Brooge Energy Limited
(Formerly Brooge Holdings Limited)
Consolidated Financial Statements
December 31, 2019

Member of Allinial

Brooke Energy Limited
Index to the Financial Statements
December 31, 2019

	Page
Independent Auditor's Report	1
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statement of Changes in Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9

Office 106, The Binary
Al Abraj Street
Business Bay
PO Box 413383
Dubai / UAE

[T] +971 4 557 8358
[E] mail@affiniax.com

Independent Auditor's Report

To the Board of Directors and Shareholders of Brooge Energy Limited and its Subsidiaries

Report on the Audit of the Consolidated Financial statements

Opinion

We have audited the consolidated financial statements of Brooge Energy Limited and its Subsidiaries, ("the Group"), which comprises of the consolidated statement of financial position as at December 31, 2019, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of Brooge Energy Limited and its Subsidiaries as at December 31, 2019 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the and the PCAOB.

We conducted our audit in accordance with PCAOB & International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

a. We draw your attention to Note no. 33 where the Group has reversed the revenue amounting to USD 28,200,155 which mainly represents funds received from M/s Brooge International Advisory LLC (BIA) which was earlier accounted as the revenue. Since the Group could not obtain the confirmation from subject party to identify the purpose and repayment terms, if any; before signing date of this report, an amount of USD 29,939,548 representing the funds received from BIA has been classified as Other payable in the financial statements for the year ended December 31, 2019.

A F F I
N I A X

Emphasis of Matter (Continued)

b. Considering the significance of the above amount involved, we have further reviewed the legal documents of M/s Brooge Petroleum and Gas Investment Company and M/s Brooge International Advisory LLC (BIA) to determine whether they are related parties in accordance to Paragraph (9) of International Accounting Standards (IAS 24). The Company has further undertaken vide resolution dated April 23, 2023 to consider BIA as a related party. Based on the above representation and applying the concept of substance over form, it indicates that BIA is a related party.

c. We draw attention to consolidated statement of comprehensive income in the consolidated financial statements, which indicates that the Group incurred a net loss of USD 104,689,000 during the year ended December 31, 2019 and, as of that date, the Group's current liabilities exceed current assets by USD 131,835,583. Our opinion is not modified in respect of this matter.

Reaudit of Consolidated Financial Statements for the Year Ended December 31, 2019

Attention is invited to Note 34 Reaudit of the consolidated financial statements. The consolidated financial statements of the Group are re-audited to record the restatement pertaining to revenue, other payable and trade accounts receivable, which were recorded erroneously due to the inadequate documents. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no other key audit matters to communicate in our report.

Responsibility of the Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal controls as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, 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 ISA's 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 consolidated financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also;

• Identify and assess the risks of material misstatement of the consolidated 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 risks 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, misrepresentation or override of internal controls.

• Obtain an understanding of internal controls 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 Group's internal controls.

• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

• Conclude on the appropriateness of Management's use of 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 Group's ability to continue as 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 consolidated 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 Group to cease to continue as a going concern.

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

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

AFFI
NIAX

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

We also provide the Management 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 the Management, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters.

Affiniax A A S Auditors

Dubai,
United Arab Emirates,
April 24, 2023

PART
NERS

Allinial GLOBAL.

Brooge Energy Limited

Consolidated Statement of Comprehensive Income

Year Ended December 31, 2019

(Figures in USD)	Note	2019 (Re-stated)	2018 (Re-stated)
Revenue	6	15,885,219	6,387,348
Direct costs	7	(11,497,239)	(10,100,234)
Gross profit / (loss)		**4,387,980**	**(3,712,886)**
Other income	8	4,188	8,554
Change in estimated fair value of derivative warrant liability	20	1,273,740	Nil
Listing expenses	9	(101,773,877)	Nil
General and administration expenses	10	(2,470,425)	(1,824,380)
Finance costs	11	(5,782,430)	(6,951,923)
Changes in fair value of derivative financial instruments	21	(328,176)	(1,190,073)
Loss for the year		**(104,689,000)**	**(13,670,708)**
Other comprehensive income		Nil	Nil
Total Comprehensive Loss for the year		**(104,689,000)**	**(13,670,708)**
Basic and diluted loss per share	28	**(1.30)**	**(0.17)**

Brooge Energy Limited

Consolidated Statement of Financial Position
As at December 31, 2019

(Figures in USD)	Note	2019 (Re-stated)	2018 (Re-stated)
ASSETS			
Current Assets			
Cash and cash equivalents	12	19,830,771	37,351
Trade accounts receivable	13	163,567	Nil
Inventories	14	179,644	147,090
Other receivable and prepayments	15	840,671	244,828
Total Current Assets		21,014,653	429,269
Non-Current Assets			
Property, plant and equipment	16	263,228,588	197,629,114
Advances to contractor	17	21,664,764	Nil
Total Non-Current Assets		284,893,352	197,629,114
Total Assets		**305,908,005**	**198,058,383**
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and accounts payable	18	61,133,967	9,001,961
Other payable	19	57,794,495	27,854,947
Derivative warrant liability	20	15,709,460	Nil
Derivative financial instruments	21	1,518,249	1,190,073
Borrowings	22	14,539,187	98,537,136
Lease liabilities	23	2,154,878	2,112,624
Total Current Liabilities		152,850,236	138,696,741
Non-Current Liabilities			
Borrowings	22	74,160,950	Nil
Lease liabilities	23	28,624,260	28,108,802
Employees' end of service benefits	24	13,941	6,267
Total Non-Current Liabilities		102,799,151	28,115,069
Equity			
Share capital	25	8,804	8,000
Share premium	25	101,775,834	1,353,285
Retained earnings		(122,521,475)	(17,832,475)
Shareholder's account		70,995,455	47,717,763
Total Equity Attributable to the Shareholders		50,258,618	31,246,573
Total Liabilities and Equity		**305,908,005**	**198,058,383**

The accompanying notes form an integral part of the consolidated financial statements.

Brooge Energy Limited
Consolidated Statement of Changes in Equity
Year Ended December 31, 2019

(Figures in USD)	Share Capital	Share Premium	Accumulated Losses	Shareholder's Account	Total
As at January 01, 2018 (Restated)	8,000	1,353,285	(4,161,767)	70,421,437	67,620,955
Loss for the year	Nil	Nil	(13,670,708)	Nil	(13,670,708)
Movements during the year	Nil	Nil	Nil	(22,703,674)	(22,703,674)
As At December 31, 2018 (Restated)	**8,000**	**1,353,285**	**(17,832,475)**	**47,717,763**	**31,246,573**
Shares issuance in connection with a merger (Note 30)	932	114,022,421	Nil	Nil	114,023,353
Cash election in lieu of shares	(128)	(13,599,872)	Nil	Nil	(13,600,000)
Loss for the year	Nil	Nil	(104,689,000)	Nil	(104,689,000)
Movements during the year	Nil	Nil	Nil	23,277,692	23,277,692
As At December 31, 2019 (Restated)	**8,804**	**101,775,834**	**(122,521,475)**	**70,995,455**	**50,258,618**

The accompanying notes form an integral part of the consolidated financial statements.

Brooge Energy Limited

Consolidated Statement of Cash Flows
Year Ended December 31, 2019

(Figures in USD)	2019 (Re-stated)	2018 (Re-stated)
Cash Flow from Operating Activities		
Loss for the year	(104,689,000)	(13,670,708)
Adjustments for:		
Depreciation of property, plant and equipment	6,018,858	6,002,294
Interest charged on lease liability	2,871,035	2,818,714
Provision for employees' end of services benefits	9,488	5,748
Change in estimated fair value of derivative warrant liability	(1,273,740)	Nil
Net changes in fair value of derivative financial instruments	328,176	Nil
Shares issuance in connection with a merger	114,023,353	Nil
Changes in operating assets and liabilities		
(Increase) / Decrease in trade accounts, other receivable and prepayments	(759,410)	331,996
(Increase) / Decrease in inventories	(32,554)	29,561
Increase in trade and accounts payable	52,132,006	4,427,550
Increase in other payable	29,939,548	27,854,947
Payment of employees' end of services benefits	(1,814)	(132)
Net cash (used in) / generated from operating activities	98,565,946	27,799,970
Cash Flow from Investing Activities		
Advance to contractors	(21,664,764)	Nil
Purchase of property, plant and equipment	(71,618,332)	(8,192,537)
Net cash used in investing activities	(93,283,096)	(8,192,537)
Cash Flow from Financing Activities		
Issuance of 21,229,000 warrants in connection with merger	16,983,200	Nil
Issuance of interest rate swaps	Nil	1,190,073
Net of (repayment) / proceeds from term loan	(9,836,999)	4,209,210
Payment of lease liability	(2,313,323)	(2,267,964)
Movement in shareholder's account	23,277,692	(22,703,674)
Cash election in lieu of shares	(13,600,000)	Nil
Net cash generated from / (used in) financing activities	14,510,570	(19,572,355)
Net change in cash and cash equivalents	19,793,420	35,078
Cash and cash equivalents at beginning of the year	37,351	2,273
Cash and cash equivalents at end of the year	**19,830,771**	**37,351**

1 Legal Status, Management and Business Activity

The consolidated financial statements comprise of the consolidation of the financial statements of Brooge Energy Limited (the "Company") and its subsidiaries on a line-by-line basis. The Company and its subsidiaries are collectively referred to as the "Group". The details of the Group are as follows:

a. Brooge Energy Limited

The Company (formerly known as Brooge Holdings Limited) is a company with limited liability registered as an exempted company in the Cayman Islands.

