INDEPENDENT OIL & RESOURCES PLC

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2020

INDEPENDENT OIL & RESOURCES PLC

REPORT AND FINANCIAL STATEMENTS
31 December 2020

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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors:	Jan Egil Moe (Chairman) Anastasia Demosthenous Robert Arnott
Company Secretary:	Fidelius Management Services Ltd
Independent Auditor:	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower 6 Stasinou Avenue P.O. Box 21656 1511 Nicosia, Cyprus
Registered office:	Christodoulou Chatzipavlou 205 Loulloupis Court, 4th Floor, Office 401 3036, Limassol Cyprus
Bankers:	Nordea Bank Bank of Cyprus Public Company Ltd
Registration number:	HE319278

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2020.

Principal activities
The principal activity of the Company, which is unchanged from last year, is the holding and trading of investments. Independent Oil & Resources Plc is listed on the OTC list on the Oslo Stock Exchange under the ticker code IOTA.

The Company expects to continue the same activities in the future.

Review of current position, future developments and significant risks
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

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

Going concern basis
Management has conducted a review of the going concern assumption considering all relevant information available up to the date the financial statements are issued and taking into account all available information about the future, for at least 12 months from the reporting date. In making the going concern assessment, management continued to monitor the uncertainty caused by the ongoing Covid-19 pandemic and its effects on global economy, while also noting the significant improvement in the oil price since the reporting date. Management expects a challenging environment for its investments in 2021 but remains confident in the Company’s ability to adapt cost levels to the activity and to maintain sufficient financial resources to enable it to continue as a going concern for the foreseeable future. Following its review, management confirms that the requirements of the going concern assumption are met and that these financial statements have been prepared on that basis.

Results and Dividends
The Company's results for the year are set out on page 7. The Board of Directors does not recommend the payment of a dividend.

Share capital
There were no changes in the share capital of the Company during the year under review.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

In accordance with the Company's Articles of Association all Directors presently members of the Board retire and being eligible offer themselves for re-election.

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

REPORT OF THE BOARD OF DIRECTORS

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 25 to the financial statements.

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

By order of the Board of Directors,

Fidelius Management Services Ltd
Secretary

Limassol, 3 June 2021

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Independent Auditor's Report

To the Members of Independent Oil & Resources Plc

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Independent Oil & Resources Plc (the "Company"), which are presented in pages 7 to 32 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Qualified Opinion

The Company's investment in Noco Oil & Resources Ltd ("Noco"), an associate company accounted for using the equity method (note 14), is carried at NOK 28.659.216 on the statement of financial position as at 31 December 2020, and the Company's share of net profit of NOK 2.700.339 is included in the Company's statement of profit and loss and other comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in Noco as at 31 December 2020 due to the fact that Noco has not prepared audited consolidated financial statements for the year 2020, and therefore the equity accounting is based on the separate financial statements of Noco. Consequently, we are unable to determine whether any adjustments to these amounts were necessary. Our audit opinion for the year ended 31 December 2019 was qualified on the same grounds. The associate company was carried at NOK 26.846.979 on the statement of financial position as at 31 December 2019, and the Company's share of Noco's net loss of NOK 929.080 was included in the Company's statement of profit or loss and other comprehensive income for the year then ended, based on the separate financial statements of Noco.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Except for the matters described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

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

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

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Independent Auditor's Report (continued)

To the Members of Independent Oil & Resources Plc

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for qualified opinion section above, we were unable to obtain sufficient appropriate audit evidence about the carrying amount of the Company's investment in Noco as at 31 December 2020 and the Company's share of Noco's net result for the year then ended. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Board of Directors for the Financial Statements

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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Independent Auditor's Report (continued)

To the Members of Independent Oil & Resources Plc

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

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

- In our opinion, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report, except for the possible effects from the matters described in the Basis for qualified opinion section above.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EY Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Andreas Avraamides.

Andreas Avraamides
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Address
Jean Nouvel Tower
6 Stasinou Avenue
1511 Nicosia, Cyprus

Nicosia, 3 June 2021

INDEPENDENT OIL & RESOURCES PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2020

