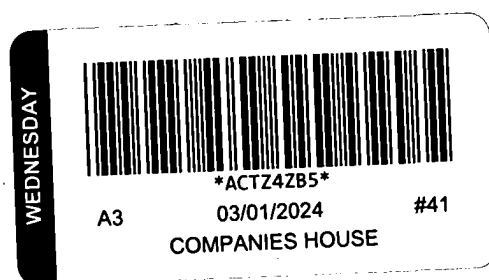


# Libya Oil Sudan Limited

## FINANCIAL STATEMENTS

31 DECEMBER 2021



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# **Libya Oil Sudan Limited**

## **CONTENTS**

|                                   |       |
|-----------------------------------|-------|
| COMPANY INFORMATION               | 1     |
| STRATEGIC REPORT                  | 2-4   |
| DIRECTORS' REPORT                 | 5-7   |
| INDEPENDENT AUDITOR'S REPORT      | 8-11  |
| STATEMENT OF COMPREHENSIVE INCOME | 12    |
| STATEMENT OF FINANCIAL POSITION   | 13    |
| STATEMENT OF CASH FLOWS           | 14    |
| STATEMENT OF CHANGES IN EQUITY    | 15    |
| NOTES TO THE FINANCIAL STATEMENTS | 16-36 |

**Registered in England & Wales: 0202231**



# Libya Oil Sudan Limited

## Company Information

### DIRECTORS

Mr. Abdellah Zaher

### REGISTERED OFFICE

Name: Libya Oil Sudan Limited  
Company No. 0202231  
Registered Office address: 2 New Bailey, 6 Stanley Street, Salford, Manchester, United Kingdom, M3 5GS

### BANKS

| Bank Name   | Bank Address  |
|---|---|
| Bank of Khartoum  | Al Qasr Street / Gamhouria Street. Intersection P.O.Box 1008<br>Tel: +249 83 775280; E-mail: <a href="mailto:corporate.services@bok.sd">corporate.services@bok.sd</a> |
| Sudanese Islamic Bank - Main Branch                           | University Street, Khartoum P.O.Box 6224<br>Tel: +249 83 792678; E-mail <a href="mailto:info@sib-sd.com">info@sib-sd.com</a>  |
| Banque Sahélo-Saharienne pour l'Investissement et le Commerce | Sahil And Sahara Tower - Gamaa Street, Khartoum P.O.Box 515<br>Tel: +249 83 796672; E-mail: <a href="mailto:bsic_sudan@hotmail.com">bsic_sudan@hotmail.com</a>        |
| Sudanese French Bank  | Mak Nimer& Baladia Street intersection, Khartoum P.O.Box 2775<br>Tel: +249 83 771830; E-mail: <a href="mailto:info@sfbank.net">info@sfbank.net</a>                    |
| Fisal Islamic Bank  | Central Station, Khartoum P.O.Box 2717<br>Tel: +249 83 774012; E-mail: <a href="mailto:fibsudan@fibsudan.com">fibsudan@fibsudan.com</a>                               |
| Sudanese Islamic Bank P/Sudan Branch                          | Red Sea State, Port Sudan Central Area,<br>Tel +249 311 830313/833360   |
| El Nilein Bank- Abu Dhabi                                     | Abu Dhabi-UAE P.O.Box 46013<br>Tel: +971 026269995; E-mail: <a href="mailto:service@nileinuae.com">service@nileinuae.com</a>  |
| El Nilein Bank-Main Branch                                    | Khartoum- Sudan P.O.Box 1722<br>Tel: +249 83 780776; Email: <a href="mailto:nadiromer@gmail.com">nadiromer@gmail.com</a>  |

### AUDITOR

Ernst & Young LLP  
1 More London Place, London SE1 2AF, United Kingdom

### PARENT UNDERTAKING

OLA Energy Holdings Ltd,  
Capital Manor, Cnr Sir Pierre Simonet & Sir Victor De la Faye, Floreal, Republic of Mauritius.

# Libya Oil Sudan Limited

## Strategic Report

The Directors present their strategic report for the year ended 31 December 2021.

### PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the Company are to buy, sell and otherwise deal in petroleum products (fuels and lubricants). These activities are being carried out through its branch in the Republic of Sudan.

The key financial and other performance indicators during the year were as follows:

|                   | 2021    | 2020   | Variance |
|-------------------|---------|--------|----------|
|                   | \$'000  | \$'000 | %        |
| Revenue           | 115,954 | 98,956 | 17%      |
| Operating profit  | 8,056   | 4,648  | 73%      |
| Profit before tax | 6,465   | 4,347  | 49%      |
|                   | 2021    | 2020   | Variance |
| Current ratio     | 2.40    | 1.54   | 56%      |

The company's performance improved significantly compared to 2020, as revenues increased by 17%, and operating profits increased 73%. This is as a result of higher fuel prices and increases in lubricant sales, partially offset by a decrease in fuel sales volumes by 22.5%, to 131,573 MC (2020: 169,881 MC) due to reduced fuel supplies from the sole supplier, Sudan Petroleum Corporation.

The current ratio is 56% higher compared to 2020 because the decrease in the current assets was less than the decrease in current liabilities, -11% and -43% respectively.

### PRINCIPAL RISKS AND UNCERTAINTIES

In the ordinary course of business operations, the Company is exposed to a number of risks, including market, interest rate, credit, and legal risks that could adversely affect the company's performance. Management reviews and agrees policies for managing each of these risks which are summarized below.

#### *Credit risk*

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties. The Company is exposed to credit risk on advances, loans, other receivables, and bank balances. In terms of advances, the Company made advance payments to Sudan Petroleum Corporation (Governmental body). Other receivables are due from other debtors over which the Company does not have either financial or operating influence or control. Further, the Company has bank accounts with recognised banks.

#### *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

# Libya Oil Sudan Limited

## Strategic Report (Continued)

### *Foreign currency risk*

The Company's functional currency is SDG and a significant change in exchange rate effects the presentation currency.

The decline in sales is due to the shortage in foreign currencies' availability and inability of the company to supply customers with the complete lubricant portfolio.

The Central Bank of Sudan has imposed new rules with regards to the provision of foreign currencies for importing of raw materials, which has also impacted supply.

The primary economic environment of the Republic of Sudan, in which the Libya Oil Sudan Limited operates, is experiencing hyperinflation. As the functional currency of the Company is the new Sudanese pounds, all 2021 amounts in these financial statements are stated in terms of the measuring unit current at 31 December 2021 to reflect the changes in the general purchasing power.

The effect of the changes in the general purchasing power on the net monetary and non-monetary position is shown as a separate line item within Profit and Loss Account (Effect of hyperinflation accounting) and within the ADA reserve.

### *Political risk*

On 15 April 2023, a war began between the Sudanese Armed Forces and the paramilitary Rapid Support Forces, rival factions of the military government of Sudan, with the fighting concentrated around the capital city of Khartoum and the Darfur region.

### **S 172(1) (A) "The likely consequences of any decision in the long term"**

As noted above on the roles of the directors, they do every effort to improve the business in line with the country business environment. They are working to improve the Company's margin and dealers to which they have brought to the attention of the regulatory bodies in writing including throughput rate improvement. As a consequence of this, the government may give go-ahead approvals, where their decision making is correct. However, the business environment is a regulated environment and hence private sectors are discouraged and have a likely consequence on the board of directors during their decision making in the long-term aspects. This rationing has been in place since 2005 and is still in place for the said products. This is also to affect them in the long-term decision making.