The registered office of the Company is at P.O Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal executive office is located at P.O Box 50170, Al-Sodah, Khorr Fakkan Road, Fujairah, United Arab Emirates ("UAE").

The Company changed its name from Brooge Holdings Limited to Brooge Energy Limited on April 07, 2020.

The subsidiaries of the Company are as follows:

i. Brooge Petroleum and Gas Investment Company FZE ("BPGIC FZE")

BPGIC FZE is a free zone Company formed and registered in the Fujairah Free Zone Authority under registration number 13-FZE-1117.

BPGIC FZE is a 100% subsidiary of the Company.

ii. BPGIC International ("BPGIC International")

BPGIC International formerly known as Twelve Seas, is a company with limited liability registered as an exempted company in the Cayman Islands.

BPGIC International is a 100% subsidiary of the Company.

The service provided by the group is oil storage and related services at the Port of Fujairah in the Emirate of Fujairah, UAE. The Group currently operates phase I and phase II, comprising 22 tanks with a total capacity of 1,001,388 cubic meters ("cbm"), fully operational for provision of storage and other ancillary processes of crude and clean oil. The construction of the Company's phase II, with a total capacity of 602,064 cbm was completed in September 2021.

The Company was incorporated on 12 April 2019 for the sole purpose of consummating the business combination described further below.

On 15 April 2019, BPGIC FZE entered into a business combination agreement with Twelve Seas Investment Company ("Twelve Seas"), a company listed on National Association of Securities Dealers Automated Quotations ("NASDAQ"), the Company and BPGIC FZE's shareholders. On 10 May 2019, BPGIC PLC became party to the business combination agreement by execution of a joinder thereto.

The business combination was accounted for as a reverse acquisition in accordance with the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") as disclosed in Note 30.

1 Legal Status, Management and Business Activity (Continued)

Under this method of accounting, Brooge Energy and Twelve Seas are treated as the "acquired" company. This determination was primarily based on BPGIC FZE comprising the ongoing operations of the combined company, BPGIC FZE's senior management comprising the senior management of the combined company, and BPGIC FZE's stockholders having a majority of the voting power of the combined company. For accounting purposes, BPGIC FZE is deemed to be the accounting acquirer in the transaction and, consequently, the transaction is treated as a recapitalization of BPGIC FZE. Accordingly, the consolidated assets, liabilities and results of operations of BPGIC FZE are the historical financial statements of the combined company, and Brooge Energy and Twelve Sea's assets, liabilities and results of operations are consolidated with BPGIC FZE beginning on the acquisition date.

As a result of the above transaction, the Company became the ultimate parent of BPGIC FZE and Twelve Seas on 20 December 2019, being the acquisition date. The Company's common stock and warrants are traded on the NASDAQ Capital Market under the ticker symbols BROG and BROGW, respectively. Upon the closing of business combination, Twelve Seas changed its name to 'BPGIC International'.

The consolidated financial statements are prepared as a continuation of the financial statements of BPGIC FZE, the acquirer, and retroactively adjusted to reflect the legal capital of the legal parent/acquiree (Brooge Energy Limited). The comparative financial years included herein are derived from the consolidated financial statements of BPGIC FZE as adjusted to reflect the legal capital of the legal parent/acquiree (Brooge Energy Limited).

The reaudited consolidated financial statements were authorised for issue by the Board of Directors.

2 Basis of Preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board "IASB". These consolidated financial statements are presented in United States dollars ("USD") which is the functional and presentation currency of the Group. All financial information presented in USD has been rounded to the nearest thousand, unless otherwise stated. The consolidated financial statements are prepared under the historical cost convention, except for re-measurement at fair value of derivative financial instruments and warrant liability.

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns

2 Basis of Preparation of Consolidated Financial Statements (Continued)

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control.
Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.
A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary
- derecognizes the carrying amount of any non-controlling interests
- derecognizes the cumulative translation differences recorded in equity
- recognizes the fair value of the consideration received
- recognizes the fair value of any investment retained
- recognizes any surplus or deficit in profit or loss
- reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Details of subsidiaries as at December 31, 2019 and December 31, 2018 are stated in Note 1.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The carrying amount of the Company's investment in the subsidiaries and the equity of the subsidiaries are eliminated on consolidation. All significant intra-group balances, and income and expenses arising from intra-group transactions are also eliminated on consolidation.

(ii) Non-controlling interests ("NCI")

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any noncontrolling interests in the acquiree. For each business combination, the Group elects whether to measure the noncontrolling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

2 Basis of Preparation of Consolidated Financial Statements (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

A 'reverse acquisition' is a business combination in which the legal acquirer - i.e. the entity that issues the securities (i.e. listed entity) becomes the acquiree for accounting purposes and the legal acquiree becomes the acquirer for accounting purposes. It is the application in accordance with IFRS 3 Business Combinations on identifying the acquirer, which results in the identification of the legal acquiree as the accounting acquirer in a reverse acquisition. Application in accordance with IFRS 3 Business Combinations on identifying the acquirer may result in identifying the listed entity as the accounting acquiree and the unlisted entity as the accounting acquirer. In this case, if the listed entity is:

- A business, IFRS 3 Business Combinations applies;
- Not a business, IFRS 2 Share-based Payment applies to the transaction once the acquirer has been identified following the principles in accordance with IFRS 3 Business Combinations. Under this approach, the difference between the fair value of the consideration paid less the fair value of the net assets acquired, is recognized as a listing expense in profit or loss.

2 Fundamental Accounting Concept

As of 31 December 2018, the Group had not paid USD 3.7 million of principal and accrued interest that was due under the Group's Phase I Financing Facilities. Also, as of 31 December 2018, the Group was not in compliance with its debt covenants, including the debt service coverage ratio contained in the Group's Phase I Financing Facilities. Even though the lender did not declare an event of default under the loan agreements, these breaches constituted events of default and could have resulted in the lender requiring immediate repayment of the loans. Accordingly, as of 31 December 2018, the Group has classified its debt balance of USD 94.8 million as a current liability.

On September 10, 2019 and again on December 30, 2019 the Group entered into agreements with its lender to amend the Phase 1 Financing Facility such that on December 31, 2019 the Group was in compliance with the amended facility agreement. At December 31, 2019, the Group's current liabilities exceeded its current assets by USD 131.8 million.

2 Basis of Preparation of Consolidated Financial Statements (Continued)

Fundamental Accounting Concept (Continued)

Subsequent to the year end, the Group defaulted on its commitments under its term loans and the Group was not in compliance with its debt covenants, including the debt service coverage ratio contained in the Group's loan agreement. Even though the lender did not declare an event of default under the loan agreements, these breaches constituted events of default and could have resulted in the lender requiring immediate repayment of the loans.

On June 15, 2020, the Group entered into an agreement with its lender to amend its Phase I Financing Facilities (note 22). The Group will have to pay principal and accrued interest of USD 8.8 million in 2020 which represents the cumulative instalments including interest outstanding from periods prior to this amended agreement and an amendment fee of USD 136,000.
Term loan (1) and Term loan (2) is now payable in 46 and 16 instalments respectively starting June 30, 2020 with final maturity on July 31, 2030 and July 31, 2023, respectively.