	Note	**2020 NOK**	2019 NOK
Revenue			
Dividend income	18	**1.131.050**	870.910
Interest income	16	**3.552.611**	1.500.125
		4.683.661	2.371.035
Fair value (loss)/ gain on financial assets at fair value through profit or loss	18	**(3.195.398)**	3.701.449
Fair value gain on financial assets at amortised cost		**-**	2.607.330
Reversal of impairment/(impairment charge) of investments in associates	14	**57.706.228**	(8.056.415)
Reversal/ (loss) of expected credit losses on financial assets	16	**453.760**	(803.037)
Gain on dividend-in-kind distribution	14	**-**	336.420
Administration expenses	8	**(2.521.761)**	(2.724.429)
Operating profit/(loss)	9	**57.126.490**	(2.567.647)
Finance income	11	**7.404**	153.476
Finance costs	11	**(595.506)**	(25.807)
Share of results of associates after tax	14	**4.503.875**	(1.902.143)
Profit/(loss) before tax		**61.042.263**	(4.342.121)
Income Tax	12	**(84.943)**	(17.363)
Net profit/(loss) for the year		**60.957.320**	(4.359.484)
Attributable to the equity holders (NOK per share)			
Basic and diluted earnings /(loss) per share	13	**1,03**	(0,11)
Other comprehensive income			
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods (net of tax):			
Share of comprehensive (loss)/income from associates	14	**(2.758.419)**	469.136
Currency translation differences of associates	14	**(3.967.179)**	2.240.941
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(6.725.598)**	2.710.077
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Fair value gain on financial assets at fair value through other comprehensive income	15	**291.502**	-
Fair value change on equity instruments designated at fair value through other comprehensive income	15	**(1.432.264)**	(785.669)
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods		**(1.140.762)**	(785.669)
Other comprehensive (loss)/income for the year		**(7.866.360)**	1.924.408
Total comprehensive income/(expense) for the year		**53.090.960**	(2.435.076)

The notes on pages 11 to 32 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2020

	Note	2020 NOK	2019 NOK
ASSETS			
Non-current assets			
Investments in associates	14	**169.181.736**	112.697.631
Other financial assets at amortised cost	16	**20.933.097**	21.074.530
Equity investments designated at fair value through other comprehensive income	15	**8.593.584**	-
		198.708.417	133.772.161
Current assets			
Receivables	17	**474.561**	391.599
Financial assets at fair value through profit or loss	18	**38.192.971**	39.964.350
Refundable taxes	12	**240.670**	153.894
Cash at bank and in hand	19	**50.614.598**	60.867.595
		89.522.800	101.377.438
Total assets		**288.231.217**	235.149.599
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**59.053.211**	59.053.211
Share premium		**49.999.066**	49.999.066
Translation reserve		**39.384.371**	43.351.550
Share Capital redemption reserve		**51.079.817**	51.079.817
Fair value change on equity instruments designated at fair value through other comprehensive income		**(1.140.762)**	(1.000.000)
Retained earnings		**89.525.032**	32.326.131
Total equity		**287.900.735**	234.809.775
Current liabilities			
Trade and other payables	21	**330.482**	339.824
		330.482	339.824
Total equity and liabilities		**288.231.217**	235.149.599

On 3 June 2021 the Board of Directors of Independent Oil & Resources Plc authorised these financial statements for issue.

…………………………………	…………………………………	…………………………………
Jan Egil Moe	Anastasia Demosthenous	Robert Arnott
Director	Director	Director

The notes on pages 11 to 32 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
31 December 2020

	Note	Share capital	Share premium	Share capital redemption reserve	Fair value reserve - Financial assets at fair value through other comprehensive income	Translation reserve	Retained earnings	Total
		NOK	**NOK**	**NOK**	**NOK**	**NOK**	**NOK**	**NOK**
Balance at 1 January 2019		**85.133.028**	**49.999.066**	**-**	**(214.331)**	**41.110.609**	**48.682.079**	**224.710.451**
Comprehensive income								
Net loss for the year		-	-	-	-	-	(4.359.484)	(4.359.484)
Other comprehensive income/(loss) for the year		-	-	-	(785.669)	2.240.941	469.136	1.924.408
Total comprehensive income/loss) for the year		-	-	-	(785.669)	2.240.941	(3.890.348)	(2.435.076)
Transactions with owners								
Issue of share capital	20	25.000.000	-	-	-	-	-	25.000.000
Decrease in the value of shares		(51.079.817)	-	51.079.817	-	-	-	-
Dividends		-	-	-	-	-	(12.465.600)	(12.465.600)
Balance at 31 December 2019/ 1 January 2020		**59.053.211**	**49.999.066**	**51.079.817**	**(1.000.000)**	**43.351.550**	**32.326.131**	**234.809.775**
Comprehensive income								
Net profit for the year		-	-	-	-	-	60.957.320	60.957.320
Other comprehensive loss for the year		-	-	-	(1.140.762)	(3.967.179)	(2.758.419)	(7.866.360)
Total comprehensive income for the year		**-**	**-**	**-**	**(1.140.762)**	**(3.967.179)**	**58.198.901**	**53.090.960**
Reclassification to retained earnings		-	-	-	1.000.000	-	(1.000.000)	-
Balance at 31 December 2020		**59.053.211**	**49.999.066**	**51.079.817**	**(1.140.762)**	**39.384.371**	**89.525.032**	**287.900.735**

Share premium and capital redemption reserves are not available for distribution.