Based on the three years strategic planning for Libya Oil Sudan Limited to sell fuels and lubricants along with the introduction of clean energy solutions, the Board tends to strengthen the company's image as a leading company by providing quality services and improved facilities and improved safety standards and environmental pollutions.

Subsequently the Directors have recognised how the operations of the company are viewed by different parts of society and stakeholders as long-term success depending on the interest of the stakeholders.

### **S 172(1) (B) "The interests of the company's employees"**

The average number of employees for 2021 was 60 as compared to 65 for 2020. The Directors recognise that Libya Oil Sudan employees are fundamental and core to our business and delivery of our strategic ambitions. The success of our business depends on attracting, retaining and motivating competent employees. From ensuring that we remain a responsible employer, from pay and other benefits, safety, workplace environment overall fair treatment.

# Libya Oil Sudan Limited

## Strategic Report (Continued)

### **S 172(1) (C) “The need to foster the company’s business relationships with suppliers, customers and others”**

Success of our strategy depends on healthy relationships with suppliers, customers, governments, and Regulatory body of Sudan Petroleum Corporation (SPC) and Ministry of Mining. Libya Oil Sudan prioritises, the promotion and application of certain general principles in such relationships, such as always behaving ethically and honestly, keeping open lines of communication with customers and suppliers, providing the necessary support and by identifying and monitoring risks. The ability to promote these principles effectively is an important factor in our decision. On the basis that those stakeholders are main players to the success of the business, Libya Oil Sudan reviews continuously its relationship with its customers, suppliers and others. Although compliance with rules and regulations is our general principle, as SPC is a sole supplier or strategic supplier and regulatory body at the same time, Libya Oil Sudan gives top priority to comply with all its rules and regulation. Moreover, in order to continuously assess the reaction of those stakeholders, the Board or management is actively seeking information updates on a variety of topics that indicate and inform how these stakeholders have been engaged.

### **S 172(1) (D) “The impact of the company’s operations on the community and the environment”**

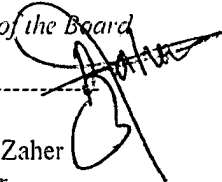
This aspect is inherent in our strategic ambitions due to nature of our business. Given that gas product is more volatile and its mismanagement has significant negative impact on the environment and society, directors understand full responsibility to keep the wellbeing of the environment and society. Libya Oil Sudan applies fair treatment of customers, suppliers, employees and other stakeholders. To take preventive measures, directors collect information and give continuous seminars to their employees and customers to increase their awareness.

### **S 172(1) (E) “The desirability of the company maintaining a reputation for high standards of business conduct”**

Libya Oil Sudan aims to meet or comply with the country environmental and societal needs or policies in its distribution activities in ways which are economically, environmentally and socially responsible. Libya Oil Sudan has clear frameworks, Code of Ethics in relation to independence, conflict of interest, gifts and hospitality, etc. to ensure that its high standards are maintained both within Libya Oil Sudan businesses and the business relationships we maintain. This compliance with relevant governance standards helps assure Libya Oil Sudan decisions are taken in ways that promote high standards of business conduct. Oil companies in Sudan are highly regulated and our major customers are Government customers, so directors are more aware to retain and improve the reputation of the company.

### **S 172(1) (F) “The need to act fairly as between members of the company”**

Taking in to account all the above factors, the Directors consider which course of action best enables delivery of our strategy through the short and long-term, taking into consideration the impact of the Company on stakeholders and the vice versa. In doing so, our Directors act fairly as between the Company’s members or stakeholders though sometimes the interest of one stakeholder conflicts with that of the other.

By order of the Board  
  
-----  
Abdellah Zaher  
Director  
Date: 20-December , 2023



## **Libya Oil Sudan Limited Directors' Report**

The Directors submit the audited financial statements for the year ended 31 December 2021.

### **DIVIDENDS**

The Company paid no dividends during the year (2020: US \$ nil).

### **FUTURE OUTLOOK**

The outbreak of war in the capital, Khartoum, in mid-April 2023, had a significant impact on the business environment in general, leading to a contraction in economic activities. However, the spread of the company's sites has enhanced its ability to adapt to surrounding conditions. The company continued its work through its branch in Port Sudan and continued to distribute its products to the safer states.

### **DIRECTORS**

The Directors who held office during the year, and on the date of signing of the financial statements (except as noted) were as follows:

Omer Elfarok Samin – resigned on 4 August 2021

Moulaye Ali Haidara –resigned on 8 April 2022

Abdulfatah Shamila – appointed on 4 August 2021 , resigned on 8 April 2022

Fatma Swehli – appointed on 8 April 2022 , resigned on 2 March 2023

Abdellah Zaher – appointed on 8 April 2022

### **FINANCIAL RISK MANAGEMENT**

The Company's Directors are required to follow the requirements of OLA Energy Holdings Ltd risk management policies. These are detailed in Note 15 to the financial statements.

### **CHARITABLE CONTRIBUTION**

The Company made no charitable contribution during the year (2020: US\$ nil).

### **GOING CONCERN**

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence over the period to 31 December 2024 (the 'going concern period').

The Company has carefully analysed its cash requirements for the period to 31 December 2024 using financial forecasts. The Directors have concluded that the forecasts do not provide sufficient assurance that there will be liquidity headroom over this period in the event of plausible downside scenarios.

Accordingly, the Directors have requested and received from the ultimate parent undertaking, OLA Energy Holdings ("OEHL"), written confirmation of OEHL's intention and ability to provide to such financial support as is necessary in order to allow the Company to meet its liabilities as they fall due, for the period to 31 December 2024.

Based on their enquiries, the Directors have concluded that OEHL has the intention and ability to provide the support described above, and accordingly they have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

# **Libya Oil Sudan Limited**

## **Directors' Report (Continued)**

### **EVENTS SINCE THE BALANCE SHEET DATE**

On March 7, 2022, the Central Bank of Sudan stopped determining the exchange rate of the local currency "Sudanese Genah" (SDG) against foreign currencies, leaving commercial banks free to determine the exchange rate based on the forces of supply and demand; this measure led to raise of exchange rates, and thus to an increase in inflation.

War broke out in the Sudanese capital, Khartoum, in mid-April 2023 between the Sudanese army and its Rapid Support Forces. This led to the cessation of fuel supplies in the conflict zone.

Fuel supply continued through the port of Sudan, far east, from where distribution is made to safe states. The company's activity was affected, as distribution decreased, by the Khartoum State stations being out of service, as the company owns 22 service stations in Khartoum State. The company's depot located in Gaili- Khartoum State, was closed, as well as Shagara warehouse for safety consideration.

The company distribution of fuel continued in other service stations located in other safe states, namely; Red Sea State ,East States , River Nile State , Gazera State , Blue Nile State & White Nile State. The company's depot in Port Sudan remained operational, this enabled the company to meet the increasing demand for storage capacity, and then achieve revenues that partially compensate for the lack of sales resulting from the cessation of service stations in Khartoum.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The duties and responsibilities of the directors of Libya Oil Sudan is to ensure the strategic report, directors' report and the financial statements are prepared in line with the applicable laws and regulations and in accordance with the authority limit given as per the delegation of Authority (DOA) limit heading down the delegation to its management members. Accordingly, it is clearly outlined in the DOA that share of authorities is given to management on matters of preparing the financial statements and strategic report and others to be approved by the board of directors.

Thus, every director does make decisions as per his duties and responsibilities rests upon him and makes every effort effectively to the expansion and growth of the Company.