During 2018, the Group signed a sales agreement for phase 2 to provide storage and ancillary services to an international commodity trading company, which was novated to a new party during the year. Phase 2 operations are scheduled to start in fourth quarter of 2020 and management expects this will generate significant operating cash flows. The Group is in receipt of a loan facility letter date 15 October 2018 from a lender. The Group intends to draw down from this facility to finance the payments due to the contractor in respect of Phase 2 construction in the third quarter of 2020. The ability of the Group to draw down on this facility is contingent upon a number of conditions agreed in the facility letter which will need to be assessed and approved by the bank prior to the disbursement of funds.

Group incurred a net loss of USD 104,689,000 during the year ended December 31, 2019 and, as of that date, the Group's current liabilities exceed current assets by USD 131,835,583.

Based on the above noted, management has considered the going concern status of the Group and believes there to be a material uncertainty that casts significant doubt upon the Group's ability to continue as a going concern. Based on management's forecasts the capital expenditure requirements for phase 2 and debt servicing as described above will be funded by cash generated through the ongoing operations and further drawdowns from loan facilities. The Group's management acknowledge that there is a risk that the quantum and timing of cash flows may not be achievable in line with the twelve months forecasts from the date of approval of the Group's financial statements. Accordingly, there is significant doubt that the Group will be able to pay its obligations as they fall due and this significant doubt is not alleviated by management's plans.

These financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards issued by International Accounting Standards Board (IASB). The validity of this assumption depends upon the continued financial support to the Group by its Shareholders. The financial statements do not include any adjustment that should result from a failure to obtain such combined financial support. The Management has no intention to discontinue the operations of the Group. The assets and liabilities are recorded on the basis that the Group will be able to realise its assets and discharge its liabilities in the normal course of business. This position does not impair the financial position of the Group.

3 Changes in Accounting Policies and Disclosures

New and amended standards and interpretations.

The Group applied certain standards, interpretations and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2019. Except for IFRS 16, which was early adopted during the year ended 31 December 2016, the Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

a) Amendments to IFRS 9 Prepayment Features with Negative Compensation;
b) IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
c) Amendments to IAS 19 Plan Amendment, Curtailment or Settlement; and
d) Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures.

Annual Improvements 2015-2017 Cycle

a) IFRS 3 Business Combinations;
b) IFRS 11 Joint Arrangements;
c) IAS 12 Income Taxes; and
d) IAS 23 Borrowing Costs

The adoption of above standards and amendments did not have any significant impact on the consolidated financial statements of the Group except the amendments in IAS 23. These amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. The entity applies the amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019. The implementation of the amendments resulted in USD 1,546,108 capitalisation of borrowing cost to Property, plant and equipment.

4 Significant Accounting Estimates and Judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of 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.

Estimation and assumptions

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, 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:

4 Significant Accounting Estimates and Judgements

Useful Life and Depreciation of Property, Plant and Equipment

The Company's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear and the impact of expected residual value. Management reviews the useful lives annually and the future depreciation charge would be adjusted where management believes that the useful lives differ from previous estimates. The depreciation period of the right-of-use asset has been determined to be over the lease term on the basis that the land is expected to be used for the whole period of the lease considering the existing assets and future expansion on the land.

Asset retirement obligation

As part of the land lease agreement between Fujairah Municipality and the Group, the Group has a legal obligation to remove the plant at the end of its lease term. The Group initially records a provision for asset retirement obligations at the best estimate of the present value of the expenditure required to settle the obligation at the time a legal (or constructive) obligation is incurred, if the liability can be reliably estimated. When the provision is initially recorded, the carrying amount of the related asset is increased by the amount of the liability. Provisions are adjusted at each balance sheet date to reflect the current best estimate. The unwinding of the discount is recognised as finance cost. The Group's operating assets generally consist of storage tanks and related facilities. These assets can be used for an extended period of time as long as they are properly maintained and/or upgraded. It is the Group's current intent to maintain its assets and continue making improvements to those assets based on technological advances. There is no data or information that can be derived from past practice, industry practice or the Group's intentions that could be used to make a reliable estimate of the decommissioning cost. Accordingly, the Group has not recorded a liability or corresponding asset as the amounts of such potential future costs are not reliably determinable.

Discount rate used for initial measurement of lease liability

The Group, as a lessee, measures the lease liability at the present value of the unpaid lease payments at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group on initial recognition of the lease uses its incremental borrowing rate. Incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in similar economic environment. The Group determined its incremental borrowing rate at 9.5% (2018: 9.5%) in respect of the lease liability (Note 23).

Impairment of trade receivables

The Company uses the simplified approach under IFRS 9 to assess impairment of its trade receivables and calculates expected credit losses (ECLs) based on lifetime expected credit losses. The Company calculates the ECL based on Group historical credit loss experience, adjusted for forward-looking factors specific to the customer and the economic environment.

4 Significant Accounting Estimates and Judgements

Valuation of derivative financial instruments

The Group has entered into derivative financial instruments (interest rate swaps) with a financial institution with investment grade credit rating. Interest rate swaps are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves. The changes in counterparty credit risk had no material effect on the derivative financial instruments recognised at fair value.

Fair value of Other Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques including discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimation is required in establishing fair values. The estimates include consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Business combination (reverse acquisition)

As the reverse acquisition of Brooge Energy did not constitute a business combination, the transaction was accounted for as an asset acquisition by the issuance of shares of the Company, for the net assets of Twelve Seas and its public listing. Accordingly, the transaction had been accounted for at the fair value of the equity instruments granted to the shareholders and warrant holders of Twelve Seas.

Management applied the following primary judgments in accounting for the reverse acquisition:

1. BPGIC was assessed as the accounting acquirer due to majority shareholding and representatives on the board of directors.
2. The accounting acquiree is not a business and not in scope of IFRS 3.
3. The acquisition has been accounted for in terms of IFRS 2 which is aligned to guidance issued by the IFRIC. The difference between the fair value of the consideration paid and the fair value of the net assets acquired has been recognised in profit and loss.
4. Fair value of ordinary shares issued: Refer to Note 30.
5. The fair value of the shares in escrow is not materially different from that of the shares which are not in escrow as the rights of these shares are similar to those of "normal ordinary shares". Fair value of the shares in escrow: Refer to Note 30.
6. Fair value of warrants issued: Refer to note 20.
7. Deemed share issue has been presented in the financing activities in the Statement of Cash Flows.

4 Significant Accounting Estimates And Judgements

Classification of warrants

Classification of warrants in connection with the completion of the business combination on 20 December 2019 as described in Note 1, Note 20 and Note 30 the Group issued warrants. The warrants agreement require the Group to issue a fixed number of shares for a fixed amount of cash, however it contains a clause that allows for cashless exercise (in the event that no effective registration is maintained), which may lead to the issuance of a variable number of shares. Management assessed that the maintenance of an effective registration statement is a matter not wholly within the control of the Group and as such classified the warrants as a financial liability at fair value through profit or loss.

5 Summary of Significant Accounting Policies

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services or goods. Revenue is net of discounts and value added taxes. Monthly storage rates and prices for other services are contractually agreed before the services are rendered and do not contain material variable components. When it is probable that the future economic benefits will flow to the Group, the recognition in the consolidated statement of income is in proportion to the stage of the rendered performance as at the end of the reporting period. The Group has a right to a consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's services completed to date.

Tank storage rentals, including minimum guaranteed throughputs, are recognized on a straight-line basis over the contractual period during which the services are rendered. Revenues from excess throughputs, heating/cooling, homogenization, product movements and other services are recognized when these services are rendered. Customers simultaneously consume and benefit from the services at the moment that these are rendered, resulting in a situation where revenue is recognized over time. Where substantially the entire storage capacity is leased to a single customer, the contract contains a lease and the entire storage revenue is presented as lease revenue.

Storage fees are invoiced upfront in the month preceding the month to which the storage fees relate. Handling and other services are invoiced afterwards, based on the actual usage.

5 Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are valued at the lower of cost, determined on the basis of weighted average cost, and net realizable value. Costs are those expenses incurred in bringing each item to its present location and condition. Net realisable value is valued at selling prices net of selling costs.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption 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 to the Group.

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.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Current and Non-Current Classification

The Group 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 realized or intended to be sold or consumed in 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 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.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

5 Summary of Significant Accounting Policies (Continued)

Taxes

Value Added Tax:

Expenses and assets are recognized net of the amount of input tax, except:

- When the input tax is incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the input tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable;
- The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position, as applicable.

Input VAT and Output VAT

Input VAT is recognized when the goods or services are supplied to the Company and the tax on which is paid/due to be paid by the Company to the Supplier.