The notes on pages 11 to 32 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
31 December 2020

		2020	2019
		NOK	NOK
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**61.042.263**	(4.342.121)
Adjustments for:			
Share of (profit)/loss from associates	14	**(4.503.875)**	1.902.143
Gain on dividend-in-kind distribution		**-**	(336.420)
Fair value losses/(gains) on financial assets at fair value through profit or loss	18	**3.195.398**	(3.701.449)
Fair value gain on financial asset at amortised cost		**-**	(2.607.330)
(Reversal of impairment)/impairment charge – of investment in associates	14	**(57.706.228)**	8.056.415
Reversal/ (loss) of expected credit losses on financial assets	16	**(453.760)**	803.037
Foreign exchange gain/(loss)		**691.449**	(185.715)
Dividend income	18	**(1.131.050)**	(870.910)
Interest income	11,16	**(3.560.015)**	(1.521.367)
		(2.425.818)	(2.803.717)
Changes in working capital:			
Increase in receivables		**(82.962)**	(134)
Decrease in trade and other payables		**(9.340)**	(51.870)
Cash used in operations		**(2.518.120)**	(2.855.721)
Interest received		**3.554.243**	1.458.797
Dividends received		**1.024.250**	987.258
Tax paid		**(155.405)**	(12.449)
Net cash generated from/(used in) operating activities		**1.904.968**	(422.115)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of financial assets at fair value through profit or loss		**(19.310.390)**	(24.003.942)
Payment for purchase of financial assets at fair value through other comprehensive income		**(11.025.448)**	(1.566.400)
Proceeds from the sale of financial asset at fair value through other comprehensive income		**291.502**	-
Payment for purchase of investments in subsidiaries		**-**	(2.196.756)
Loan granted		**(45.000.000)**	(20.000.000)
Loan payments received		**45.000.000**	20.000.000
Proceeds from sale of financial assets at fair value through profit or loss		**17.886.371**	27.342.641
Net cash used in investing activities		**(12.157.965)**	(424.457)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**-**	25.000.000
Net cash generated from financing activities		**-**	25.000.000
Net (decrease)/increase in cash and cash equivalents		**(10.252.997)**	24.153.428
Cash and cash equivalents at beginning of the year		**60.867.595**	36.714.167
Cash and cash equivalents at end of the year	19	**50.614.598**	60.867.595

The notes on pages 11 to 32 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

Independent Oil & Resources Plc (the "Company") was incorporated in Norway on 14 October 1991, and on 14 February 2013, was redomiciled in Cyprus as a limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. The re-domiciliation was done as a continuity both in accounting terms and tax terms. Its registered office is at Christodoulou Chatzipavlou 205, Loulloupis Court, 4th Floor, Office 401, 3036, Limassol, Cyprus.

Independent Oil & Resources Plc is listed on the OTC list on the Oslo Stock Exchange under the ticket code of IOTA. Following the relocation to Cyprus the Company changed its ISIN no. from NO 001 02480265 to CY 010 2470919.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding and trading of investments.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention as modified by the measurement of, financial assets at fair value through profit or loss and its non-listed investments at fair value through other comprehensive income.

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country. The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in minor operational disruption for the Company.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The Company has not applied for such government assistance.

Management has considered the unique circumstances and the risk exposures of the Company has concluded that there is no significant impact in the Company’s profitability position. The event did not have an immediate material impact on the business operations. The Company’s management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Investments in associates

The Company's investments in associated entities, in which the Company has significant influence, is accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Under the equity method, the investment in the associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Company's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Company's share of the results of operations of the associate and the dividend income from the investments. When there has been a change recognised directly in the equity of the associate, the Company recognises its share of any changes, when applicable, in the statement of changes in equity. Dividend income is recognised in profit and loss as Dividend income. Unrealised gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the interest in the associate. The Company's share of profit or loss of an associate is shown on the face of the income statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investments in associates. At each reporting date, the Company determines whether there is objective evidence that the investments in associates is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Impairment charge of investments in associates' in the profit or loss.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

4. Significant accounting policies (continued)

Finance costs

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

Foreign currency translation

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

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on financial assets at fair value through other comprehensive income are recognised in other comprehensive income and then included in the fair value reserve in equity.

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

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when the deferred taxes relate to the same taxation authority.

4. Significant accounting policies (continued)

Dividends payable

Interim dividends are deducted from retained earnings in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Distribution of non-cash assets to the owners

The Company recognises a liability to pay a dividend in the form of non-cash assets when the distribution is authorised and the distribution is no longer at the discretion of the Company. The Company measures the liability to distribute non-cash assets as dividends to its owners at the fair value of the assets to be distributed. The amount of dividend distribution is recognised directly in equity. Upon distribution, any difference between the fair value of the liability and the carrying value of the asset derecognised is recorded in profit and loss.

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.

(i) Financial assets

Financial assets - Classification

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

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

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

All other financial assets are classified as measured at FVTPL.

Financial assets - Recognition and derecognition

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

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

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement

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

Debt instruments

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

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

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

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

Equity instruments

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

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

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - impairment - credit loss allowance for ECL

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

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income under "Reversal/ (loss) of expected credit losses on financial assets".