The Directors acknowledges its responsibilities for preparing the Directors' Report, Strategic Report and the company's financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with International Accounting Standards, in conformity with the requirements of the Companies Act 2006. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and



## **Libya Oil Sudan Limited**

### **Directors' Report (Continued)**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES (Continued)**

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The directors confirm that they have complied with these requirements.

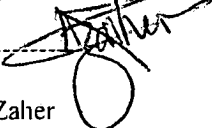
#### **DISCLOSURE OF INFORMATION TO AUDITORS**

The Directors in office at the date of approval of the accounts confirm that as far as they are aware, there is no relevant audit information (meaning information needed by the Company's auditors in connection with preparing their report) that has not been disclosed to the Company's auditors. The Directors believe that they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **INDEPENDENT AUDITORS**

Ernst & Young LLP are auditors of the Company to hold office pursuant to Section 487 of the Companies Act 2006. Ernst & Young LLP expressed their willingness to continue in office until the next annual meeting.

*By order of the Board*

  
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Abdellah Zaher  
*Director*

*Date: 20-December, 2023*

## **Independent Auditor's report to the member of Libya Oil Sudan Limited**

### **Opinion**

We have audited the financial statements of Libya Oil Sudan Limited (the "Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted International Accounting Standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter – Effects of war in Sudan**

We draw attention to Note 17 of the financial statements, which describes the economic and social disruption the company is facing as a result of the war in Khartoum, Sudan which is impacting supply chains, consumer demand, personnel available for work and personnel being able to access offices. Our opinion is not modified in respect of this matter.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period up to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

## **Independent Auditor's report to the member of Libya Oil Sudan Limited (Continued)**

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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 strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on pages 6-7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



## **Independent Auditor's report to the member of Libya Oil Sudan Limited (Continued)**

### **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 (UK) 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.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are International Accounting Standards, the Companies Act 2006 and the and relevant tax compliance regulations in the jurisdictions in which the Company operates, including the United Kingdom.
- We understood how the company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through the review of the following documentation:
  - All minutes of Board meetings held during the year;
  - Any relevant correspondence with local tax authorities; and
  - Any relevant correspondence received from regulatory bodies.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the company established to address risk identified by the entity or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the Company applies.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of revenue, confirmations of balances with the customer and suppliers, testing of journal entries with a focus on journals meeting our defined risk criteria based on our understanding of the business and enquiries of management.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## **Independent Auditor's report to the member of Libya Oil Sudan Limited (Continued)**

### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Ernst & Young LLP*

Khilan Shah (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 22 December 2023

# Libya Oil Sudan Limited

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

|   | Notes | 2021<br>US\$'000 | 2020<br>US\$'000 |
|---|-------|------------------|------------------|
| Revenue   | 1     | 115,954          | 98,956           |
| Cost of sales   |       | (105,900)        | (93,281)         |
| <b>GROSS PROFIT</b>   |       | <b>10,054</b>    | <b>5,675</b>     |
| Other income  |       | 40               | 27               |
| Monetary gain   |       | (496)            | 1,198            |
| General and administrative expenses   |       | (1,542)          | (2,252)          |
| <b>OPERATING PROFIT</b>   | 2     | <b>8,056</b>     | <b>4,648</b>     |
| <u>Finance costs</u>  | 3     | (1,591)          | (301)            |
| <b>PROFIT BEFORE TAX</b>  |       | <b>6,465</b>     | <b>4,347</b>     |
| Income tax expense  | 4     | (2,087)          | (1,037)          |
| <b>PROFIT FOR THE YEAR</b>  |       | <b>4,378</b>     | <b>3,310</b>     |
| <b>Other comprehensive loss for the year:</b>   |       |                  |                  |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax): |       |                  |                  |
| Currency translation losses   |       | (4,896)          | (211)            |
| <b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>   |       | <b>(518)</b>     | <b>3,099</b>     |

The attached notes 1 to 17 form part of the financial statements.

# Libya Oil Sudan Limited

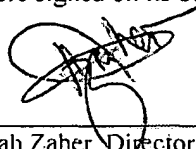
## STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

|                                      | Notes | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                        |       |                  |                  |
| <b>Non-current assets</b>            |       |                  |                  |
| Property, plant and equipment        | 5     | 262              | 843              |
| Right-of-use assets                  | 5.1   | 44               | 302              |
|                                      |       | <b>306</b>       | <b>1,145</b>     |
| <b>Current assets</b>                |       |                  |                  |
| Inventories                          | 6     | 4,366            | 6,123            |
| Trade and other receivables          | 7     | 1,024            | 1,607            |
| Cash and cash equivalents            | 8     | 6,607            | 5,758            |
|                                      |       | <b>11,997</b>    | <b>13,488</b>    |
| <b>TOTAL ASSETS</b>                  |       | <b>12,303</b>    | <b>14,633</b>    |
| <b>EQUITY AND LIABILITIES</b>        |       |                  |                  |
| Share capital                        | 10    | 5,233            | 5,233            |
| Foreign currency translation reserve |       | (6,844)          | (7,623)          |
| ADA reserve                          |       | 131              | 486              |
| Retained earnings                    |       | 6,655            | 7,597            |
| <b>Total equity</b>                  |       | <b>5,175</b>     | <b>5,693</b>     |
| <b>Non-current liabilities</b>       |       |                  |                  |
| Loan from the Parent Company         |       | 9                | 2,000            |
| Lease liability                      | 5.1   | 130              | 187              |
|                                      |       | <b>2,130</b>     | <b>187</b>       |
| <b>Current liabilities</b>           |       |                  |                  |
| Trade and other payables             | 13    | 4,988            | 8,732            |
| Other liabilities                    | 12    | 1                | 5                |
| Lease liability                      | 5.1   | 9                | 16               |
|                                      |       | <b>4,998</b>     | <b>8,753</b>     |
| <b>Total liabilities</b>             |       | <b>7,128</b>     | <b>8,940</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |       | <b>12,303</b>    | <b>14,633</b>    |

The financial statements on pages 12 – 36 were approved by the Board of Directors on 20-December, 2023.

and were signed on its behalf by:



Abdellah Zaher, Director

The attached notes 1 to 17 form part of the financial statements.



# Libya Oil Sudan Limited

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

|   | Notes    | 2021<br>US\$'000 | 2020<br>US\$'000 |
|---|----------|------------------|------------------|
| <b>OPERATING ACTIVITIES</b>                             |          |                  |                  |
| Profit before tax                                       |          | 6,465            | 4,347            |
| Adjustment to reconcile profit to net cash flows:       |          |                  |                  |
| Depreciation of property, plant and equipment           | 5        | 19               | 137              |
| Depreciation of right-of-use assets                     | 5.1      | 15               | 80               |
| Provision movement during the year                      |          | (69)             | (5)              |
| Finance cost *  | 3        | 1,591            | -                |
|   |          | <b>8,021</b>     | <b>4,559</b>     |
| Working capital adjustments:                            |          |                  |                  |
| Inventories   |          | (3,617)          | (4,933)          |
| Trade and other receivables                             |          | (827)            | (1,142)          |
| Trade and other payables                                |          | 1,186            | 6,341            |
|   |          | <b>4,763</b>     | <b>4,825</b>     |
| Interest paid   |          | (79)             | -                |
|   |          | <b>4,684</b>     | <b>4,825</b>     |
| <b>Net cash generated from operating activities</b>     |          |                  |                  |
| <b>INVESTING ACTIVITIES</b>                             |          |                  |                  |
| Purchase of property, plant and equipment               | 5        | (766)            | (127)            |
| Proceeds from disposal of property, plant and equipment |          | -                | 11               |
| Payments on operating lease rentals                     | 5.2      | (8)              | (155)            |
|   |          | <b>(774)</b>     | <b>(271)</b>     |
| <b>Net cash used in investing activities</b>            |          |                  |                  |
| <b>FINANCING ACTIVITIES</b>                             |          |                  |                  |
| Borrowings from parent                                  | 9        | 2,000            | -                |
| Payment of principal portion of lease liabilities       |          | (8)              | (52)             |
|   |          | <b>1,992</b>     | <b>(52)</b>      |
| <b>Net cash from financing activities</b>               |          |                  |                  |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>            |          |                  |                  |
|   |          | <b>5,902</b>     | <b>4,502</b>     |
| Exchange difference on cash and cash equivalents        |          | (5,053)          | (279)            |
| Cash and cash equivalents at 1 January                  |          | 5,758            | 1,535            |
|   |          | <b>6,607</b>     | <b>5,758</b>     |
| <b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>         | <b>8</b> | <b>6,607</b>     | <b>5,758</b>     |

