

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED
Reg. Number: 301167

FINANCIAL STATEMENTS
For the year ended 31 December 2021

**C.O. CYPRUS OPPORTUNITY ENERGY
PUBLIC COMPANY LIMITED**

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C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2021

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C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Charalambos Christodoulides
Antonakis Antoniou
Andreas Leonidou

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company C.O. Cyprus Opportunity Energy Public Company Limited (the "Company"), which are presented in pages 5 to 18 and comprise the statement of financial position as at 31 December 2021, 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, the accompanying financial statements give a true and fair view of the financial position of parent company C.O. Cyprus Opportunity Energy Public Company Limited as at 31 December 2021, 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.

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\$1,562 during the year ended 31 December 2021, and, as of that date the Company's liabilities exceeded its assets by US\$2,562. 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the additional information to the statement of profit or loss and other comprehensive income in page 19, 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.

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

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.

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.



Marlos 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, 27 May 2022

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2021

	Note	2021 US\$	2020 US\$
Administration expenses	6	(1,562)	(25,202)
Net impairment loss on financial and contract assets		-	(27,000)
Other expenses	7	-	(365,716)
Operating loss		(1,562)	(417,918)
Finance income	8	-	819
Finance costs	8	-	(361)
Loss before tax		(1,562)	(417,460)
Tax	9	-	-
Net loss for the year		(1,562)	(417,460)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,562)	(417,460)

The notes on pages 9 to 18 form an integral part of these financial statements.

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 US\$	2020 US\$
EQUITY AND LIABILITIES			
Equity			
Share capital	11	1,503,826	1,503,826
Share premium		1,142,535	1,142,535
Non-refundable advances	12	174,271	170,236
Accumulated losses		(2,823,194)	(2,821,632)
Total equity		(2,562)	(5,035)
Current liabilities			
Trade and other payables	13	2,562	5,035
		2,562	5,035
Total liabilities		2,562	5,035
Total equity and liabilities		-	-

On 27 May 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

The notes on pages 9 to 18 form an integral part of these financial statements.

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital US\$	Share premium US\$	Non-refund able advances US\$	Accumulated losses US\$	Total US\$
Balance at 1 January 2020	1,503,826	1,142,535	-	(2,404,172)	242,189
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)
Comprehensive income					
Net loss for the year	-	-	-	(1,562)	(1,562)
Transactions with owners					
Contributions made during the year	-	-	4,035	-	4,035
Balance at 31 December 2021	1,503,826	1,142,535	174,271	(2,823,194)	(2,562)

The notes on pages 9 to 18 form an integral part of these financial statements.

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 US\$	2020 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,562)	(417,460)
Adjustments for:			
Unrealised exchange profit		-	(819)
Impairment charge - investments in subsidiaries	10	-	27,000
Provision for impairment-loans and receivables	15	-	350,377
Write-off of receivables		-	15,339
		(1,562)	(25,563)
Changes in working capital:			
Increase in trade and other payables		1,562	25,452
Cash used in operations		-	(111)
Net decrease in cash and cash equivalents		-	(111)
Cash and cash equivalents at beginning of the year		-	111
Cash and cash equivalents at end of the year		-	-

The notes on pages 9 to 18 form an integral part of these financial statements.

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. Incorporation and principal activities

Country of incorporation

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.

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 of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap. 113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2021.

The European Commission has concluded that since parent companies are required by the EU Accounting (2013/34/EU) Directive to prepare separate financial statements and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the EU, the provisions in IFRS 10 "Consolidated Financial statements" requiring the preparation of consolidated financial statements in accordance with IFRS do not apply.

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\$1,562 for the year ended 31 December 2021, and, as of that date the Company's liabilities exceeded its assets by US\$2,562. 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.

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Significant accounting policies (continued)

Subsidiary companies (continued)

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.

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 assets

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 or 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Classification (continued)

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.

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.

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.

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 amortised cost 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 carried at amortised cost 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Significant accounting policies (continued)

Financial assets (continued)

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

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 credit 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.

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. The Company's definition of credit impaired assets and definition of default is explained in note 5, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 5, Credit risk section for a description of how the Company determines low credit risk 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.

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

3. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - modification (continued)

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.

Classification as financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. They 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 all 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 asset 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.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

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.

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

5. Financial risk management (continued)

5.1 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Receivables from related parties

For receivables from related parties lifetime ECL was provided for them upon initial application of IFRS 9 until these financial assets are derecognised as it was determined on initial application of IFRS 9 that it would require undue cost and effort to determine whether their credit risk has increased significantly since initial recognition to the date of initial application of IFRS 9.