Output VAT is recognized in respect of taxable supply of goods/services rendered by the Company on which tax is charged and due to be paid to the UAE Federal Tax Authority.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of comprehensive income (within profit and loss) in the period during which they are incurred.

Property, Plant and Equipment

Property, plant and equipment, is stated at historical costs less accumulated depreciation and any accumulated impairment losses. Historical costs includes expenditure that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Management.

The cost of replacing or addition to an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Capital work under progress is stated at cost and subsequently transferred to assets when it is available for use.

Depreciation is charged to write off the cost of assets using the straight line method as follows:

Office Buildings	25 years
Tanks	50 years
Installations	20 - 25 years
Other Equipment	5 years
Right of use asset - Land	60 years

5 Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

The useful lives and depreciation method are reviewed periodically to ensure that the year and method of depreciation are consistent with the pattern of economic benefits expected to flow to the Group through the use of items of property, plant and equipment.

The carrying amounts are reviewed at each reporting date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised as profit or loss in the statement of comprehensive income.

Capital work in progress

Capital work in progress is stated at cost, which represents costs for the design, development, procurement, construction and commissioning of the asset under development. Cost includes borrowing cost capitalised and depreciation of the right of use asset during the construction phase. When the asset is in the location and condition necessary to operate in the manner intended by management, capital work in progress is transferred to the appropriate property, plant and equipment category and depreciated in accordance with the Group's policies.

Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

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

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

5 Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Group as a lessor

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as a lessee

The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The relative stand-alone price of lease and non-lease components is determined on the basis of the price the lessor, or a similar supplier, would charge an entity for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

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

At the commencement date, the Group recognizes a right-of-use asset classified within property, plant and equipment and a lease liability presented separately on the consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease of 12 months or less and leases of low-value assets when new. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use assets

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

After initial recognition, the Group amortises the right-of-use asset over the term of the lease. In addition the right-of- use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

5 Summary of Significant Accounting Policies (Continued)

Lease liability

The lease liability is initially recognized at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

After initial recognition, the lease liability is measured by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Where, (a) there is a change in the lease term as a result of the reassessment of certainty to exercise an option, or not to exercise a termination option as discussed above; or (b) there is a change in the assessment of an option to purchase the underlying asset, assessed considering the events and circumstances in the context of a purchase option, the Group remeasures the lease liabilities to reflect changes to lease payments by discounting the revised lease payments using a revised discount rate. The Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or its incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Where, (a) there is a change in the amounts expected to be payable under a residual value guarantee; or (b) there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, including a change to reflect changes in market rental rates following a market rent review, the Group remeasures the lease liabilities by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In such case, the Group uses a revised discount rate that reflects changes in the interest rate.

The Group recognizes the amount of the re-measurement of the lease liability as an adjustment to the right-of use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognizes any remaining amount of the re-measurement in the consolidated statement of comprehensive income (within profit and loss).

The Group accounts for a lease modification as a separate lease if both:

the modification increases the scope of the lease by adding the right to use one or more underlying assets; and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

5 Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

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

The Group's financial assets at amortised cost include other receivables and due from related parties.

Financial assets at fair value through OCI, impairment losses or reversals are recognised in the statement of comprehensive income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial liabilities

On Initial recognition, Financial liabilities within the scope of IFRS 9 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 Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value and in the case of loans and borrowings fair value of the consideration received less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liability and term loans.

Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flow from the assets cease and any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

5 Summary of Significant Accounting Policies (Continued)

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Non-derivative financial assets and liabilities

Receivables

Receivables are those financial assets that have fixed or determinable payments and for which there is no active market are initially recognized at fair value plus any directly attributable transactions costs. Subsequent to initial recognition they are measured at amortized cost using the effective interest method. These comprise trade accounts and other receivables, receivables from related parties, bank balances including fixed and margin deposits with banks.

Trade Accounts and Other Receivable

Receivable are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

The Management undertakes a periodic review of amounts recoverable from trade and other receivable, and determines recoverability based on various factors such as ageing of receivable, payment history, collateral available and other knowledge about the receivable.

Provision for bad and doubtful debts represents estimates of ultimate unrealizable debts. The estimates are judgmental and are based on case based evaluation by the management.

Provisions created during the year are reflected in the operating results of the year. Debts which are recognised as unrealizable are written off during the year.

Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, banks accounts and short term highly liquid deposits with a maturity date of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Statutory Reserve

Statutory reserve is created by appropriating 10% of the net profits BPGIC FZE for the year as required by Article 103 of the UAE Federal Law No. 2 of 2015 on commercial companies, concerning commercial companies in the UAE.

5 Summary of Significant Accounting Policies (Continued)

Employees' End of Service Benefits

Provision is made for the amounts payable under the UAE labour law applicable to the employees and is based on current basic remuneration and cumulative period of service at the balance sheet date.

Provision is made on the assumption that all employees were to leave as of the balance sheet date since this provides, in Management's opinion, a reasonable estimate of the present value of terminal benefits.

Trade Accounts and Other Payable

Trade accounts and other payable are stated at nominal amounts payable for goods or services rendered.

Asset Retirement Obligation

As part of the land lease agreement between Fujairah Municipality and the Group, the Group has a legal obligation to remove the plant at the end of its lease term. The Group initially records a provision for asset retirement obligations at the best estimate of the present value of the expenditure required to settle the obligation at the time a legal (or constructive) obligation is incurred, if the liability can be reliably estimated. When the provision is initially recorded, the carrying amount of the related asset is increased by the amount of the liability. Provisions are adjusted at each balance sheet date to reflect the current best estimate. The unwinding of the discount is recognized as finance cost. The Group's operating assets generally consist of storage tanks and related facilities. These assets can be used for an extended period of time as long as they are properly maintained and/or upgraded. It is the Group's current intent to maintain its assets and continue making improvements to those assets based on technological advances. There is no data or information that can be derived from past practice, industry practice or the Group's intentions that could be used to make a reliable estimate of the decommissioning cost. Accordingly, the Group has not recorded a liability or corresponding asset as the amounts of such potential future costs are not reliably determinable.

Provisions

Provisions are recognised when the Group has a present obligation as a result of past event and it is probable that the outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of the amount expected to be required to settle the obligation and the risk specific to the obligation.

Foreign Currencies Translations

The financial statements are presented in US Dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of 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.

5 Summary of Significant Accounting Policies (Continued)

Derivative financial instruments

The Group uses derivative financial instruments, interest rate swaps, to hedge its interest risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Warrants are accounted for as derivative financial instruments (a financial liability) as they give the holder the right to obtain a variable number of common (ordinary) shares in case an effective registration statement is not maintained, which is not fully within the control of the Group.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through profit or loss. The warrants shall lapse and expire after five years from the closing of the business combination (Note 30).

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the consolidated statement of comprehensive income (within profit and loss) as the Group has not designated derivative financial instruments under hedging arrangements.

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 Group comprising of share capital, share premium and shareholders' accounts are recorded at the proceeds received, net of direct issue costs.

Escrow shares issued as part of the reverse acquisition are subject to meeting certain financial milestones during the vesting period as disclosed in Note 30. The fair value of the shares in escrow is not materially different from that of the shares which are not in escrow as the rights of these shares are similar to those of "normal ordinary shares".

(Figures in USD)	**2019 (Re-stated)**	**2018 (Re-stated)**
6 Revenue		
Storage rental income (Note 33)	13,397,209	5,694,418
Miscellaneous income (Note 6.1)	1,294,829	423,094
Ancillary services	1,193,181	269,836
	15,885,219	6,387,348

The Group has only one segment at the reporting date. Revenue generation from leasing of storage capacity of tanks and other ancillary services started in December 2017.

6.1: Miscellaneous income represents port charges that are paid by the Group to the port authority and recharged to the customers.

7 Direct Costs

	2019	2018
Depreciation on property, plant and equipment (Note 16)	5,785,745	5,763,150
Employees' costs	3,074,727	2,808,702
Port expense (Note 6.1)	1,294,829	423,094
Spare parts and consumables used	788,792	592,471
Insurance charges	323,702	377,053
Others	229,444	135,764
	11,497,239	10,100,234

8 Other Income

	2019	2018
Miscellaneous income	4,188	8,554
	4,188	8,554

9 Listing Expenses

	2019	2018
IFRS 2 listing expense	98,622,019	Nil
Other listing expenses (Note 9.1)	3,151,858	Nil
	101,773,877	Nil

9.1 Other listing expenses represents promissory note of USD 1.5 million, fees paid to legal advisors, consultants, and other necessary expenses incurred in relation to the Group's listing on the US market.

