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Ετήσια Οικονομική Έκθεση

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

GAS

# Τελικά αποτελέσματα 2012

Επισυνάπτονται Τελικά αποτελέσματα της Εταιρείας για το έτος 2012

Attachment:

1. **Τελικά αποτελέσματα 2012**

**Non Regulated**

Publication Date: 02/04/2013

# C.O. Cyprus Opportunity Energy Public Company Limited

**FINANCIAL STATEMENTS**

**31 December 2012**

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## BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

### Board of Directors

Rony Halman, Chairman of the Board of Directors (appointed 10 February 2012)
Uri Aldubi, Executive Director (appointed 10 February 2012)
Charalambos Christodoulides, Non Executive Director (appointed 10 February 2012)
Stelios Saphiris, Non Executive Director (appointed 12 July 2012)
Persella Ioannides, Non Executive Director (appointed 12 July 2012)
Constantinos Constantinou, Non Executive Director (appointed 10 February 2012, resigned 13 June 2012)

### Board Support

The Company Secretary is available to advise all Directors to ensure compliance with the Board Procedures.

### Company Secretary

Cyproservus Co Limited
284 Arch. Makarios C Avenue
Fortuna Court, Block B
3rd Floor, Apt. 32
Limassol, 3105
Cyprus

### Registered office

13 Karaiskakis Street
Limassol, 3032
Cyprus

### Legal Advisors

Chrysses Demetriades & Co LLC

### Auditors

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors
Nicosia Tower Centre
36 Byron Avenue
PO Box 21656
1511 Nicosia, Cyprus

## C.O. Cyprus Opportunity Energy Public Company Ltd

### STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE FINANCIAL STATEMENTS

In accordance with Article 140(1) of the Laws and Regulations of the Cyprus Stock Exchange, we the members of the Board of Directors and the other responsible persons for the financial statements of C.O. Cyprus Opportunity Energy Public Company Ltd for the period from 10 February 2012 (date of incorporation) to 31 December 2012 confirm that, to the best of our knowledge:

(a) the annual financial statements that are presented on pages 12 to 28:
(i) were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and

(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of C.O. Cyprus Opportunity Energy Public Company Ltd, and

(b) the directors' report gives a fair view of the developments and the performance of the business as well as the financial position of C.O. Cyprus Opportunity Energy Public Company Ltd, together with a description of the principal risks and uncertainties faced by the Company.

Members of the Board of Directors:

Rony Halman - Chairman

Uri Aldubi - Executive Director

Charalambos Christodoulides - Non Executive Director

Stelios Saphiris - Non Executive Director

Perselia Ioannidou - Non Executive Director

Sivan Weitzman - Financial Director

Limassol
19 March, 2013

## STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE FINANCIAL STATEMENTS

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Members of the Board of Directors:

Rony Halman - Chairman

Uri Aldubi - Executive Director

Charalambos Christodoulides - Non Executive Director

Stelios Saphiris - Non Executive Director

Perselia Ioannidou - Non Executive Director

Sivan Weitzman - Financial Director

Limassol
19 March, 2013

## C.O. Cyprus Opportunity Energy Public Company Ltd

### STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE FINANCIAL STATEMENTS

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(b) the directors' report gives a fair view of the developments and the performance of the business as well as the financial position of C.O. Cyprus Opportunity Energy Public Company Ltd, together with a description of the principal risks and uncertainties faced by the Company.

Members of the Board of Directors:

Rony Halman - Chairman

Uri Aldubi - Executive Director

Charalambos Christodoulides - Non Executive Director

Stelios Saphiris - Non Executive Director

Perselia Ioannidou - Non Executive Director

Sivan Weitzman - Financial Director

Limassol
19 March, 2013

## C.O. Cyprus Opportunity Energy Public Company Ltd

### STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS AND OTHER RESPONSIBLE PERSONS OF THE COMPANY FOR THE FINANCIAL STATEMENTS

In accordance with Article 140(1) of the Laws and Regulations of the Cyprus Stock Exchange, we the members of the Board of Directors and the other responsible persons for the financial statements of C.O. Cyprus Opportunity Energy Public Company Ltd for the period from 10 February 2012 (date of incorporation) to 31 December 2012 confirm that, to the best of our knowledge:

(a) the annual financial statements that are presented on pages 12 to 28:
(i) were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and

(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of C.O. Cyprus Opportunity Energy Public Company Ltd, and

(b) the directors' report gives a fair view of the developments and the performance of the business as well as the financial position of C.O. Cyprus Opportunity Energy Public Company Ltd, together with a description of the principal risks and uncertainties faced by the Company.