\*Finance cost in 2020 amounting to USD301k was included as part of the working capital adjustments under trade and other payables.



Libya Oil Sudan Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

|                                      | Share<br>capital<br>US\$'000 | Currency<br>translation<br>reserve<br>US\$'000 | ADA<br>reserve<br>US\$'000 | Retained<br>earnings<br>US\$'000 | Equity<br>shareholder's<br>funds<br>US\$'000 |
|--------------------------------------|------------------------------|--|----------------------------|----------------------------------|--|
| As at 1 January 2021                 | <u>5,233</u>                 | <u>(7,623)</u>                                 | <u>486</u>                 | <u>7,597</u>                     | <u>5,693</u>                                 |
| Profit for the period                | -                            | -  | -                          | 4,378                            | 4,378  |
| Other comprehensive<br>income/(loss) |                              |  |                            |                                  |  |
| Currency translation losses          | -                            | 779  | (355)                      | (5,320)                          | (4,896)                                      |
| Total comprehensive income           | -                            | 779  | (355)                      | (5,320)                          | (4,896)                                      |
| As at 31 December 2021               | <u>5,233</u>                 | <u>(6,844)</u>                                 | <u>131</u>                 | <u>6,655</u>                     | <u>5,175</u>                                 |
| As at 1 January 2020                 | <u>5,233</u>                 | <u>(8,212)</u>                                 | <u>577</u>                 | <u>4,995</u>                     | <u>2,593</u>                                 |
| Profit for the period                | -                            | -  | -                          | 3,310                            | 3,310  |
| Other comprehensive<br>income/(loss) |                              |  |                            |                                  |  |
| Currency translation losses          | -                            | 589  | (91)                       | (709)                            | (211)  |
| Total comprehensive income           | -                            | 589  | (91)                       | (709)                            | (211)  |
| As at 31 December 2020               | <u>5,233</u>                 | <u>(7,623)</u>                                 | <u>486</u>                 | <u>7,597</u>                     | <u>5,693</u>                                 |

Share capital of US\$ 5,232,600 is stated at historic cost.

The attached notes 1 to 17 form part of the financial statements.

# Libya Oil Sudan Limited

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## Notes to the Financial Statements

At 31 December 2021

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### Corporate information

Libya Oil Sudan Limited is a private company limited by shares and is incorporated and domiciled in England, fully owned by OLA Energy Holdings Limited a holding company registered in the Republic of Mauritius

The company operates 61 service stations in Sudan through a network of dealers, owns and operate a lubricant blending plant plus depots in Port-Sudan and El-Gaili north-Khartoum, as well as storage capacity in EL-Shajara- Khartoum.

#### Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements, which have been applied consistently, are set out below:

The Company's financial statements have been prepared in accordance with International Accounting Standards, in conformity with the requirements of the Companies Act 2006. This requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the Notes.

The financial statements are prepared under the historical cost basis unless stated otherwise.

#### Estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date such as allowance for impairment of receivables that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below;

##### *Allowance for impairment of receivables*

The Company estimate impairment losses on trade receivables using a forward-looking expected credit loss (ECL) approach. See details on assumptions used for impairment of accounts receivable in note 7.

The significant accounting policies applied in the preparation of these financial statements are set out below.

## Libya Oil Sudan Limited

### Notes to the Financial Statements

At 31 December 2021

#### 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Going concern

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence over the period to 31 December 2024 (the 'going concern period').

The Company has carefully analysed its cash requirements for the period to 31 December 2024 using financial forecasts. The Directors have concluded that the forecasts do not provide sufficient assurance that there will be liquidity headroom over this period in the event of plausible downside scenarios.

Accordingly, the Directors have requested and received from the ultimate parent undertaking, OLA Energy Holdings ("OEHL"), written confirmation of OEHL's intention and ability to provide to such financial support as is necessary in order to allow the Company to meet its liabilities as they fall due, for the period to 31 December 2024.

Based on their enquiries, the Directors have concluded that OEHL has the intention and ability to provide the support described above, and accordingly they have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

##### Changes in the accounting policies and disclosures:

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC Interpretations effective as of 1 January 2021:

- IFRS 9: Annual Improvements to IFRS Standards 2018–2020 (fees in the '10 per cent' test for derecognition of financial liabilities).
- IFRS 13: Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification.
- The adoption of the above standards and interpretations did not have any material impact on the accounting policies and disclosures of the Company.

##### *Standards, amendments and interpretations issued but not yet effective*

The following UK adopted International Accounting Standards ("UK-adopted IAS"), amendments to existing UK-adopted IAS standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on or after 1 January 2022 or yet to be endorsed.:

| New or amended standards  | Effective for accounting period beginning on or after |
|---|---|
| IFRS 17 Insurance Contracts   | 1 January 2023  |
| <b>Amendments to :-</b>   |   |
| IAS 16 Property, Plant and Equipment: Proceeds before Intended Use  | 1 January 2022  |
| IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract        | 1 January 2022  |
| IFRS 3 Business Combinations: Reference to the Conceptual Framework   | 1 January 2022  |
| Annual Improvements to IFRS Standards 2018–2020   | 1 January 2022  |
| IAS 1 Presentation of Financial Statements: classification of liabilities as Current or Non-Current                       | 1 January 2023  |
| Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies | 1 January 2023  |
| Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates   | 1 January 2023  |

Management has made an assessment of the above new or revised standards and concluded that amendments will not have a material impact on the Company's financial statements in the future.

The attached notes 1 to 17 form part of the financial statements.

# Libya Oil Sudan Limited

## Notes to the Financial Statements

At 31 December 2021

### 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Revenue Recognition

The Company is in the business of marketing and distribution of petroleum products and ancillary products. The goods are generally sold on their own in separately identified contracts with customers or dealers. The Company has concluded that revenues from the sale of goods should be recognised at the point in time when the control of the assets is transferred to the customers or dealers, generally on delivery of goods. Revenue excludes amounts collected on behalf of third parties (i.e. sales taxes, excise duties and similar levies). For Aviation, revenue is recognized when fuel passes through inlet coupling of receiving plane.

Where the shipping risks are in substance borne by the customers, revenue is recognized for this obligation with the products shipped i.e. bill of lading date. Where shipping risks are borne by the Company, a separate performance obligation for this service is recognized on delivery. In all cases, revenues are recognized on the products upon shipment, before delivery.

For sales of services, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The standalone selling prices will be determined based on the list prices at which the Company sells the services in separate transactions.