(Figures in USD)	2019 (Re-stated)	2018 (Re-stated)

10 General and Administration Expenses

	2019	2018
Employees' cost	1,473,335	1,210,102
Legal and professional	549,702	177,298
Office expenses	248,752	106,943
Repairs and maintenance	74,542	75,985
Sales and marketing	70,877	114,682
Travelling expenses	42,871	5,667
Rent	10,346	22,325
Other expense	Nil	111,378
	2,470,425	1,824,380

11 Finance Costs

	2019	2018
Interest expense on term loans	4,002,772	5,559,195
Interest on lease liability	1,412,796	1,387,612
Bank charges	314,967	5,116
Exchange loss	51,895	Nil
	5,782,430	6,951,923

12 Cash and Cash Equivalents

	2019	2018
Cash in hand	1,960	5,013
Balances in current accounts	19,828,811	32,338
	19,830,771	37,351

There are no restricted cash balances for the Group.

13 Trade Accounts Receivable

	2019	2018
Accounts receivables	163,567	Nil
	163,567	Nil

At December 31, 2019, all trade receivables were neither past due nor impaired.

Receivables are due within 14 days of invoicing.

Unimpaired trade receivables are expected to be fully recoverable. It is not the practice of the Group to obtain collateral over receivables and the vast majority is, therefore, unsecured.

14 Inventories

	2019	2018
Spare parts and consumables	179,644	147,090
	179,644	147,090

Cost of inventories recognised during the year amounted to USD 788,792 (2018: USD 592,471). No provision is required for inventories as at December 31, 2019 (2018: Nil).

	2019 (Re-stated)	2018 (Re-stated)
15 Other Receivable and Prepayments		
VAT receivable	573,923	221,448
Prepaid expenses	57,543	Nil
Due from related parties	57,550	Nil
Deposits	15,526	10,352
Advance paid to suppliers and contractors	136,129	13,028
	840,671	244,828

16 Property, Plant and Equipment

a) The groupings are mentioned on page 47.

17 Advances to Contractor

	2019	2018
Advances to contractor	21,664,764	Nil
	21,664,764	Nil

The amount represents the advances paid to a contractor (Audex) for future services in relation to phase 2.

18 Trade and Accounts Payable

	2019	2018
Trade accounts payable	25,989,965	1,566,717
Capital accruals	31,466,080	5,978,220
Accrued interest on term loans	3,295,382	910,691
Accrued expenses	360,180	546,333
Payables to third parties	22,360	Nil
	61,133,967	9,001,961

Trade accounts payables mainly includes the payables to Audex (Phase 2 contractor) amounting to USD 21.5 million. Capital accruals represents contractor's capital accruals for Phase 2.

19 Other Payable

	2019	2018
M/s Brooge International Advisory LLC	57,794,495	27,854,947
	57,794,495	27,854,947

Please refer Note 33 for more details.

20 Derivative Warrant Liability

	2019 (Re -stated)	2018 (Re-stated)
Issuance of 21,229,000 warrants in connection with merger (Note 30)	16,983,200	Nil
Fair value remeasurement of derivative warrant liability	(1,273,740)	Nil
	15,709,460	Nil

In accordance with IAS 32, a contract to issue a variable number of shares fails to meet the definition of equity and must instead be classified as a derivative liability and measured at fair value with changes in fair value recognized in the consolidated statement of comprehensive income at each reporting date. The derivative liabilities will ultimately be converted into the Group's equity (ordinary shares) when the warrants are exercised or will be extinguished on the expiry of the outstanding warrants, and will not result in the outlay of any cash by the Group.

In connection with the completion of the business combination on 20 December 2019, each of Twelve Sea's 21,229,000 outstanding warrants were converted into the Group's warrants at 1:1 ratio. The warrants allow the holder to subscribe for the ordinary shares of the Company at 1:1 basis at an exercise price of USD 11.50. The warrants shall lapse and expire after five years from the closing of the business combination. The holders of the warrants issued pursuant to the business combination may elect, if the Group does not have an effective registration statement or the prospectus contained therein is not available for the issuance of the warrant shares to the holder, in lieu of exercising the warrants for cash, a cashless exercise option to receive a variable number of common shares.

At initial recognition on 20 December 2019, the Group recorded a derivative warrant liability of USD 16,983,200 based on the quoted price on 20 December 2019 of USD 0.8 per warrant and then revalued at USD 0.74 at December 31, 2019 resulting in a fair value gain of USD 1,273,740 and a warrant derivative liability of USD 15,709,460. These warrants were accounted for as part of the consideration transferred under IFRS 2. Additional information is provided in Note 30.

On 14 May 2020, holders of 100 warrants have exercised their rights through cash exercise and converted the warrants into ordinary shares.

21 Derivative Financial Instruments

	2019	2018
Interest rate swaps	1,518,249	1,190,073
	1,518,249	1,190,073

In 2018, the Group entered into an interest rate swap with a commercial bank exchanging variable interest for fixed interest at specified dates on its term loan 1. The interest rate swap matures in June 2023.

The Group is exposed to variability in future interest cash flows on terms loan and Islamic ijara loan which bears interest at a variable rate.

21 Derivative Financial Instruments (Continued)

In order to reduce its exposure to interest rates fluctuations on the loans, the Group has entered into an interest rate arrangement with counter-party banks for a notional amount that mirrors the draw down schedule of the loans, covering not less than 90% of the outstanding term loan. At December 31, 2019 the fixed interest rates varied from 2.78% to 4.76% (2018: 2.78% to 4.76%). The floating interest rate is based on EIBOR. The notional amount outstanding at December 31, 2019 was USD 79.2 million (2018: USD 83.8 million). The interest rate swap match the terms of the fixed rate loan (i.e., notional amount, maturity, payment and reset dates).

The details of these derivative financial instruments are as follows:

December 31, 2019	**Notional Amount (USD)**	**Fair value asset (USD)**	**Fair value liability (USD)**
Designated at FVTPL			
Interest rate swaps	79,253,015	Nil	1,518,249
December 31, 2018			
Designated at FVTPL			
Interest rate swaps	83,855,305	Nil	1,190,073

(Figures in USD)		**2019**	**2018**

22 Borrowings

	2019	2018
Secured term loans	86,435,137	94,792,088
Promissory notes	2,265,000	Nil
Bank overdraft	Nil	3,745,048
	88,700,137	98,537,136

The current and non- current break up as below:

Non- Current	*Maturity*	2019	2018
Term loan 1	2030	68,271,743	Nil
Term loan 2	2023	5,889,207	Nil
		74,160,950	Nil
Current	*Maturity*		
Term loan 1	2020	10,135,939	82,245,595
Term loan 2	2020	2,138,248	10,165,703
Term loan 3	2020	Nil	2,380,790
Promissory notes		2,265,000	Nil
		14,539,187	94,792,088

22 Borrowings (Continued)

Included in secured loans are the below term loans:

Term loan 1

In 2014, the Group obtained term loan facility (1) amounting to USD 84,595,154 from a commercial bank in the UAE to partially finance the construction of phase 1 (14 oil storage tanks in Fujairah). During the year 2019, the Group has not drawn down any amounts (2018: USD 550,445) from this facility. The loan was repayable in 48 quarterly instalments, commencing 27 months after the start of the construction with final maturity not exceeding 31 March 2028 and is stated net of prepaid finance cost of USD 499,158 (2018: USD 559,607). The interest is due on a quarterly basis from the loan drawdown date. The loan was drawn down in AED.

In 2018, the Group entered into an agreement to amend term loan facility (1). As a result of this amendment the loan was repayable in 48 quarterly instalments starting October 2018 with final maturity in July 2030. The loan carries interest at 3 month EIBOR + 3% as compared to interest at 6 month EIBOR + 3.5% previously.

On 10 September 2019, the Group entered into an agreement with the bank to again amend term loan facility (1). The loan was payable in 45 instalments starting 31 October 2019 with final maturity on 30 July 2030. One of the instalments included a one-time lump sum repayment of USD 5,729,418 which represented the cumulative instalments including interest outstanding from periods prior to this amended agreement of USD 5,494,063 and an amendment fee of USD 235,355.

On 30 December 2019, the Group entered into another amendment by revoking the previous amendment for term loan facility (1). The loan is now payable in 44 instalments starting 31 January 2020 with final maturity on 30 July 2030. One of the instalments includes a one-time lump sum repayment of USD 6,612,194, which represents the cumulative instalments including interest outstanding from periods prior to this amended agreement of USD 6,520,130 and an amendment fee of USD 92,064.