Members of the Board of Directors:

Rony Halman - Chairman

Uri Aldubi - Executive Director

Charalambos Christodoulides - Non Executive Director

Stelios Saphiris - Non Executive Director

Persella Ioannidou - Non Executive Director

Sivan Weitzman - Financial Director

Limassol
19 March, 2013

The Board of Directors presents its first report and audited financial statements of C.O. Cyprus Opportunity Energy Public Company Ltd for the period from 10 February 2012 (date of incorporation) to 31 December 2012. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and the requirements of Cyprus Companies Law, Cap. 113.

**Incorporation**

C.O. Cyprus Opportunity Energy Public Company Ltd (the "Company") was incorporated in Cyprus on 10 February 2012 as a limited liability company under the Cyprus Companies Law, Cap. 113. On 17 July 2012, the Company was listed on the Emerging Companies Market of the Cyprus Stock Exchange.

**Principal activities**

The primary intention of the Company is to participate in oil and/or gas exploration and upstream activities in the exclusive economic zone of Cyprus. The Company's upstream activities refer to the searching for and the recovery and production of oil and natural gas. Such activities involve the searching for potential underground or underwater oil and gas fields, drilling of exploratory wells, and subsequently drilling and operating the wells that recover and bring the raw oil and natural gas to the surface.

**Review of current position, future developments and significant risks**

*Current Position*

On 11 May 2012, the Company, as part of a Consortium, submitted to the Cypriot Government applications for two off-shore licenses, through the process of the 2nd Licensing Round of offshore Hydrocarbon licenses, namely for exploration plots 2 and 8.

The application for plot no. 2 has been rejected by a letter dated 5 February 2013 and the application for plot no. 8 has been extended by a letter dated 31 October 2012.

If the Company succeeds to obtain the hydrocarbon license for plot no. 8, it shall, together with its nominated operator AGR Energy AS (hereafter referred to as "AGR") and the advice of its professional consultants, implement a work program for the development of the granted license, at its sole discretion, including without limitation, collection, interpretation, and processing of seismic data, preparation of drilling prospects and accompanied reports. Should the Company fail to obtain the license it has applied for, the Company intends to create joint ventures with third parties in the exploration and production of other off-shore licenses.

The Company is currently engaged in efforts to secure the license for block no 8.

On 28 May 2012 the Company completed a private placement in the amount of € 800.000 (which was determined as the minimum amount for the closing of the private placement), for the purpose of funding its applications to the Cyprus Ministry of Commerce, Industry and Tourism, including without limitation the purchase of seismic data. The private placement (issue of new shares) was addressed exclusively to professional investors and a limited number of persons at the price of €1,25 per share (the price included the grant of warrants).

*Principal Risks and Uncertainties*

The main risk that the Company faces, relates to the possibility of failing to obtain an offshore exploration license from the Republic of Cyprus. The Company has applied for 2 out of the available 12 concessions in the 2nd Licensing Round (one of which has already been granted to one of the nominees) and was facing competition from 14 other companies/consortia. According to information released to-date, the 15 participants have shown interest for 9 out of the total 12 available concessions.

**Review of current position, future developments and significant risks** (continued)
*Principal Risks and Uncertainties* (continued)

Investment in the Company is highly speculative and depends on the successful outcome of a series of events and actions beyond the Company's control. Prospective investors must carefully consider whether an investment in the Company is suitable and is in accordance with their investment profile. The risk factors together with all other information included in the Admission Document of the Company dated 17 July 2012, must be read and considered carefully and thoroughly by any prospective investor. If any of the events described in this Admission Document occurs, the Company, its prospects or the expected results of its operations could be adversely and materially affected and, accordingly, the value and market price of the Company's ordinary shares may drop, resulting in a loss of all or part of any investment in Company's ordinary shares. Investment in the Company should be considered of high risk and should be taken on by investors whose profile supports such investment in the context of a wide spread diversified portfolio.

The main financial risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 14 to the financial statements.

*Future Developments*
The Board of Directors is awaiting progress with the Cyprus Ministry of Energy, Commerce, Industry and Tourism, with respect to the Company's application for Block 8, for which the Company had applied for. Should the Company fail to obtain the license and/or decides to abandon a license/s in the future, then the Company's strategy is to join as a partner to other license holders and/or purchase shares of another entity which is involved in activity of oil and gas exploration. In addition, the Company maintains as its objective to perform and/or participate in other projects dealing with exploration, production and marketing of oil and gas, to be defined from time to time. However, the company may fail in obtaining the abovementioned strategy and objectives. The business plan of the Company, assumes that the Company will be successful in entering the upstream oil and gas industry in which it is currently not a part of (since it is not part of the value chain).

**Results and Dividends**
The Company's results for the period are set out on page 12. Since its establishment and until today the Company has not paid any dividends. In the future, the Board of Directors of the Company intends to follow a stable dividend policy, taking into consideration the Company's financial position, the need to raise funds to expand its operations as well as the prevailing market conditions.