Revenue from petroleum transport are recognised when services are rendered i.e. on delivery of the goods. These revenues are based on the quantities transported and related regulated prices where there are government regulations.

On some contracts, the Company provides retrospective volume rebates to its customers or dealers on products purchased by the customer once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer on subsequent purchases under IFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Company applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract.

The products sold by the Company do not have an expectation for rights of return or warranty obligations.

The Company has no key source of estimation uncertainty relating to revenue from contracts with customers.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and when specific criteria have been met for each of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from sales of oil, gas, lubricants and all other products is recognised when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. In the retail business, revenues from the Company's own filling stations are recognised when products are supplied to the customers. In the case of non-Company filling stations, revenues are recognised when products are delivered to the stations.

## Libya Oil Sudan Limited

### Notes to the Financial Statements

At 31 December 2021

#### 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Revenue Recognition (continued)

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| 12 months period ended 31 December 2021 | Retail   | Commercial | Supply & Trading | Total    |
|---|----------|------------|------------------|----------|
|   | US\$'000 | US\$'000   | US\$'000         | US\$'000 |
| Revenue from sale of goods and services | 76,947   | 34,568     | 4,439            | 115,954  |

| 12 months period ended 31 December 2020 | Retail   | Commercial | Supply & Trading | Total    |
|---|----------|------------|------------------|----------|
|   | US\$'000 | US\$'000   | US\$'000         | US\$'000 |
| Revenue from sale of goods and services | 76,168   | 19,770     | 3,018            | 98,956   |

Revenue comprises of sale of fuels and lubricants. All the revenue is coming from the sales of goods in Africa.

##### Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Depreciation on assets is calculated using straight-line method to allocate their cost less residual values over their estimated useful lives of the assets, as follows:

|   |                 |
|---|-----------------|
| Freehold buildings                      | 2.5% per annum  |
| Plant, machinery, fixtures and fittings | 5-33% per annum |

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

The assets' residual values, estimated useful lives, and methods of depreciation are reviewed at each reporting date and adjusted prospectively, if appropriate.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

##### Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# Libya Oil Sudan Limited

## Notes to the Financial Statements

At 31 December 2021

### 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The cost rate is derived from the weighted average cost of capital ("WACC") which takes into account the cost of debt and equity. The cost of equity is derived from the expected return on investment in the company. The cost of debt is based on the interest-bearing borrowings the Company is obliged to service. Segment specific risk is incorporated by applying individual beta factors which are evaluated annually based on publicly available market data. A long-term growth rate is calculated annually based on entity specific country and industry economic indicators.

The maintainable cash flows is highly dependent on the earnings before interest, tax and depreciation and amortisation ("EBITDA"). The maintainable EBITDA is based on historic data, averaged as appropriate considering approved budgets. The amount of impairment is sensitive to the above factors.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations require the use of estimates and assumptions and are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

#### Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. The Company determines the lease term as the non-cancellable period of a lease, together with both:

- a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
- b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

#### The Company as a lessee

For determination of the lease term, the Company reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- a) is within the control of the Company; and
- b) affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

At the commencement date, the Company recognises a right-of-use asset and a lease liability under the lease contract.

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Lease liability*

At the commencement date of the lease, the Company recognises 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 the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate (IBR) at the lease commencement date wherever the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). For Car leases the implicit rate as supplied by the lease company is used, the majority of car leases are of this nature. 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Interest-bearing loans and borrowings.

### *Right-of-use assets*

The right-of-use asset is initially recognised at cost comprising:

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Company; and
- d) an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. These costs are recognised as part of the cost of right-of-use asset when the Company incurs an obligation for these costs. The obligation for these costs is incurred either at the commencement date or as a consequence of having used the underlying asset during a particular period.

For assets that meet the definition of property, plant and equipment, right-of-use asset is amortised over the term of the lease.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method or the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is estimated for obsolete, slow-moving or defective items where appropriate when net realisable value of inventory item decrease below its cost.

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### *Financial assets*

##### *Initial recognition and measurement*

Financial assets are classified at initial recognition, as subsequently measured: at amortised cost or fair value through profit or loss, as appropriate. The classification depends on the purpose for which the financial assets were acquired and financial asset's contractual cash flow characteristics. Management determines the classification of its financial assets at initial recognition.

The Company's financial assets include cash and cash equivalents and trade and other receivables.

##### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as described below:

##### *Financial assets at amortised costs*

Financial assets at amortised costs are subsequently measured using effective interest method and are subject to impairment. Gain and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash in hand and balances held in current accounts and call accounts and term deposits with maturity of three months or less.

##### *Trade and Other receivables*

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. The classification of trade and other receivables are termed as Debt instruments at amortised cost under IFRS 9.

Impairment of trade receivables and other receivables is as per IFRS 9 is recognised in the statement of profit or loss. When a trade receivable is uncollectible, it is written off and the impairment for trade receivables account is adjusted accordingly. The Company has used a simplified approach and has calculated ECLs based on lifetime expected credit losses. When determining whether the credit risk has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative or qualitative information and analysis, based on Company's historical experience and informed credit assessment including forward-looking factors specific to the trade receivables and the economic environment.

Since the Company operates in diverse segments, geographical region, economic situations (varying customer rating, collateral and maturity levels), the trade receivables may show significantly different loss patterns for different customer segments.



## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

In its assessment of a financial asset being default, the Company considers the following factors, whether:

- Under litigation
- Collection efforts abandoned
- Customers ceased trading
- Customers are with factoring agents
- Past due
- No repayment plan or agreement entered
- The receivables are outstanding more than 12 months
- No collateral (Limited to cash, bank and property guarantees)
- No possibility to net off with amounts payables to these customers

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

The factors included in the assessment of the impairment like default, forecast economic conditions and ECLs are significant estimate and judgements. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

### *Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Financial liabilities*

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. Financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and other liabilities.

#### *Subsequent measurement*

The measurement of financial liabilities depends on their classification as described below:

#### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income. The Company has not designated any financial liabilities as at fair value through profit or loss.

#### *Loans and borrowings*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

#### *Trade payable and other payables*

Trade payables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, as described above.

#### *Derecognition of financial liability*

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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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 assets and settle the liabilities simultaneously.

### **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

# Libya Oil Sudan Limited

## Notes to the Financial Statements

At 31 December 2021

### 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

#### Income tax expense

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### Foreign currencies: Functional and presentation currency under hyperinflation

Items included in the financial statements of the Sudan Branch are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'), Sudanese new Pound ("SDG") which is experiencing hyperinflation and accordingly all SDG amounts are stated in terms of the measuring unit current at 31 December 2021 to reflect the changes in general purchasing power i.e. indexed. The Company's financial statements are presented in US dollars and all values are rounded to the nearest thousand dollars US\$'000, which is the Company's presentation currency. The effect of the changes in the general purchasing power on the net monetary and non-monetary position including property, plant and equipment is shown as a separate line item within the statement of profit or loss as "Monetary (loss) gain" and within the ADA reserve, respectively.

#### Transactions and balances in Sudan Branch

Transactions denominated in foreign currencies are recorded in SDG at 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 the statement of profit or loss.

#### Presentation currency

The results and financial position of the Company's financial statements are translated into the presentation currency as follows:

- assets and liabilities of the Sudan Branch denominated in SDG and indexed for statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- the share capital is maintained at its historic rate i.e., there is no change in the amount (US\$) presented in prior years;
- income and expenses of the Sudan Branch denominated in SDG for statement of profit or loss and comprehensive income are indexed and translated at the closing rate at the date of that statement of financial position since the Company is a hyperinflationary economy; and
- all resulting exchange differences are recognised as a separate component of other comprehensive income under the foreign currency translation reserve.

