
		5,035	162,990
Total liabilities		**5,035**	162,990
Total equity and liabilities		-	405,178

On 4 January 2022 the Board of Directors of C.O. Cyprus Opportunity Energy Public Company Limited authorised these financial statements for issue.

....
Antonakis Antoniou
Director

....
Andreas Leonidou
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2020

	Share capital US$	Share premium US$	Non-refundable advances US$	Accumulated losses US$	Total US$
Balance at 1 January 2019	**1,503,826**	**1,142,535**	**-**	**(2,292,292)**	**354,069**
Comprehensive income					
Net loss for the year	-	-	-	(111,881)	(111,881)
Balance at 31 December 2019	**1,503,826**	**1,142,535**	**-**	**(2,404,173)**	**242,188**
Comprehensive income					
Net loss for the year	-	-	-	(417,460)	(417,460)
Transactions with owners					
Contributions made during the year	-	-	170,236	-	170,236
Balance at 31 December 2020	**1,503,826**	**1,142,535**	**170,236**	**(2,821,632)**	**(5,035)**

The notes on pages 9 to 21 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2020

	Note	2020 US$	2019 US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(417,460)**	(111,881)
Adjustments for:			
Unrealised exchange profit		**(819)**	(71)
Impairment charge - investments in subsidiaries	11	**27,000**	-
Provision for impairment-loans and receivables		**350,377**	-
Write-off of receivables		**15,339**	-
		(25,563)	(111,952)
Changes in working capital:			
Decrease in other receivables		**-**	34,749
Increase in trade and other payables		**25,452**	73,406
Cash used in operations		**(111)**	(3,797)
CASH FLOWS FROM FINANCING ACTIVITIES		**-**	-
Net decrease in cash and cash equivalents		**(111)**	(3,797)
Cash and cash equivalents at beginning of the year		**111**	3,908
Cash and cash equivalents at end of the year	14	**-**	111

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

1. Incorporation and principal activities

Country of incorporation

The Company C.O. Cyprus Opportunity Energy Public Company Limited (the "Company") was incorporated in Cyprus on 10 February 2012 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 13 Karaiskakis Street, Limassol, 3032, Cyprus.

On 17 July 2012, the Company was listed on the Emerging Companies Market of the Cyprus Stock Exchange.

Principal activities

The principal activities of the Company, which are unchanged from last year, is the holding of investments.

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), except for the preparation of consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and by the International Financial Reporting Standard 10 'Consolidated Financial Statements'. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs 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. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. 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.

Going concern basis

The Company incurred a loss of US$417,460 for the year ended 31 December 2020, and, as of that date the Company's liabilities exceeded its assets by US$5,035. The Company is dependent upon the continuing financial support of its shareholder without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The shareholder has indicated his intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

3. Significant accounting policies (continued)

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

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 United States Dollars (US$), 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

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.

Financial instruments

Financial assets - Classification

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Recognition and derecognition (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Measurement (continued)

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets". Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 5, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

3. Significant accounting policies (continued)

Financial instruments (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Borrowings

Borrowings are recorded initially at the proceeds received, 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 profit or loss over the period of the borrowings using the effective interest method.

Trade payables

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

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.

Advances from shareholders

Advances from shareholders constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company.

4. 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.

5. Financial risk management

Financial risk factors

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

5.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from contractual cash flows of debt investments carried at amortised cost.

(i) Risk management

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:

- financial assets at amortised cost

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Impairment losses are presented as net impairment losses on financial and contract assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Significant increase in credit risk

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower/counterparty.

5. Financial risk management (continued)

5.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Low credit risk

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. (Note: there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. IFRS 7 para 35F(d) how it determined that financial assets are credit-impairment financial assets.)

Write-off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a debt financial asset for write off when a debtor fails to make contractual payments greater than 180 days past due. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

the Company's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

5.2 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

5.3 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

6. Revenue

	2020 US$	2019 US$
Rendering of services to related parties	-	7,652
	-	7,652

7. Administration expenses

	2020 US$	2019 US$
Directors' fees	-	22,444
Annual levy	394	958
Insurance	-	2,054
Sundry expenses	-	237
Auditors' remuneration	1,000	5,720
Accounting fees	-	5,433
Legal and professional	4,240	38,415
Other professional fees	4,202	-
Travelling	-	1,761
Unrecoverable VAT	15,366	40,662
	25,202	117,684