**Share capital**

**Authorised and issued share capital**
As at the date of the these financial statements, the authorized share capital of the Company is set at €120.000 divided into 12.000.000 ordinary shares of nominal value €0,01 each. As at the date hereof, the issued share capital of the Company is set at 8.390.000 ordinary shares of nominal value €0,01 each. On 28 May 2012 the Board of Directors of the Company decided to list the Company's shares on the Cyprus Stock Exchange.

The share capital of the Company (authorized and issued share capital) has evolved since incorporation as follows:
- Upon the Company's incorporation 7.200.000 ordinary shares were issued at a nominal value of €0,01 each for a total amount of €72.000.
- On 28 May 2012 the Company completed a private placement in the amount of €800.000. In total, 640.000 shares of €0,01 nominal value each were subscribed for the subscription price of €1,25 per share.

**Share capital** (continued)

**Authorised and issued share capital** (continued)
- On 28 May 2012, the Board of Directors approved the allocation of 550.000 ordinary shares to employees, service providers and directors for consideration of their nominal value. These 550.000 shares of €0,01 nominal value each were allotted at par value in May 2012 .
- Following the private placement and the allotment to the employees/consultants/directors the total issued share capital of the Company was 8.390.000 ordinary shares of nominal value €0,01 each.
- As part of the private placement that was closed on 28 May 2012, 320.000 warrants were issued and allotted to the investors that participated in the private placement.

According to the Company's Articles of Association and the Companies Law, Cap 113 (as amended), unless authority to do so has been given by the members pursuant to the Articles of the Company, the Company shall not allot shares to any person for cash unless it shall first have made an offer on a pre-emptive basis to each holder of shares who, at the date of the offer, are entitled to receive notices from the Company to allot to such holder on the same terms a proportion of those offered shares which is as nearly as practical equal to the proportion in nominal value of the shares held by each such holder on the record date for any such allotment of the aggregate of all such shares.

On 5 October 2012, the Extraordinary General Meeting of the Company resolved that the Directors of the Company were authorized to issue and allot up to the maximum of 1.500.000 ordinary shares out of the Company's authorised share capital in accordance with Article 7 of the Articles of Association and be empowered to issue and allot these shares for cash as if the right of pre-emption contained in Article 8 of the Articles of Association and section 60B of the Cyprus Companies Law, Cap. 113 did not apply to such allotment. Provided that the power to allot these shares shall be limited to the allotment of the shares having a minimum issue price of €1,25 per share and such power shall be valid for 1 year from the date of this resolution.

**The role of the Board of Directors**
The Company is managed by its Board of Directors. The Board sets the strategic objectives and ensures that the necessary resources are in place to enable these objectives to be met. The Board is fully involved in decision making in the Company's business and conducts regular reviews of the Company's operational and financial performance.

**Members of the Board of Directors**
The members of the Board of Directors at 31 December 2012 and at the date of this report are shown on Page 3.
In accordance with the Company's Articles of Association all the directors retire at the first Annual General Meeting of the Company and will be eligible for re-election. Directors shall be re-elected at every second Annual General Meeting after the first Annual General Meeting. A retiring Director shall be eligible for re-election at a current and subsequent Annual General Meeting.

Mr. Dinos Constantinou resigned on 13 June 2012 from the Board of Directors. Persella Ioannides and Stelios Saphiris were appointed as non executive directors on 12 July 2012.

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

**Directors' Interest**
The interests in the share capital of the Company, both direct and indirect, of those who were Directors at 31 December 2012, and at the date of approval of these financial statements are shown below:

| Name | Role | No of Shares Direct interest | No of Shares Indirect Interest | No of Shares Total | Percentage % |
|---|---|---|---|---|---|
| Rony Halman | Chairman of Board of Directors | 91.000 | 735.989 | 826.989 | 9,86% |
| Uri Aldubi | Executive Director | 111.000 | 735.989 | 846.989 | 10,10% |
| **Total** | | **202.000** | **1.471.978** | **1.673.978** | 19,96% |

**Board and Management Remuneration**
The remuneration received by the Company's directors directly from the Company during the period ended 31 December 2012 amounted to US$16.836. See also Note 13 to the financial statements.

**Events after the reporting period**
Any significant events that occurred after the reporting period are described in note 16 to the financial statements.

**Branches**
The Company did not operate through branches during the period ended 31 December 2012.

**Going Concern**
Directors have access to all information necessary to exercise their duties. The Directors continue to adopt the going concern basis in preparing the financial statements based on the fact that, after making enquiries and following a review of the Company's financial statements, including cash flows and borrowing facilities, the Directors consider that, if the Company succeeds in obtaining rights in a petroleum asset, the Company will be able raise additional funds in order to comply with its liabilities and continue in operation for the foreseeable future.