# Libya Oil Sudan Limited

## Notes to the Financial Statements

At 31 December 2021

### 1 SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Provisions

Provisions for environmental restoration, restructuring costs and legal claims 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 the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required for settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### Related parties

Related parties are individual and companies where the individual or Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

### 2 OPERATING PROFIT

Operating profit is arrived after charging:

|  | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--|------------------|------------------|
| Salaries, wages & other benefits                       | 768              | 1,153            |
| Depreciation on property, plant and equipment          | 84               | 137              |
| Depreciation on right of use assets                    | 15               | 71               |
| Auditor's fees for audit services provided to a branch | 12               | 17               |
| Auditor's fees for UK statutory audit services         | 41               | 41               |

### 3 FINANCE COSTS

|   | 2021<br>US\$'000 | 2020<br>US\$'000 |
|---|------------------|------------------|
| Interest on loans from Parent Company (Note 9c) | 167              | -                |
| Interest on borrowings                          | 113              | 68               |
| Net foreign exchange loss                       | 1,304            | 181              |
| Interest on lease liabilities                   | 7                | 52               |
|   | <u>1,591</u>     | <u>301</u>       |

## Libya Oil Sudan Limited

### Notes to the Financial Statements

At 31 December 2021

#### 4 INCOME TAX EXPENSE

The tax charge for the year of is made up as follows:

|  | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--|------------------|------------------|
| UK corporation tax rate of 19% (2020: 19%) | -                | -                |
| Double taxation relief                     | -                | -                |
| Current local tax (charge)                 | (2,087)          | (1,037)          |
| <b>Total tax (charge)</b>                  | <b>(2,087)</b>   | <b>(1,037)</b>   |

The current tax charge assessed for the year differs from the standard rate of UK corporation tax of 19% (2020: 19%). The differences are explained below:

|  | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--|------------------|------------------|
| Profit/(Loss) before tax                           | 6,457            | 4,347            |
| Tax on profit at rate of 19% (2020: 19%)           | 1,227            | 826              |
| Effects of:  |                  |                  |
| Expenses not deductible and non-taxable income     | -                | -                |
| Effect of tax rates in Foreign Jurisdictions       | (2,087)          | (1,037)          |
| Foreign branch profits/(losses) exempt from UK tax | (1,227)          | (826)            |
| <b>Total tax charge for the year</b>               | <b>(2,087)</b>   | <b>(1,037)</b>   |

The Company has made an election under S18A CTA 2009, exemption for profits or losses of foreign permanent establishments. This election effected periods commencing from 1 January 2013 and all subsequent accounting periods. The election exempts any profits, gains or losses of foreign branches from UK corporation tax. To the extent that the Company's only profitable activities are in Sudan then no UK corporation tax should become payable. No deferred tax has been provided.

# Libya Oil Sudan Limited

## Notes to the Financial Statements

At 31 December 2021

### 5 PROPERTY, PLANT AND EQUIPMENT

|                                    | Freehold<br>Land &<br>Buildings<br>US\$'000 | Plant,<br>Machinery<br>Fixtures &<br>Fittings<br>US\$'000 | Assets under<br>construction<br>US\$'000 | Total<br>US\$'000 |
|------------------------------------|---|---|--|-------------------|
| <b>Indexed Cost</b>                |   |   |  |                   |
| Balance at 1 January 2020          | 615   | 2,285   | 440                                      | 3,340             |
| Additions                          | -   | -   | 20                                       | 20                |
| Transfers                          | 6   | 78  | (84)                                     | -                 |
| Disposals and retirements          | -   | (23)  | -  | (23)              |
| Translation difference             | (144)                                       | (569)   | (321)                                    | (1,034)           |
| <b>Balance at 31 December 2020</b> | <b>477</b>                                  | <b>1,771</b>  | <b>55</b>                                | <b>2,303</b>      |
| Balance at 31 December 2020        | 503   | 1,870   | 78                                       | 2,451             |
| Additions                          | -   | -   | 158                                      | 158               |
| Translation difference             | (441)                                       | (1,641)   | (71)                                     | (2,153)           |
| <b>Balance at 31 December 2021</b> | <b>62</b>                                   | <b>229</b>  | <b>165</b>                               | <b>456</b>        |
| <b>Depreciation and impairment</b> |   |   |  |                   |
| Balance at 1 January 2020          | 339   | 1,822   | -  | 2,161             |
| Charge for the year                | 16  | 121   | -  | 137               |
| Disposals and retirements          | -   | (16)  | -  | (16)              |
| Translation difference             | (92)  | (730)   | -  | (822)             |
| <b>Balance at 31 December 2020</b> | <b>263</b>                                  | <b>1,197</b>  | <b>-</b>                                 | <b>1,460</b>      |
| Balance at 1 January 2021          | 277   | 1,493   | -  | 1,770             |
| Charge for the year                | 2   | 17  | -  | 19                |
| Translation difference             | (245)                                       | (1,350)   | -  | (1,595)           |
| <b>Balance at 31 December 2021</b> | <b>34</b>                                   | <b>160</b>  | <b>-</b>                                 | <b>194</b>        |
| <b>Net book value</b>              |   |   |  |                   |
| <b>At 31 December 2020</b>         | <b>214</b>                                  | <b>574</b>  | <b>55</b>                                | <b>843</b>        |
| <b>At 31 December 2021</b>         | <b>28</b>                                   | <b>69</b>   | <b>165</b>                               | <b>262</b>        |

The attached notes 1 to 17 form part of the financial statements.

## Libya Oil Sudan Limited

### Notes to the Financial Statements

At 31 December 2021

#### 5.1 RIGHT OF USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

|                          | Service stations<br>US\$'000 | Depot Terminal<br>and related<br>US\$'000 | Administrative<br>building<br>US\$'000 | Total<br>US\$'000 |
|--------------------------|------------------------------|---|--|-------------------|
| At 1 January 2020        | 401                          | 9   | 44                                     | 454               |
| Additions                | 78                           | -   | -                                      | 78                |
| Exchange differences     | (31)                         | -   | -                                      | (31)              |
| At 31 December 2020      | <b>448</b>                   | <b>9</b>                                  | <b>44</b>                              | <b>501</b>        |
| At 1 January 2021        | 448                          | 9   | 44                                     | 501               |
| Additions                | 7                            | -   | -                                      | 7                 |
| Exchange differences     | (396)                        | (7)                                       | (20)                                   | (423)             |
| At 31 December 2021      | <b>59</b>                    | <b>2</b>                                  | <b>24</b>                              | <b>85</b>         |
| Accumulated depreciation |                              |   |  |                   |
| At 1 January 2020        | (53)                         | -   | (44)                                   | (97)              |
| Charge for the year      | (71)                         | -   | -                                      | (71)              |
| Exchange differences     | (31)                         | -   | -                                      | (31)              |
| At 31 December 2020      | <b>(155)</b>                 | <b>-</b>                                  | <b>(44)</b>                            | <b>(199)</b>      |
| At 1 January 2021        | (155)                        | -   | (44)                                   | (199)             |
| Charge for the year      | (9)                          | -   | (6)                                    | (15)              |
| Exchange differences     | 141                          | -   | 32                                     | 173               |
| At 31 December 2021      | <b>(23)</b>                  | <b>-</b>                                  | <b>(18)</b>                            | <b>(41)</b>       |
| Net book amount          |                              |   |  |                   |
| At 31 December 2020      | <b>293</b>                   | <b>9</b>                                  | <b>-</b>                               | <b>302</b>        |
| At 31 December 2021      | <b>36</b>                    | <b>2</b>                                  | <b>6</b>                               | <b>44</b>         |

#### 5.2 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the period:

| Lease liabilities included in statement of financial position at | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--|------------------|------------------|
| At 1 January   | 203              | 260              |
| Additions  | 114              | 35               |
| Accretion of interest  | (110)            | (52)             |
| Payments   | (8)              | (69)             |
| Exchange differences   | (16)             | 58               |
| Accumulated Depreciation   | (44)             | (29)             |
| At 31 December   | <b>139</b>       | <b>203</b>       |
| Current  | 9                | 16               |
| Non-current  | 130              | 187              |
| Total  | <b>139</b>       | <b>203</b>       |

The attached notes 1 to 17 form part of the financial statements.