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

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

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

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

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

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Financial assets -Reclassification

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

4. Significant accounting policies (continued)

Financial assets (continued)

Financial assets - write-off

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

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

The Company's financial assets comprises of the bond issued by the associate company Petrolia SE. The Company measures financial assets at amortised cost when the objective is to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

(ii) 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, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All 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.

Trade and other payables

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

Derecognition

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 profit or loss.

4. Significant accounting policies (continued)

(iii) Offsetting 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 asset and settle the liability simultaneously.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating the interest over the relevant period. The effective interest rate ("EIR") is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to its net carrying amount.

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 be 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

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 terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. The fair value measurement that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. Significant accounting policies (continued)

Fair value measurement (continued)

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are

available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Share capital

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

Provisions

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

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

5. New accounting pronouncements

Standards issued but not yet effective

Up to the date of approval of these financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Adopted by the European Union

- *Amendments to IFRS 9, IAS 39 and IFRS7 and IFRS16: Interest Rate Benchmark Reform - Phase 2 (issued on 27 August 2020) (effective for annual periods beginning on or after 1 January 2021).*
- *Amendments to IFRS 4 Insurance Contracts - deferral of effective date of IFRS 9 (issued on 25 June 2020) (effective for annual periods beginning on or after 1 January 2021).*

(ii) Not adopted by the European Union

- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020) (effective for annual periods beginning on or after 1 January 2022).*
- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).*
- *Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective for annual periods beginning on or after 1 January 2023).*
- *Amendments to IFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021).*
- *Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)*

5. New accounting pronouncements (continued)

The above are expected to have no significant impact on the Company's financial statements when they become effective.

6. Financial risk management

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

6.1 Market price risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and that such changes will affect the Company's income or the value of its holdings of financial instruments. As at the year end, the Company hold investments as shown in Notes 15 and 18, which are affected by market price changes. The Company manages the market risk by holding a diversified portfolio of equity and bond investments mainly listed on the Oslo Stock exchange.

6.2 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 rates.

The Company's income and operating cash inflows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets and liabilities, other than the bonds shown in note 16 which carry fixed interest rate.

6.3 Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities, primarily its investments in financial assets at amortised cost and cash at bank.

Credit risk related to financial instruments and cash deposits: Cash balances are mainly held with high credit rating financial institutions and the credit risk is insignificant

Credit risk related to financial assets at amortised cost: This is managed based on established policies, procedures and controls relating to financial assets at amortised cost credit risk management. Credit quality of the financial assets at amortised cost is assessed and outstanding financial assets are regularly monitored in accordance with ECL method. The Company does not hold collateral as security. Management concluded that there has not been a significant increase in credit risk since initial recognition. The probability of default was estimated at 2,187% and the loss given default at 73%.

6.4 Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company has established procedures with the objective of maintaining a balance between continuity of funding and flexibility through the use of various investment products.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted payments:

6. Financial risk management (continued)

6.4 Liquidity risk (continued)

31 December 2020	**Total contractual cash flows**	**Within 1 year**	**1-5 years**	**More than 5 years**
	NOK	NOK	NOK	NOK
Other creditors	126.702	126.702	-	-
	126.702	**126.702**	**-**	**-**

31 December 2019	Total contractual cash flows	Within 1 year	1-5 years	More than 5 years
	NOK	NOK	NOK	NOK
Trade payables	10.000	10.000	-	-
Other creditors	135.680	135.680	-	-
	145.680	145.680	-	-

6.5 Foreign currency risk
Foreign currency risk is the risk that the fair value or cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency.

The Company is exposed to exchange rate fluctuations mainly connected to the value of NOK relatively to USD and Euro due to the fact that the Company has financial assets denominated in USD and Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The Company's exposure on financial assets to foreign currency risk was as follows:

	Assets	
	2020	2019
	NOK	NOK
United States Dollars	**21.261.547**	21.148.835
Euro	**46.748**	355.451
	21.308.295	21.504.286

Sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in the United States Dollars exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity:

	Change in foreign currency rate	**Assets NOK**
2020		
Changes in monetary assets	10%	2.130.830
	(5)%	(1.065.415)
2019		
Changes in monetary assets	10%	2.150.429
	(5)%	(1.075.214)

6. Financial risk management (continued)

6.6 Capital risk management
Capital includes equity shares and share premium and capital redemption reserve.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remained unchanged from last year.