**Shareholders which hold more than 5% of the share capital of the Company**
As at 31 December 2012 and 19 March 2013, the following persons hold 5% or more of the issued share capital of the Company:

| | *31 December 2012* % | *19 March 2013* % |
|---|---|---|
| C.O. Cyprus Opportunity Oil and Gas Exploration Ltd | 84,62 | 84,62 |
| AGR Energy AS* | 8,85 | 8,85 |

*AGR Energy AS holds directly 0,39% of the shares in the Company, and indirectly an additional 8,46% of the shares through its 10% shareholding in C.O. Cyprus Opportunity Oil and Gas Exploration Ltd.

**Independent Auditors**

Ernst & Young Cyprus Limited were appointed as the Company's first independent auditors. Ernst & Young Cyprus Limited have signified their willingness to continue in office. A resolution proposing their reappointment and authorising the Directors to set their remuneration will be proposed at the Annual General Meeting of the Company.

**By the Order of the Board**

Rony Hahnan
Chairman

Limassol, Cyprus, 19 March, 2013

# Independent Auditor's Report

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

### Report on the Financial Statements

*We have audited the accompanying financial statements of C.O. Cyprus Opportunity Energy Public* Company Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period from 10 February 2012 (date of incorporation) to 31 December 2012, and a summary of significant accounting policies and other explanatory notes.

*Board of Directors' Responsibility 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.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2012, and of its financial performance and its cash flows for the period from 10 February 2012 (date of incorporation) to 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## Report on other legal requirements

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

## Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009 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.

Stavros Pantzaris
Certified Public Accountant and Registered Auditor
for and on behalf of

**Ernst & Young Cyprus Limited**
Certified Public Accountants and Registered Auditors

Nicosia
19 March, 2013

## STATEMENT OF COMPREHENSIVE INCOME
**Period from 10 February 2012 (date of incorporation) to 31 December 2012**

| | *Note* | *10.2.2012 - 31.12.2012 USD* |
|---|---|---|
| **Revenue - Rendering of services** | | - |
| Seismic expenses | | (609.985) |
| Administrative expenses | | (552.475) |
| **Loss from operating activities** | | (1.162.460) |
| Net finance income | 6 | 29.642 |
| **Loss before taxation** | 5 | (1.132.818) |
| Taxation | 7 | - |
| **Net loss for the period** | | (1.132.818) |
| Other comprehensive income | | - |
| **Total comprehensive loss for the period** | | (1.132.818) |
| Basic earnings/(losses) per share (cent) | 10 | (14,17) |
| Diluted earnings/(losses) per share (cent) | 10 | (14,17) |

## STATEMENT OF FINANCIAL POSITION
## at 31 December 2012

| | Note | 31.12.2012 USD |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Other receivables | | 72.739 |
| Cash and cash equivalents | 8 | 158.021 |
| **TOTAL ASSETS** | | 230.760 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | | |
| Share capital | 9 | 110.482 |
| Share premium | 9 | 994.143 |
| Accumulated losses | | (1.132.818) |
| **Total equity** | | (28.193) |
| **Current liabilities** | | |
| Other payables | 12 | 113.121 |
| Amounts due to related companies | 13 | 43.342 |
| | | 156.463 |
| **Non current liabilities** | | |
| Loan due to holding company | 13 | 102.490 |
| | | 102.490 |
| **Total liabilities** | | 258.953 |
| **TOTAL EQUITY AND LIABILITIES** | | 230.760 |

On 19 March, 2013 the Board of Directors of C.O. Cyprus Opportunity Energy Public Company Ltd authorised these financial statements for issue.

| | |
|---|---|
| ..... | ..... |
| Rony Halman | Stelios Saphiris |
| Chairman | Director |

# C.O. Cyprus Opportunity Energy Public Company Ltd

## STATEMENT OF FINANCIAL POSITION
## at 31 December 2012

| | *Note* | *31.12.2012 USD* |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Other receivables | | 72.739 |
| Cash and cash equivalents | 8 | 158.021 |
| **TOTAL ASSETS** | | 230.760 |
| **EQUITY AND LIABILITIES** | | |
| **Capital and reserves** | | |
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| **Non Current liabilities** | | |
| Loan due to holding company | 13 | 102.490 |
| | | 102.490 |
| **Total liabilities** | | 258.953 |
| **TOTAL EQUITY AND LIABILITIES** | | 230.760 |

On 19 March, 2013 the Board of Directors of C.O. Cyprus Opportunity Energy Public Company Ltd authorised these financial statements for issue.

| | |
|---|---|
| ..... | ..... |
| Rony Halman | Stelios Saphiris |
| Chairman | Director |