For any new loans to related parties, which are not purchased or originated credit-impaired financial assets, the impairment loss is recognised as 12-month ECL on initial recognition of such instruments and subsequently the Company assesses whether there was a significant increase in credit risk.

There were no significant receivables from related parties written off during the year that are subject to enforcement activity.

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.

6. Administration expenses

	2021 US\$	2020 US\$
Annual levy	-	394
Auditors' remuneration	1,000	1,000
Accounting fees	562	-
Legal and professional	-	4,240
Other professional fees	-	4,202
Unrecoverable VAT	-	15,366
	<u>1,562</u>	<u>25,202</u>

7. Other expenses

	2021 US\$	2020 US\$
Provision for impairment-loans and receivables	-	350,377
Write-off of receivables	-	15,339
	<u>-</u>	<u>365,716</u>

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

8. Finance income/(costs)

	2021 US\$	2020 US\$
Exchange profit	-	819
Finance income	-	819
Sundry finance expenses	-	(361)
Finance costs	-	(361)
Net finance income	-	458

9. Tax

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

	2021 US\$	2020 US\$
Loss before tax	(1,562)	(417,460)
Tax calculated at the applicable tax rates	(195)	(52,183)
Tax effect of allowances and income not subject to tax	-	52,183
Tax effect of tax loss for the year	195	-
Tax charge	-	-

The corporation tax rate in Cyprus is 12.5% (2020: 12.5%).

10. Investments in subsidiaries

	2021 US\$	2020 US\$
Balance at 1 January	-	27,000
Impairment charge	-	(27,000)
Balance at 31 December	-	-

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2021 Holding %	2020 Holding %
C.O. Cyprus Opportunity Petroleum Ltd	Cyprus	Dormant	100	100

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

11. Share capital

	2021 Number of shares	2021 US\$	2020 Number of shares	2020 US\$
Authorised				
Ordinary shares of €0.01 each	<u>211,950,000</u>	<u>2,119,500</u>	<u>211,950,000</u>	<u>2,119,500</u>
Issued and fully paid				
Balance at 1 January	<u>126,780,762</u>	<u>1,503,826</u>	<u>126,780,762</u>	<u>1,503,826</u>
Balance at 31 December	<u>126,780,762</u>	<u>1,503,826</u>	<u>126,780,762</u>	<u>1,503,826</u>

12. Non-refundable advances

	2021 US\$	2020 US\$
Balance at 1 January	<u>170,236</u>	<u>-</u>
Proceeds during the year	<u>4,035</u>	<u>170,236</u>
Balance at 31 December	<u>174,271</u>	<u>170,236</u>

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

13. Trade and other payables

	2021 US\$	2020 US\$
Accruals	<u>2,000</u>	<u>1,000</u>
Other creditors	<u>562</u>	<u>4,035</u>
	<u>2,562</u>	<u>5,035</u>

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

14. Operating Environment of the Company

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.

On 24 February 2022, Russia launched a military operation in Ukraine. Many governments are taking increasingly stringent measures against Russia and Belarus. These measures have already 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. The conflict may have serious consequences on the Cyprus economy and also worldwide, which are difficult to precisely estimate. The main concern at the moment is the rise of inflation, the uncertainty mainly about tourism and financial services and the increase in the price of fuel, which will affect household incomes and business operating costs.

15. Related party transactions

The Company does not have a single controlling party.

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

15. Related party transactions (continued)

The following transactions were carried out with related parties:

15.1 Receivables from related parties

<u>Type of relationship</u>	<u>Nature of transactions</u>	2021 US\$	2020 US\$
Subsidiary	Finance	5,582	5,582
Subsidiary	Provision for impairment	(5,582)	(5,582)
		-	-

15.2 Loans to related parties

	<u>Terms</u>	2021 US\$	2020 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

16. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2021.

17. Commitments

The Company had no capital or other commitments as at 31 December 2021.

18. Events after the reporting period

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

Independent auditor's report on pages 2 to 4

C.O. CYPRUS OPPORTUNITY ENERGY PUBLIC COMPANY LIMITED

COMPUTATION OF CORPORATION TAX

For the year ended 31 December 2021

Net loss per income statement	Page 5	US\$ (1,562)
Net loss for the year		(1,562)
		€
Converted into € at US\$ 1.132400 = €1		(1,379)
Loss brought forward		<u>(428,421)</u>
Loss carried forward		<u><u>(429,800)</u></u>

CALCULATION OF TAX LOSSES FOR THE FIVE-YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
		Amount €	Year	Amount €	Year	Amount €	Year
2016	-	-		-		-	
2017	(195,703)	-		-		-	
2018	(136,201)	-		-		-	
2019	(96,517)	-		-		-	
2020	-	-		-		-	
2021	(1,379)	-		-		-	

Net loss carried forward (429,800)