Fair value estimation

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

	Carrying amounts		**Fair values**	
	2020	2019	**2020**	2019
	NOK	NOK	**NOK**	NOK
Financial assets				
Other financial assets at amortised cost (level 3)	**20.933.097**	21.074.530	**20.700.415**	18.669.784
	20.993.097	21.074.530	**20.700.415**	18.669.784

Fair value measurements recognised in statement of financial position
The different levels of fair value hierarchy have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Recurring fair value measurements recognised in the statement of financial position
31 December 2020

	Level 1	**Level 2**	**Level 3**	**Total**
	NOK	**NOK**	**NOK**	**NOK**
Financial assets				
Financial assets at fair value through profit and loss	**38.192.971**	**-**	**-**	**38.192.971**
Financial assets at fair value through other comprehensive income	**8.593.584**	**-**	**-**	**8.593.584**
Total	**46.786.555**	**-**	**-**	**46.786.555**

31 December 2019	Level 1	Level 2	Level 3	Total
	NOK	NOK	NOK	NOK
Financial assets				
Financial assets at fair value through profit and loss	39.964.350	-	-	39.964.350
Total	39.964.350	-	-	39.964.350

The financial assets at fair value through other comprehensive income was defined as Level 1 based on its market value.

7. Critical accounting estimates and judgments

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Impairment of investments in associate companies**

  The Company periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated recoverable amount (being the higher of value in use and fair value less cost to sell) associated with these associates would be compared to their carrying amounts to determine if a write down to the recoverable amount is necessary.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Key assumptions and inputs include the probability of default of the counterparty, expected financial performance over 12 months and forecast economic conditions.

8. Administration expenses

	2020	2019
	NOK	NOK
Staff costs (Note 22.1)	**247.120**	223.477
Municipality taxes	**3.819**	3.413
Insurance	**766**	695
Sundry expenses	**115.802**	105.151
Courier expenses	**984**	1.041
Newspapers and publications	**5.686**	7.095
Auditors' remuneration - current year	**169.479**	155.352
Auditors' remuneration - prior years	**-**	5.178
Accounting fees	**179.191**	163.677
Legal and professional	**-**	41.536
Directors' fees (Note 22.1)	**288.355**	251.253
Other professional fees	**88.072**	349.163
Fines	**258**	-
Travelling	**33.479**	49.398
Consultancy fees (Note 22.2)	**1.388.750**	1.368.000
	2.521.761	2.724.429

9. Operating profit / (loss)

	2020 NOK	2019 NOK
Operating profit is stated after charging the following items:		
Directors' fees (Note 22.1)	**288.355**	251.253
Staff costs including Directors in their executive capacity (Note 10, Note 22.1)	**247.120**	223.477
Auditors' remuneration - current year	**169.479**	155.352
Auditors' remuneration - prior years	**-**	5.178
Consultancy fees	**1.388.750**	1.368.000

10. Staff costs

	2020 NOK	2019 NOK
Salaries	**215.883**	196.811
Social security costs	**31.237**	26.666
	247.120	223.477

The average number of employees employed by the Company during the year was 1 (2019:1).

11. Finance (costs)/ income

	2020 NOK	2019 NOK
Bank interest income	**7.404**	21.242
Net foreign exchange gains	**-**	132.234
Finance income	**7.404**	153.476
Sundry finance expenses	**(30.284)**	(25.807)
Net foreign exchange losses	**(565.222)**	-
Finance costs	**(595.506)**	(25.807)
Net finance (costs) / income	**(588.102)**	127.669

12. Income Tax

	2020 NOK	2019 NOK
Corporation tax - current year	**84.943**	17.363
Charge for the year	**84.943**	17.363

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	2020 NOK	2019 NOK
Corporation tax refundable - current year	**240.670**	153.894

12. Tax (continued)

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

	2020 NOK	2019 NOK
Profit/(loss) before tax	**61.042.263**	(4.342.121)
Tax calculated at the applicable tax rates	**7.630.283**	(542.765)
Tax effect of expenses not deductible for tax purposes	**768.798**	1.585.625
Tax effect of allowances and income not subject to tax	**(8.314.138)**	(1.025.497)
Tax charge	**84.943**	17.363

The corporation tax rate is 12,5%.

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

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

13. Earnings per share

	2020	2019
Results attributable to equity holders of the entity (NOK)	**60.957.320**	(4.359.484)
Weighted average no. of shares	**59.053.211**	39.669.649
No. of shares at period end	**59.053.211**	59.053.211
Basic earnings / (loss) per share (NOK per share)	**1,03**	(0,11)

14. Investments in associates

	2020 NOK	2019 NOK
At share of equity less impairment		
Balance at 1 January	**112.697.631**	130.508.892
Additions	**999.600**	1.566.400
Reversal of Impairment/(Impairment charge)	**57.706.228**	(8.056.415)
Currency translation differences	**(3.967.179)**	2.240.941
Share of other comprehensive (loss)/income	**(2.758.419)**	469.136
Share of results of associates after tax	**4.503.875**	(1.902.143)
Gain on dividend in kind distribution	**-**	336,420
Dividend distribution of the 24,43% shareholding in Petrolia Noco AS	**-**	(12.465.600)
Balance at 31 December	**169.181.736**	112.697.631