## STATEMENT OF CHANGES IN EQUITY
**Period from 10 February 2012 (date of incorporation) to 31 December 2012**

| | *Share capital USD* | *Share premium USD* | *Retained earnings USD* | *Total USD* |
|---|---|---|---|---|
| Issue of share capital | 110.482 | 994.143 | - | 1.104.625 |
| Net loss for the period | - | - | (1.132.818) | (1.132.818) |
| **At 31 December 2012** | 110.482 | 994.143 | (1.132.818) | (28.193) |

Share premium is a non distributable reserve.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter, will be payable on such deemed dividends distribution. Profits and to the extent that these are attributable to shareholders, who are not tax resident of Cyprus and own shares in the Company either directly and/or indirectly at the end of two years from the end of the tax year to which the profits relate, are exempted. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

## STATEMENT OF CASH FLOWS
**Period from 10 February 2012 (date of incorporation) to 31 December 2012**

| | *Note* | *31.12.2012 USD* |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss before taxation | | (1.132.818) |
| Adjustments for: | | |
| Interest expense | 6 | 262 |
| Operating profit before working capital changes | | (1.132.556) |
| Increase in other receivables | | (72.739) |
| Increase in amounts due to related companies | | 145.832 |
| Increase in other payables | | 113.121 |
| Cash used in operations | | (946.342) |
| Interest paid | | (262) |
| **Net cash flows used in operating activities** | | (946.604) |
| **Cash flows from financing activities** | | |
| Proceeds from issue of share capital | | 1.104.625 |
| **Net cash flows from financing activities** | | 1.104.625 |
| Net increase in cash and cash equivalents | | 158.021 |
| Cash and cash equivalents at the beginning of the period | | - |
| **Cash and cash equivalents at the end of the period** | 8 | 158.021 |

## 1. General information

C.O. Cyprus Opportunity Energy Public Company Ltd (the "Company") was established under the Cyprus Companies Law, Cap. 113, on 10 February 2012, by C.O. Cyprus Opportunity Oil & Gas Exploration Ltd. On 17 July 2012 the Company was listed on the Emerging Companies Market of the Cyprus Stock Exchange.

The primary intention of the Company is to participate in oil and/or gas exploration and upstream activities in the exclusive economic zone of Cyprus. The Company's upstream activities refer to the searching for and the recovery and production of oil and natural gas. Such activities involve the searching for potential underground or underwater oil and gas fields, drilling of exploratory wells, and subsequently drilling and operating the wells that recover and bring the raw oil and natural gas to the surface.

On 11 May 2012, the consortium, C.O. Cyprus Opportunity Energy Public Company Limited together with AGR Energy AS ("AGR"), submitted applications for two offshore hydrocarbons exploration licenses, blocks 2 and 8, through the tender for the 2nd Licensing Round offshore Cyprus issued by the government of Cyprus.

The Company is bidding for a license as part of a two party consortium with Norwegian Operator AGR Energy AS. The latter is responsible for planning, supervising, managing and undertaking the proposed exploration operations including interfacing with contractors and carrying out various exploration operations.

The Company and AGR have entered into an Operating and Farm-In Agreement effective as of 11 May 2012. According to this agreement, the applications for two licences as set forth above have been submitted by the Company as holder of 70% of the license and by AGR as operator and holder of 30% of the licences. The Company and AGR may, subject to applicable law and any required approval, enter into future agreements for joining of third parties as licence holders, should any of the licences be obtained.

On 30 October 2012, the Ministers Council of the Cyprus government decided the preliminary granting of four offshore deep water oil and gas exploration licenses, blocks 2,3,9 and 11. In December 2012, the Ministers of Council of the Cyprus government also granted the license for block 10. The license for block 2 was not granted to the consortium of the Company, but to another consortium.

On 31 October 2012 an extension of the validity period of the applications submitted by the Consortium was requested by the Ministry of Commerce, Industry and Tourism until 26 May 2013. On 1 November 2012 this request was approved by the Consortium.

The Company has not as yet been notified by any means, or made aware of by any public announcement in respect of a decision regarding the licensing of block 8.

## 2.1 Basis of preparation and accounting policies

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

The financial statements are presented in United States Dollar (US$) and have been prepared under the historical cost convention.

## 2.1 Basis of preparation and accounting policies (continued)

*Going concern*
The Company incurred a loss of US$1.132.818 during the period from 10 February 2012 to 31 December 2012. The financial statements have been prepared on a going concern basis since the Company is currently in its start up phase, and also since the outcome regarding its application for a license for block 8 has not yet been announced.

## 2.2 Changes in accounting policies and disclosures

The Company has adopted the following IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements.