# Libya Oil Sudan Limited

## Notes to the Financial Statements

At 31 December 2021

### 6 INVENTORIES

|                                       | 2021<br>US\$'000 | 2020<br>US\$'000 |
|---------------------------------------|------------------|------------------|
| Fuels and lubricants                  | 2,505            | 3,900            |
| Effects of hyperinflation             | 1,863            | 2,232            |
| Provision for slow moving inventories | (2)              | (9)              |
|                                       | <u>4,366</u>     | <u>6,123</u>     |

During 2021, US\$ nil (2020: US\$ nil) was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales. The movement in inventory provision is \$7,000 currency translation effect.

### 7 TRADE AND OTHER RECEIVABLES

|                   | 2021<br>US\$'000 | 2020<br>US\$'000 |
|-------------------|------------------|------------------|
| Trade receivables | 609              | 1,042            |
| Other debtors     | 409              | 546              |
| Prepayments       | 6                | 98               |
|                   | <u>1,024</u>     | <u>1,686</u>     |

Trade receivables are non-interest bearing and are generally on terms of 30 days.

At the statement of financial position date, gross trade accounts receivable was US\$ 616,510 (2020: US\$ 1,137,000) and provision for expected credit losses was US\$ 7,335 (2020: US\$ 95,000). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the statement of comprehensive income. Movements in the allowance for expected credit losses were, as follows:

|                        | 2021<br>US\$'000 | 2020<br>US\$'000 |
|------------------------|------------------|------------------|
| At 1 January           | 95               | 93               |
| Reversal for the year  | (4)              | 19               |
| Translation difference | (84)             | (17)             |
| At 31 December         | <u>7</u>         | <u>95</u>        |

As at 31 December, the ageing of unimpaired trade accounts receivable was as follows:

| <i>Past due but not impaired</i> |                 |                                      |                   |                    |                     |                     |
|----------------------------------|-----------------|--------------------------------------|-------------------|--------------------|---------------------|---------------------|
|                                  | <i>Total</i>    | <i>Neither past due nor impaired</i> | <i>30-90 days</i> | <i>91-180 days</i> | <i>181-360 days</i> | <i>&gt;360 days</i> |
|                                  | <i>US\$'000</i> | <i>US\$'000</i>                      | <i>US\$'000</i>   | <i>US\$'000</i>    | <i>US\$'000</i>     | <i>US\$'000</i>     |
| 2021                             | <u>520</u>      | <u>373</u>                           | <u>147</u>        | <u>34</u>          | <u>63</u>           | <u>-</u>            |
| 2020                             | <u>1,137</u>    | <u>1,035</u>                         | <u>27</u>         | <u>-</u>           | <u>75</u>           | <u>-</u>            |

The attached notes 1 to 17 form part of the financial statements.



## Libya Oil Sudan Limited

### Notes to the Financial Statements

At 31 December 2021

#### 8 CASH AND CASH EQUIVALENTS

Effective December 14, 2020, the US Government announced Sudan's removal from the list of State Sponsors of Terrorism, the step will improve foreign transfer of cash and enhance the country integration in global banking system.

#### 9 RELATED PARTY TRANSACTIONS AND BALANCES

The Company is 100% owned by OLA Energy Holdings Ltd (the "Parent Company"), registered in Mauritius, which is ultimately owned by Libya Africa Investment Portfolio (the "Ultimate Parent Company"). Related parties represent the shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

i) Transactions with related parties included in the statement of comprehensive income are as follows:

|   | 2021<br>US\$'000 | 2020<br>US\$'000 |
|---|------------------|------------------|
| Purchases from a related party under common control | 1,164            | 463              |
| Interest charges on loan from Parent Company        | 167              | -                |

ii) Balances with the related parties included in the statement of financial position are as follows:

a) *Due from related parties:*

|  | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--|------------------|------------------|
| Other related parties under common control | -                | -                |
|  | <u>-</u>         | <u>-</u>         |
|  | <u>-</u>         | <u>-</u>         |

Outstanding balances at the year-end arise in the normal course of business. For the year ended 31 December 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2020: US\$ 000). This assessment is undertaken each financial year through examining the financial position of the related parties and the market in which the related parties operate. Due from related parties are unsecured and non-interest bearing and are generally on terms of 30 days.

b) *Due to related parties:*

|  | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--|------------------|------------------|
| Due to Parent company                      | 96               | -                |
| Other related parties under common control | 1,248            | 1,212            |
|  | <u>1,344</u>     | <u>1,212</u>     |

c) *Loans from the Parent Company:*

At 31 December 2021, the Company has a long term loan due to its Parent Company denominated in US Dollar for 2,000,000 repayable in April 2024. This loan bears interest at three months Libor +7%. The interest charge for the current year amounted to US\$ 166,621 (2020: US\$ nil).

# Libya Oil Sudan Limited

## Notes to the Financial Statements

At 31 December 2021

### 9 RELATED PARTY TRANSACTIONS AND BALANCES (continued)

#### d) Remuneration to directors:

For the year ended 31 December 2021, the remuneration of directors amounted to US\$ 3,560 (2020: US\$ 3,690).

### 10 SHARE CAPITAL

|  | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--|------------------|------------------|
| <i>Authorised, issued and fully paid up:</i> |                  |                  |
| 323,000 shares of £10 each                   | 5,233            | 5,233            |

The share capital is stated at its historic cost and has not been indexed for hyperinflation accounting.

### 11 RESERVES

#### *Called up share capital*

The balance on the called up share capital account represents the aggregate nominal value of all ordinary shares in issue.

#### *Foreign currency translation reserve*

The foreign currency translation reserve is used to record the currency fluctuations in relation to the foreign currency branch.

#### *ADA reserve*

The balance held on this reserve is related to the indexation related to the non-monetary items, including property, plant and equipment.

### 12 OTHER LIABILITIES

|                                    | Legal<br>provision<br>US\$'000 | Other<br>provision<br>US\$'000 | Total<br>US\$'000 |
|------------------------------------|--------------------------------|--------------------------------|-------------------|
| <b>Balance at 1 January 2020</b>   | <b>2</b>                       | <b>10</b>                      | <b>12</b>         |
| Provided during the year           | -                              | -                              | -                 |
| Utilised during the year           | -                              | (3)                            | (3)               |
| Currency translation difference    | (2)                            | (2)                            | (4)               |
| <b>Balance at 31 December 2020</b> | <b>-</b>                       | <b>5</b>                       | <b>5</b>          |
| Provided during the year           | -                              | -                              | -                 |
| Utilised during the year           | -                              | -                              | -                 |
| Currency translation difference    | -                              | (4)                            | (4)               |
| <b>Balance at 31 December 2021</b> | <b>-</b>                       | <b>1</b>                       | <b>1</b>          |

The Company is currently defendant in a number of lawsuits. Each of the claims has a different likelihood of success.