Term loan 2

During 2017, the Group obtained an additional term loan facility (2) of USD 11,108,086 from a commercial bank in the UAE for the construction of an administrative building in Fujairah. The loan was repayable in 20 quarterly instalments starting after a 6 months grace period commencing in April 2017 and is stated net of prepaid finance cost of USD 58,578 (2018: USD 76,606). The interest is due on a quarterly basis from the loan drawdown date. The loan was drawn down in AED.

During the year 2018, the Group has entered in to an agreement to amend term loan facility (2). The loan was repayable in 20 quarterly instalments starting October 2018 with final maturity in July 2023.The loan carried interest at 3 month EIBOR + 3% as compared to interest at 3 month EIBOR + 3.5% previously.

Term loan (2) was not amended as part of the 10 September 2019 and 30 December agreement to amend loan (1). In 2019, the Group repaid all instalments due under the repayment schedule.

22 Borrowings (Continued)

Term loan 1 and 2

The term loans are secured by a mortgage on the tanks and the office/administration building, step-in right to the leased land and assignment of insurance policies.

Under the term loan facility agreements, the Group is subject to certain covenants requiring amongst other things, the maintenance of:

i) a minimum debt service coverage ratio of 150% at all times and if the ratio decreases to 120% or less, it results in an event of default; the debt service coverage ratio (DSCR) is defined as net operating income divided by total debt service and;

ii) an amount equivalent to one quarterly instalment including interest in a debt service reserve account at all times.

Under the amended agreement signed on 30 December 2019, the maintenance of above covenants is required to be complied from 28 February 2020. As of December 31, 2019, the Group was in compliance with its commitments under the loan agreements and has accordingly classified the balance between current and non-current liability based on the loan agreements in effect at December 31, 2019.

Subsequent to year end, the Group has again defaulted on the instalments due under the loan agreements and are also in breach of the loan covenants. The lender has not declared an event of default under the loan agreement.

The Group negotiated another amendment to the term loan facilities (1) and (2) on 15 June 2020. Loans (1) and (2) are now payable in 46 and 16 instalments, respectively, with the first installment starting from 30 June 2020 with final maturity in 30 July 2030 and 31 July 2023, respectively. The loan 1 carries interest at 6 months EIBOR + 4% (minimum 5%) and to be further increased to 6 month EIBOR + 4.5% (minimum 5%) from January 2021 as compared to interest at 3 month EIBOR + 3% previously, and, the loan 2 carries interest at 3 months EIBOR + 4% (minimum 5%) and to be further increased to 3 month EIBOR + 4.5% (minimum 5%) as compared to interest at 3 month EIBOR + 3% previously.

The Group has to pay USD 8.8 million for term loan (1) and (2) in 2020 which represents the cumulative instalments including interest outstanding from periods prior to this amended agreement and an amendment fee of USD 136,000.

All securities and covenants under the original agreements remain in effect under the amended agreement except debt service reserve account (DSRA) balance to be maintained from 31 October 2020 and debt service coverage ratio (DSCR) to be commenced from 31 December 2020. Under this agreement, term loans (1) and (2) are also secured by assignment of the proceeds from operation of the tanks of phase 1 and 2.

Term Loan 3

In 2018, the Group has obtained a facility from a commercial bank in the UAE to settle accrued interest on term loan (1) amounting to USD 3,539,341. The facility carried interest at 1 month EIBOR + 2% margin and was repayable in 15 equal monthly instalments commencing from date of disbursement. The facility has been fully settled during the year.

22 Borrowings (Continued)

Term Loan 4

In 2018, the Group obtained a new facility from a commercial bank in the UAE amounting to USD 95,290,000 to partially finance the construction of phase 2. The new facility carries interest at 3 month EIBOR + 3% margin and is repayable in 17 bi-annual instalments commencing 6 months after the date of completion of phase 2.

The term loan facility (4) is secured by a mortgage on the phase 2 storage tanks, step-in right to the leased land and assignment of the proceeds from operation of the tanks and insurance policies.

Under the term loan facility agreement, the Group is subject to certain covenants requiring amongst other things, the maintenance of (i) a minimum facility service coverage ratio of 1.25:1, (ii) a participations to value ratio not exceeding 1.50:1 at all times, (iii) a participations to cost ratio not exceeding 57% at any date, and (iv) an amount equivalent to one instalment including interest in a facility service reserve account at all times or in the event of an initial public offering, the amount should be equivalent to the next two instalments including interest. The facility service coverage ratio is calculated as revenues minus expenses from the phase 2 storage tanks divided by the current debt commitments on term loan (4) including interest. The participations to value ratio at any date is calculated as total debt commitments on term loan facility (4) as of that date divided by the most recent valuation of the phase 2 storage tanks. The participations to cost ratio at any date is calculated as the total debt commitments on term loan facility (4) as of that date as a percentage of the sum of actual constructions costs plus project expenses paid as of that date on the phase 2 storage tanks.

The term loan facility (4) agreement includes an initial condition precedent that requires evidence of initial equity contribution by the Group towards the phase 2 storage tanks before the loan facility can be utilised. The Group has not made any drawdowns on the term loan facility (4) as of the date of issuance of these consolidated financial statements.

Promissory notes

Pursuant to the Business Combination Agreement, on December 20, 2019, Twelve Seas, Early Bird Capital (EBC), and the Company entered into the Business Combination Marketing Agreement Fee Amendment (the "BCMA Fee Amendment") whereby the Company became party to the Business Combination Marketing Agreement solely with respect to the provision relating to EBC's fees and EBC's fees were amended. Pursuant to the Business Combination Marketing Agreement, as amended by the BCMA Fee Amendment, EBC received as full payment for any and all fees under the Business Combination Marketing Agreement, a cash fee equal to USD 3.0 million and a USD 1.5 million non-interest bearing promissory note of the Company due and payable on the earlier of (i) the first anniversary of the Closing and (ii) the consummation by the Company of a follow-on securities offering. In case of default, the promissory note would bear interest at the rate of 10% per annum.

There is an additional promissory note of USD 0.8 million that was issued by Twelve Seas prior to the Business Combination payable to Twelve Seas sponsors which was included in the net assets contributed by Twelve Seas as part of the Business Combination, further details disclosed in Note 30.

23 Lease Liabilities

	2019 (Re-stated)	2018 (Re-stated)
Balance at the beginning of the year	30,221,426	29,670,676
Interest charged during the year	2,871,035	2,818,714
Repayment during the year	(2,313,323)	(2,267,964)
Balance at the end of the year	30,779,138	30,221,426

1) The analysis of lease liability is as follows:

	2019	2018
Current	2,154,878	2,112,624
Non-Current	28,624,260	28,108,802

2) The Group has entered into a land lease agreement with the municipality of Fujairah. The lease commenced in 2013 and is for a period of 30 years extendable for another 30 years at the option of the Group. Considering the use the land, it is reasonably certain that the land will be used until the end of the lease period (i.e. 60 years) and the lease rentals have been discounted at the incremental borrowing rate of 9.5% . As per the land lease agreement, the lease rentals will be increased by 2% every year.
The maturity of the lease liability is as follows:

	Lease payments		Present value of minimum lease payments	
	2019	2018	2019	2018
Not later than one year	2,359,590	2,313,324	2,154,878	2,112,624
Later than one year and not later than five years	9,919,810	9,725,304	7,241,240	7,099,256
Later than five years	213,469,800	216,023,896	21,383,020	21,009,546
	225,749,200	228,062,524	30,779,138	30,221,426
Finance costs	(194,970,062)	(197,841,098)	Nil	Nil
Present value of minimum lease payments	30,779,138	30,221,426	30,779,138	30,221,426

24 Employees' End of Service Benefits

	2019	2018
Balance at the beginning of the year	6,267	651
Provision for the year	9,488	5,748
Paid during the year	(1,814)	(132)
Balance at the end of the year	13,941	6,267

25 Share Capital & Share Premium

Authorized	No.of Shares	USD
Ordinary shares	450,000,000	450,000,000

25 Share Capital & Share Premium (Continued)

Share Capital

	2019 (Re-stated)	2018 (Re-stated)
Conversion of 100 BPGIZ FZE ordinary shares at 1 for 1 million to the legal acquirer, Brooge Energy (Note 1)	80,000,000	8,000
Cash election	(1,281,695)	(128)
Changes in share capital due to business combination (Note 30)	9,316,948	932
As at December 31, 2019	88,035,253	8,804

Note 1: Ordinary shares held in escrow (20,000,000 shares held by BPGIC FZE and 1,552,500 shares held by the original founders of Twelve Seas) have been excluded from the share capital in the table above. Additional information on escrow shares are included in Note 30.