- IFRS 7 Financial Instruments: Disclosures (Amended) - Enhanced Derecognition Disclosure Requirements
- IAS 12 Income Taxes (Amended) – Recovery of Underlying Assets

Adoption of the above did not have any impact on the financial statements of the Company.

## 2.3 Standards issued but not yet effective

Up to the date of approval of the 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) Issued by the IASB and adopted by the European Union*

- IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income
- IAS 19 Employee Benefits (Revised)
- IAS 28 Investments in Associates and Joint Ventures (Revised)
- IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities
- IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

*(ii) Issued by the IASB but not yet adopted by the European Union*

- IFRS 9 Financial Instruments: Classification and Measurement
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- Annual Improvements to IFRSs (2009 – 2011 Cycle)

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

## 3. Summary of significant accounting policies

***Functional currency, presentation currency and foreign currency***

Functional currency and presentation currency:

The presentation currency of the Financial Statements is the United States Dollar. The functional currency is the currency that best reflects the economic environment in which the Company operates and conducts its transactions. It is separately determined for the Company, and is used to measure its financial position and the results of its activities. The Company's functional currency is the United States Dollar.

Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency (any currency different to the functional currency) are recorded upon initial recognition according to the exchange rate at the time of the transaction. After initial recognition, financial assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date.

The exchange differences, not including those capitalized to qualifying assets or carried to equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency are presented at cost according to the exchange rate at the time of the transaction. Non-monetary assets and liabilities denominated in foreign currency and presented at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

**Finance income**

Finance income includes interest income which is recognised based on an accrual basis.

**Financial instruments**

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

i) Financial assets:

Financial assets within the scope of IAS 39 are initially recognized at fair value plus directly attributable transaction costs, except for investments at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

After initial recognition, the accounting treatment of investments in financial assets is based on their classification into one of the following four categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

ii) Financial liabilities

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

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

## 3. Summary of significant accounting policies (continued)

**Financial instruments** (continued)

*Cash equivalents*
Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Company's cash management.

*Equity instruments*
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**Derecognition of financial assets and liabilities**

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

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

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

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

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 3. Summary of significant accounting policies (continued)

### Taxes on income

Taxes on income in the statement of income comprise current and deferred taxes. Current or deferred taxes are recognized in profit or loss, except to the extent that the tax arises from items which are recognized directly in other comprehensive income or in equity. In such cases, the tax effect is also recognized in the relevant item.

Current taxes:
The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred taxes:
Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.
Deferred taxes are measured at the tax rates that are expected to apply to the period when the taxes are reversed in profit or loss, other comprehensive income or equity, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to items recognized in other comprehensive income or in equity.
Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. Also, temporary differences (such as carry forward losses) for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability has become probable. Any resulting reduction or reversal is recognized in the line item, "taxes on income".
Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends that triggers an additional tax liability.
All deferred tax assets and deferred tax liabilities are presented in the statement of financial position as non-current assets and non-current liabilities, respectively. Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

### Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's directors.

***Oil and natural gas exploration, evaluation and development expenditure***
Pre-licence costs
Pre-licence costs are expensed in the period in which they are incurred.

## 3. Summary of significant accounting policies (continued)

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

*Provisions*
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

## 4. Judgements and estimates

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

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

- **Income taxes**

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

## 5. Operating profit / loss

| | *31.12.2012 USD* |
|---|---|
| *Operating loss is stated after charging the following items:* | |
| Auditors' remuneration for the statutory audit of annual accounts | 6.602 |
| Auditors' remuneration for tax services | 3.550 |
| Auditors' remuneration for advisory services | 20.805 |
| Auditors' remuneration for other assurance related services | 2.562 |
| Incorporation expenses | 9.307 |
| Staff costs: | |
| - Salaries and wages | 87.464 |
| - Other costs | 6.323 |
| Directors' fees | 16.836 |

Directors' remuneration included within staff costs, are separately disclosed in note 13.

## 6. Net finance income

| | *31.12.2012 USD* |
|---|---|
| Foreign exchange profit | 66.764 |
| Finance income | 66.764 |
| | |
| Foreign exchange loss | 35.144 |
| Bank interest expense | 262 |
| Bank charges | 1.716 |
| Interest expense on loan from related party | - |
| | 37.122 |
| Net finance income | 29.642 |

## 7. Tax

| **Statement of Comprehensive Income** | *31.12.2012 USD* |
|---|---|
| Corporation tax - current year | - |
| Charge for the period | - |
| | |
| **Statement of Financial Position** | |
| Corporation tax | - |
| | - |

| | *31.12.2012 USD* |
|---|---|
| Profit/(Loss) before tax | (1.132.818) |
| | |
| Tax calculated at the applicable tax rates | (113.282) |
| Tax effect of expenses not deductible for tax purposes | 5.034 |
| Tax effect of allowances and income not subject to tax | (2.275) |
| Tax effect of losses carried forward | 110.523 |
| Tax charge | - |

## 7. Tax (continued)

The applicable corporation tax rate is 10%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15%. 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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income on the following years. As at 31 December 2012, the balance of tax losses which is available to be carried forward for 5 years and offset against future taxable profits amounts to $1.105.231 for which no deferred asset is recognised in the statement of financial position since it is uncertain whether taxable profits will be available against which the losses can be utilised.