The legal provision provided for represents ongoing legal cases, whereby the outcome of the case is not fully known at the date of the signing of the financial statements. The provision represents management's best estimate of the likely outcome.

## Libya Oil Sudan Limited

### Notes to the Financial Statements

At 31 December 2021

#### 13 TRADE AND OTHER PAYABLES

|                                | 2021<br>US\$'000 | 2020<br>US\$'000 |
|--------------------------------|------------------|------------------|
| Amounts due to related parties | 1,248            | 1,212            |
| Accrued expenses               | 1,480            | 1,670            |
| Other payables                 | 2,260            | 5,850            |
|                                | <u>4,988</u>     | <u>8,732</u>     |

#### 14 CONTRACTUAL COMMITMENTS

At 31 December 2021, the Company has order commitments of US\$ nil (2020: US\$ 137,000) on property, plant and equipment.

#### 15 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

##### *A difficult macro-economic environment*

The Company conducts most of its operations in an economy that is often volatile and unpredictable, and which is affected by local political conditions in particular the outbreak of war in Khartoum since April 2023 between the armed forces and the government's Rapid Support Forces, which led to a decline in economic activity.

as well as by multiple external factors, including the level of direct foreign investment and financial aid, and conditions in the markets for raw materials and other important export products. Low or negative economic growth rates, inflation and significant fluctuations in interest rates and currency values have had, and may continue to have negative effects on the economy in which unfavourable macro-economic conditions could have a material adverse effect on the Company's business, results and financial position. The Company believes that the market offers generally favourable growth prospects due in particular to a high GDP growth rate in recent years, the emergence of a middle class and currently low levels of vehicle ownership which are expected to increase. In particular, Sudan is surrounded by 7 countries and there are natural resources spread across the country (oil, minerals, water resources and agriculture). A significant portion of the Company's net assets are located in Sudan, which involve certain considerations and risks not typically associated with assets in other more developed countries.

##### *Financial risk factors*

The Company's activities expose it to a variety of financial risks: market risk (including fluctuations in oil prices, foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out primarily by the Parent Company treasury department covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

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

## Libya Oil Sudan Limited

### Notes to the Financial Statements

At 31 December 2021

#### 15 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

##### Market risk

###### *Oil prices*

Oil prices are regulated by the Government and therefore the impact of a change in oil prices will be limited to net realisable value adjustments on inventories.

###### *Foreign exchange risk*

The Company faces exchange controls that places limitations on the amount of local currency that can be exchanged for foreign currencies due to scarce availability in the Republic of Sudan. There is specific restriction to trade in US Dollar even though the US Sanctions were lifted in Oct 2017.

The functional currency is the SDG which is experiencing hyperinflation and requires indexation. The general price index published by the government of Sudan is used to index the SDG. The index was 36,131 at 31 December 2021 and 5303 at 31 December 2020. The inflation rate for 2021 was 318.20% and for 2020 was 269%. The functional currency depreciated against the presentation currency by 717% from US\$ 1 = 55.2750 SDG at 31 December 2020 to US\$ 1 = 451.6870 SDG at 31 December 2021.

The Company has some assets and liabilities denominated in currencies i.e. Euro, UAE Dirham, US-Dollar and GBP exposing to foreign currency risks. The table below indicates the Company's foreign currency exposure, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible change in the SDG currency rate (presented in US\$) against the foreign currencies with all other variables held constant, on the income statement (due to the fair value of currency sensitive monetary assets and liabilities).

|                       | <i>Increase/<br/>decrease against<br/>US\$ rate</i> | <i>Effect on<br/>profit<br/>US\$'000</i> |
|-----------------------|---|--|
| <i>2021:</i>          |   |  |
| Financial assets      | 717%<br>(717)%                                      | -<br>(-)                                 |
| Financial liabilities | 717%<br>(717)%                                      | 356<br>(356)                             |
| <i>2020:</i>          |   |  |
| Financial assets      | 22%<br>(22)%  | -<br>(-)                                 |
| Financial liabilities | 22%<br>(22)%  | 34<br>(34)                               |

###### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate.

# Libya Oil Sudan Limited

## Notes to the Financial Statements At 31 December 2021

### 15 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

#### Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or a customer contract, leading to a financial loss. The Company is exposed to credit risk on advances, loans, other receivables, due from related parties and bank balances. The Company is exposed to credit risk from its operating activities primarily for trade receivables and bank balances as follows:

|                   | 2021<br>US\$'000 | 2020<br>US\$'000 |
|-------------------|------------------|------------------|
| Trade receivables | 609              | 1,042            |
| Bank balances     | 6,607            | 5,758            |
|                   | <u>7,216</u>     | <u>6,800</u>     |

The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these balances. The Company does not hold any collateral as security against these balances.

#### Bank balances

The Company seeks to limit its credit risk with regard to bank balances by only dealing with reputable banks.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations from its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Company's undiscounted financial liabilities at 31 December, based on contractual payment dates and current market interest rates.

|                            | Less than<br>1 year<br>US\$'000 | 1 to 2<br>years<br>US\$'000 | 2 to 5<br>years<br>US\$'000 | More than<br>5 years<br>US\$'000 | Total<br>US\$'000 |
|----------------------------|---------------------------------|-----------------------------|-----------------------------|----------------------------------|-------------------|
| <b>At 31 December 2021</b> |                                 |                             |                             |                                  |                   |
| Trade and other payables   | 4,394                           | 503                         | 2,710                       | -                                | 7,607             |
| Other liabilities          | 1                               | -                           | -                           | -                                | 1                 |
| Lease liabilities          | 9                               | 130                         | -                           | -                                | 139               |
| <b>Total</b>               | <u>4,404</u>                    | <u>633</u>                  | <u>2,710</u>                | <u>-</u>                         | <u>7,747</u>      |

#### At 31 December 2020

|                          |              |            |          |            |              |
|--------------------------|--------------|------------|----------|------------|--------------|
| Trade and other payables | 7,949        | -          | -        | 709        | 8,658        |
| Other liabilities        | 5            | -          | -        | -          | 5            |
| Lease liabilities        | 16           | 187        | -        | -          | 203          |
| <b>Total</b>             | <u>7,970</u> | <u>187</u> | <u>-</u> | <u>709</u> | <u>8,866</u> |

The attached notes 1 to 17 form part of the financial statements.

## Libya Oil Sudan Limited

### Notes to the Financial Statements

At 31 December 2021

#### 15 FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES (continued)

##### Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020. Capital comprises share capital, foreign currency translation reserve, ADA reserve and retained earnings and is measured at US\$ 5,175,000 as at 31 December 2021 (2020: US\$ 5,693,000).

#### 16 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and liabilities.

Financial assets consist of non-current receivables, cash and cash equivalents and trade and other receivables. Financial liabilities consist of trade and other payables and other liabilities.

The fair values of financial instruments are not materially different from their carrying values. This is because a major portion of the cash and cash equivalents, receivables and liabilities are denominated in local currency and are current.

#### 17 SUBSEQUENT EVENTS

On 15 April 2023, a war began between the Sudanese Armed Forces and the paramilitary Rapid Support Forces, rival factions of the military government of Sudan, with the fighting concentrated around the capital city of Khartoum and the Darfur region.

These conditions are considered subsequent, non-adjusting events, and impacted the economic risk and environment in which the Company operates.

The situation, including the government and public response to the challenges, continues to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on the future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorization of these financial statements.