14. Investments in associates (continued)

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	**2020 Holding %**	2019 Holding %	**2020 NOK**	2019 NOK
Epsis AS (i)	Norway	Computer Software for Collaboration	22,48	22,48	**545.365**	806.582
Petrolia SE (ii)	Cyprus	Oil & Gas activities	45,97	45,97	**135.579.943**	81.547.713
Noco Oil & Resources Ltd (iii)	Cyprus	Oil & Gas activities	38,75	38,75	**28.659.216**	26.846.979
CO2 Management AS(iv)	Norway	Consulting activities	25	-	**999.600**	-
Rigloan Yields Ltd (v)	Cyprus	Investment holding	20	20	**3.397.612**	3.496.357
					169.181.736	112.697.631

(i) During 2020, the Company recognised a reversal of impairment charge NOK nil (2019: NOK702.058 impairment). The accumulated impairment charge as at 31 December 2020 is NOK31.628.746 (2019: NOK31.628.746).

In August 2019, the Company participated in the associate's equity increase and purchased 19.580 additional shares in Epsis AS, for an amount of NOK1.566.400, maintaining its percentage shareholding.

(ii) During 2020, due to the significant increase of the market value of Petrolia SE, the Company recognises a reversal of impairment of NOK57.706.228 (2019: impairment charge NOK7.336.446). The accumulated impairment charge as at 31 December 2020 is NOK nil (2019: NOK 57.706.228).

The market value of Petrolia SE's shares as at 31 December 2020 was NOK 8,40 per share (2019: NOK3,00) (Total share of market value NOK228.333.596 (2019: NOK81.547.713).

(iii) The accumulated impairment as at 31 December 2020 is NOK225.203 (2019: NOK 225.203).

Noco Oil & Resources Ltd has not prepared audited consolidated financial statements because of its subsidiaries registered in the United Kingdom, which are not required by local legislation to prepare and has not prepared audited financial statements. The preparation of consolidated financial statements will cause undue costs. The equity accounting is based on the separate financial statements of the associate.

(iv) In March 2020, the Company subscribe for 833 shares in CO2 Management AS, a company incorporated in Norway for a total amount of NOK999.600.

(v) During 2019, the Company recognised an impairment charge of NOK17.911 based on fair value less cost to sell. Accumulated impairment as at 31 December 2020 is NOK56.961 (2019: NOK56.961).

14. Investments in associates (continued)

The Company does not have any contingent liabilities in relation to its interest in associates.

The Company does not have capital or other commitments in relation to its interest in associates.

2020	**Holding**	**Total assets NOK**	**Total liabilities NOK**	**Total net assets NOK**	**Share of net assets NOK**
Petrolia SE	45,97%	611.146.306	261.256.717	349.889.589	160.844.244
Epsis AS	22,48%	7.367.000	4.368.000	2.999.000	674.175
Noco Oil & Resources Limited	38,75%	74.055.747	95.781	73.959.266	28.659.216
Rigloan Yields Limited	20%	16.898.064	29.427	16.868.637	3.373.727
CO2 Management AS	25%	2.363.772	753.666	1.610.105	402.526
TOTAL					193.953.888

2020	**Holding**	**Income NOK**	**Expenses NOK**	**Results of the year NOK**	**Share of net results NOK**	**Comprehensive income NOK**
Petrolia SE	45,97%	571.512.257	573.499.797	(1.987.540)	2.658.350	(2.758.419)
Epsis AS	22,48%	20.379.000	21.541.000	(1.162.000)	(261.218)	-
Noco Oil & Resources Limited	38,75%	7.580.400	611.784	6.968.616	2.700.339	-
Rigloan Yields Limited	20%	29.994	185.248	(155.254)	(31.051)	-
CO2 Management AS	25%	151.432	3.151.670	(3.000.238)	(562.545)	-
TOTAL					4.503.875	(2.758.419)

Significant aggregate amounts in respect of associated undertakings:

2019	Holding	Total assets NOK	Total liabilities NOK	Total net assets NOK	Share of net assets NOK
Petrolia SE	45,97%	626.611.549	262.715.872	363.895.677	167.282.843
Epsis AS	22,48%	13.518.000	9.930.000	3.588.000	806.582
Noco Oil & Resources Limited	38,75%	69.326.761	44.235	69.282.526	26.846.979
Rigloan Yields Limited	20%	17.498.375	16.588	17.481.787	3.496.357
TOTAL					198.432.761

2019	Holding	Income NOK	Expenses NOK	Results of the year NOK	Share of net results NOK	Share of other comprehensive income NOK
Petrolia SE	45,97%	531.245.969	531.562.685	(316.716)	(145.594)	469.136
Epsis AS	22,48%	20.734.000	24.374.000	(3.640.000)	(818.272)	-
Noco Oil & Resources Limited	38,75%	4.173.399	6.571.025	(2.397.626)	(929.080)	-
Rigloan Yields Ltd	20%	-	45.985	(45.985)	(9.197)	-
TOTAL					(1.902.143)	469.136

15. Financial assets at fair value through other comprehensive income

	2020	2019
	NOK	NOK
Balance at 1 January	**-**	785.669
Addition	**10.025.848**	-
Fair value change	**(1.432.264)**	(785.669)
Balance at 31 December	**8.593.584**	-

During 2020, the Company sold the non-listed investment in Grudingen AB which has been previously fully impaired, for NOK291.502. During the year the Company reclassified a fair value change of NOK1.000.000 (recognised fair value change 2019: NOK785.669) in the non-listed investment in Grudingen AB.