## 8. Cash and cash equivalents

| | *31.12.2012* *USD* |
|---|---|
| Cash in hand | 59 |
| Cash at bank | 157.962 |
| | 158.021 |

Cash at bank represents current accounts denominated in Euro, United States Dollar and new Israeli Shekel (NIS), as follows:

| | *USD* |
|---|---|
| United States Dollar | (27) |
| Euro | 61.515 |
| New Israeli Shekel | 96.474 |
| | 157.962 |

## 9. Share capital

| | *Shares* | *31.12.2012* *USD* |
|---|---|---|
| *Authorised* | | |
| Ordinary shares of €0,01 each | 12.000.000 | 150.360 |
| *Issued and fully paid* | | |
| Issue of ordinary shares at €0,01 each | 8.390.000 | 110.482 |
| At 31 December 2012 | 8.390.000 | 110.482 |

Upon the Company's incorporation 7.200.000 ordinary shares were issued at a nominal value of €0,01 each for a total amount of €72.000.

On 28 May 2012 the Company completed a private placement in the amount of €800.000. In total, 640.000 shares of €0,01 nominal value each were subscribed for the subscription price of €1,25 per share.

## 9. Share capital (continued)

On 28 May 2012, the Board of Directors approved the allocation of 550.000 ordinary shares to employees, service providers and directors for consideration of their nominal value. These 550.000 shares of €0,01 nominal value each were allotted at par value on 28 May 2012. These shares are bearing the following limitations based on a contractual agreement made between the Company and the employees/service providers/directors who were granted such shares: the shares shall not be transferred traded or sold to any third party as long as they are under the limitation as per the above private agreement between the employees/service providers/directors and the Company. The shares were part of the agreements approved by the Company shortly after its establishment and which were allotted in May 2012 ("Grant Date"). Each year, following the Grant Date, one third (1/3) of the shares is released from the constraints imposed by the contractual agreement between the employees/service providers/directors and the Company, and the part which is released may be traded, transferred or sold by its holder. Should the engagement of the employee or service provider or director, as applicable, be terminated during the next 3 years following the Grant Date, subject to approval by the Company's General Meeting by Special resolution as per ss. 57A-F of the Cyprus Companies Law, the Company shall have the right to purchase from the holder the shares which are still under the constraints imposed by the contractual agreement at the date of termination, at the same price initially paid for them by the holder.

Following the private placement and the allotment to the employees/service providers/directors, the total issued share capital of the Company was 8.390.000 ordinary shares of nominal value €0,01 each.

As part of the private placement that was closed on 28 May 2012, 320.000 warrants were issued and allotted to the investors that participated in the private placement.

## 10. Earnings/(losses) per share

| | *31.12.2012*<br>*USD* |
|---|---|
| **Basic earnings/(losses) per share** | |
| Loss after tax | (1.132.818) |
| Weighted average number of shares in issue during the period | 7.994.554 |
| Basic earnings/(losses) per share (cent) | (14,17) |
| **Diluted earnings/(losses) per share*** | |
| Diluted loss after tax | (1.132.818) |
| Diluted weighted average number of shares | 7.994.554 |
| Diluted earnings/(losses) per share (cent) | (14,17) |

* As indicated in note 9, as part of the private placement that was closed on 28 May 2012, 320.000 warrants were issued and allotted to the investors that participated in the private placement. Each warrant grants to its holder an option to purchase until 31 December 2013, upon written notice given by the holder to the Company, part or all of the warrant shares at the Euro equivalent of US$5,00. Since this is above the market price, the warrants do not have a dilutive effect.

## 11. Dividends

The Company has not paid any dividends since its incorporation.

## 12. Other payables

| | *31.12.2012* *USD* |
|---|---|
| Other creditors | 5.406 |
| Accruals | 107.715 |
| | 113.121 |

## 13. Related party balances and transactions

The Company's immediate parent is C.O. Cyprus Opportunity Oil and Gas Exploration Ltd, a company registered in Cyprus. The ultimate controlling company is Israel Opportunity Oil and Gas Exploration Ltd, a company registered in Israel.

| **Amounts/loans due to related companies** | *31.12.2012* *USD* |
|---|---|
| Israel Opportunity Oil and Gas Exploration Ltd | 43.342 |
| C.O. Cyprus Opportunity Oil and Gas Exploration Ltd | 102.490 |
| | 145.832 |

On 31.12.12 a loan of US$102.490 for 18 month period was provided to the company by its parent company. The loan carries interest at 3 month Euribor + 2% per annum.