8. Other expenses

	2020 US$	2019 US$
Provision for impairment-loans and receivables	350,377	-
Write-off of receivables	15,339	-
	365,716	-

9. Finance income/(costs)

	2020 US$	2019 US$
Exchange profit	819	71
Finance income	819	71
Net foreign exchange losses	-	(43)
Sundry finance expenses	(361)	(1,877)
Finance costs	(361)	(1,920)
Net finance income/(cost)	458	(1,849)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

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:

	2020 US$	2019 US$
Loss before tax	(417,460)	(111,881)
Tax calculated at the applicable tax rates	(52,183)	(13,985)
Tax effect of expenses not deductible for tax purposes	52,285	116
Tax effect of allowances and income not subject to tax	(102)	70
Tax effect of tax loss for the year	-	13,799
Tax charge	-	-

The corporation tax rate in Cyprus is 12.5% (2019: 12.5%).

11. Investments in subsidiaries

	2020 US$	2019 US$
Balance at 1 January	27,000	27,000
Impairment charge	(27,000)	-
Balance at 31 December	-	27,000

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2020 Holding %	2019 Holding %	2019 US$
C.O. Cyprus Opportunity Petroleum Ltd	Cyprus	Dormant	100	100	27,000
					27,000

12. Loans receivable

	2020 US$	2019 US$
Loans to own subsidiaries (Note 19.3)	-	344,795
	-	344,795

The exposure of the Company to credit risk in relation to loans receivable is reported in note 5 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

13. Other receivables

	2020 US$	2019 US$
Receivables from own subsidiaries (Note 19.2)	-	3,268
Receivables from related parties (Note 19.2)	-	16,407
Refundable VAT	-	13,569
	-	33,244

13. Other receivables (continued)

The exposure of the Company to credit risk and impairment losses in relation to other receivables is reported in note 5 of the financial statements.

14. Cash and cash equivalents

	2020 US$	2019 US$
Cash at bank and in hand	-	139
	-	139

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

	2020 US$	2019 US$
Cash at bank and in hand	-	139
Bank overdrafts	-	(28)
	-	111

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 5 of the financial statements.

15. Share capital

	2020 Number of shares	2020 US$	2019 Number of shares	2019 US$
Authorised				
Ordinary shares of €0.01 each	211,950,000	2,119,500	211,950,000	2,119,500
Issued and fully paid				
Balance at 1 January	126,780,762	1,503,826	126,780,762	1,503,826
Balance at 31 December	126,780,762	1,503,826	126,780,762	1,503,826

16. Non-refundable advances

	2020 US$	2019 US$
Balance at 1 January	-	-
Proceeds during the year	170,236	-
Balance at 31 December	170,236	-

The non-refundable advances is made available to the Board of Directors for future increases of the share capital of the Company.

17. Trade and other payables

	2020	2019
	US$	US$
Payable to shareholders (Note 19.4)	**-**	149,119
Accruals	**1,000**	11,831
Other creditors	**4,035**	2,012
	5,035	162,962

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

18. Operating Environment of the Company

The Cypriot economy has recorded positive growth in 2017 and 2018 after overcoming the economic recession of recent years. The overall economic outlook of the economy remains favourable, however there are still downside risks emanating from the still high levels of non-performing loans, the public debt ratio, as well as possible deterioration of the external environment for Cyprus.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Company's Management has assessed:
(1) The ability of the Company to continue as a going concern (Note 3).

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The above conditions, along with other matters as set forth in note 3 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

19. Related party transactions

The Company does not have a single controlling party.

The following transactions were carried out with related parties:

19.1 Income from related parties

		2020	2019
Type of relationship	Nature of transaction	**US$**	US$
Other	Management fees	**-**	7,652
		-	7,652

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2020

19. Related party transactions (continued)

19.2 Receivables from related parties (Note 13)

Type of relationship	Nature of transactions	2020 US$	2019 US$
Other	Finance	-	16,407
Subsidiary	Finance	5,582	3,268
Subsidiary	Provision for impairment	(5,582)	-
		-	19,675

19.3 Loans to related parties (Note 12)

Type of relationship	Nature of transactions	2020 US$	2019 US$
Subsidiary	Finance	344,795	344,795
Subsidiary	Provision for impairment	(344,795)	-
		-	344,795

Loans to subsidiary are unsecured, non-interest bearing and repayable in the years of 2022 and 2023

19.4 Payable to shareholders (Note 17)

Type of relationship	Nature of transactions	2020 US$	2019 US$
Shareholders	Finance	-	149,119
		-	149,119

Payables to shareholders are non-interest bearing and repayable on demand.

Independent auditor's report on pages 2 to 4