Share Premium

	2019 (Re-stated)	2018 (Re-stated)
As at January 01	1,353,285	Nil
Reverse acquisition adjustment	Nil	1,353,285
Ordinary shares issued on merger with Twelve Seas	114,022,421	Nil
Cash election	(13,599,872)	Nil
As at December 31	101,775,834	1,353,285

26 Transactions with Related Parties

The Group, in the normal course of business carries out transactions with parties that fall within the definition of related party contained in the International Financial Reporting Standards. Significant transactions with related parties are as under:

Transactions in shareholders' account	2019 (Re-stated)	2018 (Re-stated)
Contributions by the shareholders	77,090,648	951,539
Amounts paid on behalf of the Group by the shareholders*	1,135,484	7,850,431
Amounts paid by the Group on behalf of the shareholders	(1,669,424)	(2,296,354)
Distributions to shareholders	(53,279,016)	(29,209,289)
	23,277,692	(22,703,673)

These amounts are repayable at the discretion of the Board of Directors of the Group and are interest free, therefore classified as part of equity.

*These include expenses paid on behalf of the Group which includes other operational expenses paid by the shareholders on behalf of the Group.

Changes in shareholders' account is as follows:	2019 (Re-stated)	2018 (Re-stated)
At January 01	47,717,763	70,421,436
Net contributions (distributions) during the year	23,277,692	(22,703,673)
At December 31	70,995,455	47,717,763

(Figures in USD) 2019 (Re-stated) 2018 (Re-stated)

28 Earnings Per Share (Continued)

The number of contingently issuable shares (escrow shares) to be included in the diluted earnings per shares calculation is based on the number of shares that would be issuable if the end of the period were the end of the contingency period. No ordinary shares would have been issuable on December 31, 2019 as the conditions attached to the escrow shares have not been met at reporting date. As a result, the escrow shares have been excluded from the calculation of diluted earnings per share for December 31, 2019 and the weighted average number of ordinary shares for basic earnings per share and diluted earnings per shares are the same.

On 14 May 2020, holders of 100 warrants have exercised their rights through cash exercise and converted the warrants into ordinary shares.

29 Fair Value of Financial Instruments

Management considers that the fair value of financial assets and financial liabilities in the consolidated financial statements approximate their carrying amounts at the reporting date.

Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Liabilities measured at fair value:	Level 1	Level 2	Level 3	Total Fair Value
31-Dec-19				
Derivative financial instruments	15,709,460	1,518,249	Nil	17,227,709
31-Dec-18				
Derivative financial instruments	Nil	1,190,073	Nil	1,190,073

The fair values of the financial liabilities measured at fair value included in the Level 1 and Level 2 category above, have been determined in accordance with quoted price and generally accepted pricing models based on a discounted cash flow analysis, respectively. The models incorporate various inputs including interest rate curves and forward rate curves of the underlying instruments.

During the year ended December 31, 2019 and 2018, there were no transfers between Level 1 and Level 2 fair value measurements.

30 Business Combination

In connection with the Business Combination as described in Note 1, the following occurred:

Twelve Seas:

(i) Each outstanding ordinary share of Twelve Seas has been exchanged for one (1) ordinary share of Brooge Energy.
(ii) Each outstanding warrant of Twelve Seas has been exchanged for one warrant of Brooge Energy.

30 Business Combination (Continued)

(iii) As part of the Business Combination, 10,869,719 shares were issued to Twelve Seas which included 1.5 million Escrow shares subject to meeting certain financial milestones stated in this note below. Further, million Escrow shares subject to meeting certain financial milestones stated in this note below. Further, 21,229,000 warrants were issued to Twelve Seas in exchange ratio stated above and further details disclosed in Note 19.
(iv) In connection with the closing of the Business Combination, holders of 16,997,181 ordinary shares of Twelve Seas sold in Twelve Seas's Initial Public Offering ("IPO") exercised their right to redeem such shares at a price of $10.31 per share, for an aggregate redemption amount of approximately USD 175.36 million.

Brooge Petroleum and Gas Investment Company FZE:

Twelve Seas issued a total of 100 million shares (inclusive of 20 million of escrowed shares) to BPGIC in exchange for 100 ordinary shares of BPGIC. All 100 million shares were simultaneously replaced with Brooge Energy shares at the ratio of 1:1.

The fair value of the shares that were swapped between the parties above was based on the closing share price of Brooge Energy's as traded on NASDAQ on December 20, 2019 which was USD 10.49 per share.

The fair value of the warrants that were swapped between the parties above was based on the closing price of Brooge Energy's as traded on NASDAQ on December 20, 2019 which was USD 0.80 per warrant.

As part of the above-mentioned business combination, Twelve Seas' net assets of USD 32.4 million (see below) were assumed by the Company and the issuance of ordinary shares and warrants by the Company was recognized at fair value of USD 131.0 million, with the resulting difference amounting to USD 98.6 million representing the listing expense recognized on the transaction. In addition, the Group incurred other listing expenses such as lawyers and consultants fees of USD 3.1 million, resulting in a total listing expense of USD 101.9 million as reflected in the consolidated statement of comprehensive income.

The net assets of USD 32,383,568 were assumed on December 20, 2019 comprised of:

Cash and cash equivalent	33,064,568
Current assets	84,000
Accounts payable	(765,000)
	32,383,568

Shares issued to Twelve Seas as part of the Business Combination included escrow shares of 1,552,000 being 30% of the founder shares which are subject to meeting certain financial milestones as mentioned below. The fair value of the shares in escrow is not materially different from that of the shares which are not in escrow as the rights of these shares are similar to those of "normal ordinary shares" since, management has a reasonable expectation that the subject financial milestones will be met.

The total shares issued by Brooge Energy to BGPIC was 98,718,035 (inclusive of the 20 million shares in escrow) after reduction of 1,281,965 shares due to the 40% cash election exercised by BPGIC. 20,000,000 of the Exchange Shares ("Escrow Property") otherwise issuable to BPGIC is set aside in escrow until released upon the satisfaction of certain financial milestones and share price targets below:

30 Business Combination (Continued)

(i) One-half (½) of the Escrow Property shall become vested and no longer subject to forfeiture, and be released to the seller, in the event that either: (a) the Annualized EBITDA (as defined in the Escrow Agreement) for any full fiscal quarter during the Escrow Period (beginning with the first full fiscal quarter beginning after the Closing) (an "Escrow Quarter") equals or exceeds USD 175,000,000 or (b) at any time during the Escrow Period, the closing price of the Brooge Energy ordinary shares equals or exceeds $12.50 per share (subject to equitable adjustment) for any ten (10) Trading Days (as defined in the Escrow Agreement) within any twenty (20) Trading Day period during the Escrow Period.

(ii) All Escrow Property remaining in the Escrow Account shall become vested and no longer subject to forfeiture, and be released to the seller, in the event that either: (a) the Annualized EBITDA for any Escrow Quarter equals or exceeds $250,000,000 or (b) at any time during the Escrow Period, the closing price of the Brooge Energy ordinary shares equals or exceeds $14.00 per share (subject to equitable adjustment) for any ten (10) Trading Days within any twenty (20) Trading Day period during the Escrow Period.

The same conditions mentioned above applied for the escrow founder shares.

31 Subsequent Events

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve. Therefore, it is challenging now, to predict the full extent and duration of its business and economic impact. The outbreak of Covid-19 has had an impact on demand for oil and petroleum products. Recent global developments in March 2020 have caused further volatility in commodity markets.

The extent and duration of such impacts remain uncertain and dependent on future developments that cannot be accurately predicted at this time, such as the transmission rate of the coronavirus and the extent and effectiveness of containment actions taken. Given the ongoing economic uncertainty, a reliable estimate of the impact cannot be made at the date of authorisation of these consolidated financial statements. These developments could impact our future financial results, cash flows and financial condition.

The Group has entered into a land lease agreement, dated as of February 2, 2020 (the "Phase III Land Lease Agreement"), by and between Group and the Fujairah Oil Industry Zone ("FOIZ") to lease an additional plot of land that has a total area of approximately 450,000 m2 (the "Phase III Land"). Group intends to use the relevant land to expand its crude oil storage and service and refinery capacity ("Phase III").