The following transactions were carried out with related parties:

| | *31.12.2012* *USD* |
|---|---|
| **Purchase of services** | |
| C.O. Cyprus Opportunity Oil and Gas Exploration Ltd – Management Services | 90.757 |
| Israel Opportunity Oil and Gas Exploration Ltd - Advisory fees | 59.073 |
| AGR Energy AS*: - Seismic expenses | 609.985 |
| - Advisory fees | 55.300 |
| | 815.115 |
| **Directors' Remuneration** | |
| Salaries and wages | 45.882 |
| Other staff costs | 2.888 |
| Directors fees | 16.836 |
| | 65.606 |

* AGR Energy AS holds 10% of the shares in the immediate parent of the Company.

**Management Services Agreement with C.O. Cyprus Opportunity Oil and Gas Exploration Ltd ("Parent Company")**
Under the terms of this agreement, the Parent Company will provide certain consultancy, administrative and book keeping services. In consideration for the proper, timely and complete performance of the Parent Company's obligations and the provision of services, the Company will pay the Parent Company an amount of €10.000 (Ten Thousand Euros) per month plus VAT (reduced to €5.000 per month starting from January 2013).

## 13. Related party balances and transactions (continued)

**Services Agreement with the Parent Company**
Under the terms of this agreement, the Parent Company provided certain consultancy and other services to the Company for the purpose of submitting an application to receive a petroleum license within a tender of the Cypriot government. In consideration for the proper, timely and complete performance of the Parent Company's obligations and the provision of services, the Company will pay the Parent Company royalties from the Company's entire share in the oil and/or gas and/or other valuable materials produced and exploited from the petroleum assets in which the Company has or will have an interest (according to calculations and on the same basis applicable for paying royalties to the state according to the Cypriot Law) (before deducting royalties of any type, but after deducting the oil or gas used for the production purposes itself) at the rate of 10%.

## 14. Financial risk management objectives and policies

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

**14.1 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.

**14.2 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 foreign exchange risk arising from various currency exposures primarily with respect to the Euro and New Israeli Shekel. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

**14.3 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 other receivables and from its financing activities.

The Company recognizes provision for doubtful debts according to its estimate and past experience. The Company has no significant debts in arrears and there is no significant concentration of credit risk. The book value of the financial assets reflects the maximum credit exposure.

## 14. Financial risk management objectives and policies (continued)

### 14.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities. The Company mainly transacts with related parties to curtail this risk and monitors its liquidity on a continuous basis.

### 14.5 Capital management

Capital includes equity shares and share premium.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order 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.

### 14.6 Operating environment of the Company

The Cyprus economy has been adversely affected over the last few years by the international credit crisis and the instability in the financial markets. During 2012 there was a considerable tightening of financing availability from Cypriot financial institutions, mainly resulting from financial instability in relation to the Greek sovereign debt crisis, including the impairment of Greek Government Bonds and its impact on the Cyprus economy. In addition, following its credit downgrades, the ability of the Republic of Cyprus to borrow from international markets has been significantly affected. The Cyprus government is in negotiations with the European Commission, the European Central Bank and the International Monetary Fund, in order to obtain financing.

Cyprus and the Eurogroup (together with the International Monetary Fund) reached an understanding on 16 March 2013 on a package of measures intended to overcome the crisis for Cyprus' banking sector. If the agreement is approved by the parliament in Cyprus, there will be a special levy on deposits with financial institutions operating in Cyprus.

Since the outcome of the above agreement is uncertain at this stage, the impact on the financial statements has not been evaluated, although not considered to be significant to the financial statements as at 31 December 2012.

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

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

### Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts as at 31 December 2012

## 15. Commitments and contingencies

There were no significant commitments and contingencies as at 31 December 2012.

## 16. Events after the reporting period

On 5 February 2013, the Ministry of Commerce, Industry and Tourism of the Republic of Cyprus (the "Ministry") informed C.O. Cyprus Opportunity Energy Public Company Ltd that the procedure concerning block 2 has been concluded, following a decision of the Council of Ministers issued on 16 January 2013. An Exploration License for this block has been granted to a third party and the relevant Exploration and Production Sharing Contract has been signed on 24 January 2013.

The Company has not as yet been notified by any means in respect of a decision regarding the licensing of block 8.

Starting from January 2013 the Company will pay its Parent Company management fees in the amount of €5.000 per month (reduced from €10.000 per month).

There were no other significant events after the reporting date.