During 2020, the Company has acquired 2.864.528 shares of Petrolia NOCO AS for NOK10.025.848. During the year the Company recognised a fair value change of NOK1.432.264 in the investment, by reference to its market value.

16. Other financial assets at amortised cost

	2020	2019
	NOK	NOK
Balance at 1 January	**21.074.530**	16.847.400
Loan granted	**45.000.000**	20.000.000
Repayments received	**(45.000.000)**	(20.000.000)
Interest income	**3.552.611**	1.500.125
Interest received	**(3.546.839)**	(1.437.555)
Exchange differences	**(600.965)**	163.511
Addition	**-**	4.804.086
Reversal / (loss) of expected credit losses on financial assets	**453.760**	(803.037)
Balance at 31 December	**20.933.097**	21.074.530

The Company owns bond issued by the associate company Petrolia SE. At 31 December 2020, the Company held 2.510.045 (2019:2.510.045) bond with carrying amount NOK20.440.857 (2019: NOK20.567.984) and accrued interest of NOK492.240 (2019:NOK506.546). The interest income for the year amounted to NOK1.374.529 (2019: NOK985.057).

On 20 December 2019, an agreement was made for the purchase of additional Petrolia SE bonds for a total amount of NOK 2.196.756. The fair value of this additional bond was NOK4.804.086, realising a fair value gain of initial recognition of NOK2.607.330.

Petrolia SE bonds carry interest at 6% per annum and have maturity date on 21 July 2022.

On 10 July 2019, the Company entered into a loan agreement with Petrolia Noco AS for an amount of NOK20.000.000. The associate company withdrew the amount in two instalments, on 12 July 2019 and 14 October 2019, for an amount of NOK10.000.000 each. The loan principal was fully repaid on 29 November 2019 along with the interest for a total of NOK20.515.068. Interest income amounted to NOK515.068.

On 2 March 2020, the Company entered into an addendum to the fully repaid loan agreement dated 10 July 2019 with Petrolia Noco AS for additional loan of NOK 20.000.000. On 14 May 2020, the Company entered into an additional loan agreement with Petrolia NOCO AS for an amount of NOK20.000.000. On 17 July 2020, the Company entered into an addendum of the already existing loan agreement with Petrolia NOCO AS for an additional amount of NOK5.000.000. The associate company withdrew the amount in three instalments, on 2 March 2020, 22 June 2020 and 20 July 2020, for a total amount of NOK 45.000.000. The loan principal along with the interest for a total of NOK47.178.082 was fully repaid. Interest income amounted to NOK2.178.082.

17. Receivables

	2020 NOK	2019 NOK
Receivables from related companies (Note 22.3)	**828**	852
Dividends receivable	**473.733**	366.933
Other receivables	**-**	23.814
	474.561	391.599

The fair values of receivables due within one year approximate to their carrying amounts as presented above.

18. Financial assets at fair value through profit or loss

Investment in shares	2020 NOK	2019 NOK
Balance at 1 January	**39.964.350**	39.601.600
Additions	**19.310.390**	24.003.942
Disposal proceeds	**(17.886.371)**	(27.342.641)
Change in fair value	**(3.195.398)**	3.701.449
Balance at 31 December	**38.192.971**	39.964.350

The investment in shares relate to marketable securities and are valued at market value at the close of business on 31 December by reference to Oslo Stock Exchange quoted bid prices.

The total acquisition cost before the fair value adjustments is NOK46.963.118 (2019: NOK43.841.641).

During the year, the Company received dividends from its investments in listed shares totalling to NOK1.131.050 (2019: NOK870.910).

19. Cash at bank and in hand

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

	2020 NOK	2019 NOK
Cash at bank and in hand	**50.614.598**	60.867.595
	50.614.598	60.867.595

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

20. Share capital

	2020 Number of shares	**2020 NOK**	2019 Number of shares	2019 NOK
Authorised				
Ordinary shares of NOK1,00 each (2019: NOK1,00 each)	**95.833.630**	**95.833.630**	95.833.630	95.833.630
Issued and fully paid				
Balance at 1 January	**59.053.211**	**59.053.211**	34.053.211	85.133.028
Issue of shares	**-**	**-**	25.000.000	25.000.000
Decrease in the value of share	**-**	**-**	-	(51.079.817)
Balance at 31 December	**59.053.211**	**59.053.211**	59.053.211	59.053.211

Associate companies hold 12.800.000 shares constituting 21,68% of the total issued share capital of the Company Note 22.

On 24 June 2019, the issued and paid up share capital of the Company has been reduced through the reduction of the nominal value of 34.053.211 issued shares from NOK 2,50 to NOK 1,00 resulting in the creation of a reserve in the accounts of the Company in the amount of NOK 51.079.817 called the share capital redemption reserve account, which shall be subject to the same treatment as the share premium account. The authorised share capital of the Company which was NOK 95.833.630 dividend into 38.333.452 shares of nominal value NOK 2,50 each, is converted into NOK 95.833.630 divided into 95.833.630 shares of nominal value NOK 1,00 each.

On 7 October 2019, the Board in an extraordinary general meeting ("EGM") authorised to issue and stay to 25.000.000 new shares for enabling the Company to strengthen its financial position in order to be able to take advantage of commercial options, and to support current investments, on such price and other terms and to such person as the Board may determine. The shareholders waived any pre-emption rights they had, pursuant to the provisions of the Company's Articles of Association or otherwise, to subscribe for the new shares. The issued share capital of the Company was increased by 25.000.000 new shares.

On 11 October 2019, the Board decided to proceed with a fresh issue of shares, utilising the authorisation granted to the Board by the EGM held on 7 October 2019. The rights issue comprised an offering of up to 25.000.000 new shares, with a subscription price of NOK 1,00 per share. The Board has decided not to engage any broker house for the rights issue but will carry out the rights issue itself. The invitation for this rights issue was sent to the 149 largest shareholders in the Company as of 11 October 2019. The subscription period in the offering has last from and including the 11 October 2019 to and including the 25 October 2019.

On 6 November 2019, the 25.000.000 shares were finally allocated to 29 existing shareholders who have indicated their interest to participate in the issue.

21. Trade and other payables

	2020 NOK	2019 NOK
Trade payables	**-**	10.000
Social insurance and other taxes	**4.517**	3.926
Accruals	**199.263**	190.218
Other creditors	**126.702**	135.680
	330.482	339.824

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

22. Related party balances and transactions

Shareholders	No of shares 31/12/2020	No of shares 31/12/2019	No of shares 21/05/2021	Shareholding 31/12/2020	Shareholding 31/12/2019	Shareholding 21/05/2021
1. Increased Oil Recovery AS	29.278.582	29.278.582	36.715.582	49,58%	49,58%	49,58%
2.Noco Oil & Resources Ltd	12.800.000	12.800.000	16.050.000	21,67%	21,67%	21,67%
3.Time Critical Petroleum Resources	11.623.463	11.623.463	14.422.734	19,68%	19,68%	19,48%
4.Other shareholders with shareholding under 1%	5.351.166	5.351.166	6.864.895	9,07%	9,07%	9,27%
Total number of shares	59.053.211	59.053.211	74.053.211	100%	100%	100%

On 12 November 2019, the chairman of the Company, Mr Jan Egil Moe, has transferred his shareholding of 250.000 shares from his wholly owned company Janem AS to himself private. Following the transfer, his shareholding in the Company still stand at 250.000 shares, and thus represent no change in shareholding.

The chairman of the Company, Jan Egil Moe, holds the 0,42% of the shares of the Company.

In addition to the related party transactions and balances reported in note 14 and note 17, other related parties' transactions are as follows:

22.1 Directors' remuneration (Note 8)

The remuneration of Directors and other members of key management was as follows:

	2020 NOK	2019 NOK
Directors' fees	**288.355**	251.253
Directors' remuneration	**247.120**	223.477
	535.475	474.730

22.2 Purchases of services (Note 8)

	Nature of transactions	**2020 NOK**	2019 NOK
Janem AS (shareholder)	Consultancy fees	**1.388.750**	1.368.000
		1.388.750	1.368.000

22.3 Receivables from related parties (Note 17)

Name	Nature of transactions	**2020 NOK**	2019 NOK
Heavy Minerals Limited	Financing	**828**	852
		828	852

NOTES TO THE FINANCIAL STATEMENTS
31 December 2020

23. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

24. Commitments

The Company had no capital or other commitments as at 31 December 2020.

25. Events after the reporting period

On 9 March 2021, the Company has disposed all the shares of the investment in CO2 Management AS at cost price.

On 28 April 2021, the Board of Directors of the Company has decided to increase the share capital of the Company, through an Invitation to selected shareholders to subscribe for new shares in the Company. The invitation comprises an offering of up to 15.000.000 new shares, with a subscription price of NOK 2,00 per share. The offering was completed on 21 May 2021.

Depending on the duration of the Coronavirus disease (COVID-19) pandemic, and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur impairments on its assets in 2021. The exact impact on the Company’s activities in 2021 and thereafter cannot be predicted. In the period since 31 December 2020, the Company did not incur losses due to impairments recognised on outstanding receivables and fair value decreases of securities. There was also no impact on its bond covenant.

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