On April 7, 2020 the Company changed its name from Brooge Holding Limited to Brooge Energy Limited.

31 Subsequent Events (Continued)

The Group negotiated another amendment to the term loan facilities (1) and (2) on 15 June 2020. Loans (1) and (2) are now payable in 46 and 16 instalments, respectively, with the first installment starting from June 30, 2020 with final maturity in July 30, 2030 and July 31, 2023, respectively. The loan 1 carries interest at 6 months EIBOR + 4% (minimum 5%) and to be further enhanced to 6 month EIBOR + 4.5% (minimum 5%) from January 2021 as compared to interest at 3 month EIBOR + 3% previously, and, the loan 2 carries interest at 3 months EIBOR + 4% (minimum 5%) and to be further enhanced to 3 month EIBOR + 4.5% (minimum 5%) as compared to interest at 3 month EIBOR + 3% previously The Group has to pay USD 8.8 million for term loan (1) and (2) in 2020 which represents the cumulative instalments including interest outstanding from periods prior to this amended agreement and an amendment fee of USD 136,000. All securities and covenants under the original agreements remain in effect under the amended agreement except debt service reserve account (DSRA) balance to be maintained from October 31, 2020 and debt service coverage ratio (DSCR) to be commenced from December 31, 2020. Under this agreement, term loans (1) and (2) are also secured by assignment of the proceeds from operation of the tanks of phase 1 and phase 2.

As part of management's plans to alleviate the significant doubt disclosed in Note 2.2, in September 2020, BPGIC FZE issued bonds amounting to USD 200 million to private investors. Each bond has a face value of USD 1 and an issue price of USD 0.95. The semi-annual bond repayment of USD 7 million commenced in November 2021 and continuous until May 2025, with one final bullet repayment of USD 144 million due in November 2025. These bonds carry interest at a rate of 8.5% per annum payable semi-annually. The proceeds from the bond issue were used to fund capital projects and settle the Group's outstanding term loans with the remaining balance (if any) to be used to fund working capital requirements. The proceeds of the bonds were drawn down on November 13, 2020 and the outstanding term loan fully settled.

32 Financial Risk Management And Policies

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, currency risk and liquidity risk. Management reviews and agrees policies for managing each of these risks which are summarized below.

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's balances with banks and interest bearing loans and borrowings at variable rates.

Market Risk

The Group's activities expose it to the financial risks of changes in interest rates and price risk of the warrants. As the warrants are recognised at fair value on the consolidated statement of financial position of the Group, the Group's exposure to market risks results from the volatility of the warrants price. The Warrants are publicly traded at the NASDAQ Stock Exchange.

Currency Risk

The Group does not have any significant exposure to currency risk as most of its assets and liabilities are denominated in USD or UAE Dirhams, which are pegged to the USD.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group is exposed to credit risk on bank balances and receivables as reflected in the consolidated statement of financial position, with a maximum exposure equal to the carrying amount of these instruments. The expected credit loss on trade and other receivables are considered insignificant for 2019 and 2018.

The Group has a low credit risk exposure on its trade receivables based on established policy, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed as part of contract negotiations. Outstanding receivables are regularly monitored.

32 Financial Risk Management And Policies (Continued)

Liquidity Risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers projected financing requirements of the Group during the construction phase and cash projections from operations with outstanding bank facilities and outstanding bank commitments as defined under the finance documents.

The Group manages its liquidity risk in relation to term loans to ensure compliance with all covenants for each specific facility.

The table below summarizes the maturity profile of the Group's financial liabilities at December 31, 2019 and December 31, 2018 based on contractual undiscounted payments.

	On Demand USD	*Upto 1 Year USD*	*1 to 5 Years USD*	*> 5 Years USD*	*Total USD*
December 31, 2019					
Term loans (Including accrued interest)	Nil	17,834,569	33,610,603	40,550,347	91,995,519
Lease liability	Nil	2,359,590	9,919,810	213,469,800	225,749,200
Derivative financial instruments	Nil	1,518,249	Nil	Nil	1,518,249
Accounts payable, accruals and other payables (excluding accrued interest)	Nil	115,633,080	Nil	Nil	115,633,080
Total	**Nil**	**137,345,488**	**43,530,413**	**254,020,147**	**434,896,048**
December 31, 2018					
Bank overdraft/ Term	3,745,048	Nil	Nil	Nil	3,745,048
loans (Including accrued interest)	95,702,779	Nil	Nil	Nil	95,702,779
Lease liability	Nil	2,313,324	9,725,304	216,023,896	228,062,524
Derivative financial instruments	Nil	1,190,073	Nil	Nil	1,190,073
Accounts payable, accruals and other payables (excluding accrued interest)	Nil	35,946,217	Nil	Nil	35,946,217
Total	**99,447,827**	**39,449,614**	**9,725,304**	**216,023,896**	**364,646,641**

The derivative warrant liabilities have not been included in the table above as there is no requirement to settle the warrants in cash.

32 Financial Risk Management and Policies (Continued)

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder's value and to meet its loan covenants.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust future distribution policy to shareholders, issue new shares or shareholders' contributions.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, the lease liability, term loans, and trade and other payables, less cash and cash equivalents. Capital includes share capital, shareholders' accounts, general reserve and (accumulated losses) retained earnings.

	2019	2018
Term loans		
Lease liability	88,700,137	94,792,088
Less: cash and cash	30,779,138	30,221,426
equivalents	(19,830,771)	3,707,697
Net debt	99,648,504	128,721,211
Total capital	50,258,618	31,246,573
Capital and net debt	149,907,122	159,967,784
Gearing ratio	66%	80%

33 Current Year and Prior Year Restatement

i) The comparative figures for 2018 were restated previously on account of errors identified by the management subsequent to the issuance of the 2018 financial statements.

ii) In year 2022, subsequent to the issuance of the Group's 2019 consolidated financial statements, the Group identified errors in the consolidated financial statements for the year ended December 31, 2019 and determined that the 2019 consolidated financial statements should be restated. The basis of such error and restatement is given as below:

Restatement Background

As disclosed on May 27, 2022, the Group has not been able to file the 2021 Form 20-F due to an ongoing non-public examination being conducted by the U.S. Securities and Exchange Commission (the "SEC") regarding the consolidated financial statements of the Group. Subsequently, the Audit Committee of the Board of Directors (the "Audit Committee"), engaged independent counsel to conduct under its supervision, an internal examination into the Group's revenue recognition practices and related matters. As a result of the findings from this internal examination, on August 12, 2022, the Audit Committee, in consultation with the Group's management, concluded that the previously issued audited consolidated financial statements as of and for the periods ending December 31, 2020, and 2019 and the previously issued unaudited consolidated financial statements for interim periods therein and the six months ended June 30, 2021 should no longer be relied upon.

33 Current Year and Prior Year Restatement (Continued)

In connection with the internal examination, the Company conducted a comprehensive review of the accounting policies, procedures, and internal controls related to revenue recognition. All available customer contracts were assessed based on International Financial Reporting Standard (IFRS) 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'. This review identified that the funds received from a related party BIA do not qualify to be recognised as revenue. Due to the qualitative nature of the matters identified in the Company's internal examination, including the number of years over which the non-qualified revenue was recognized, the Company determined that it would be appropriate to rectify the misstatements in the previously issued financial statements by restating such financial statements. Accordingly, for the year 2019 the Company reversed revenue amounting to USD 28,200,155 (2018: USD 29,451,920) and USD 29,939,548 (2018: USD 27,854,947), which mainly represents funds received from BIA, was reversed and re-classified as Other payables under Liabilities.

The Management does not expect to settle these amounts using any of it's current assets or any existing resources in the foreseeable future. Pending its potential receipt of confirmation or adequate supporting documentation from the party. The Group has taken a conservative approach to recognise this as a liability. The Group continues to assess this liability and will evaluate whether there arises any obligation or it is discharged or cancelled or expires or is swapped out for one with significantly different terms or when the terms of are significantly modified, such an exchange or modification is recognized as a derecognition of the old liability and the recognition of a new liability or as equity contribution, as applicable and the difference in the respective carrying amounts will be recorded in the consolidated statement of either other comprehensive income or directly as equity as applicable.

The above changes pertaining to reversal of Revenue and recognition of such amount under Other payable were accounted retrospectively in accordance with IAS 8 and, accordingly the prior years' consolidated financial statements have been restated as disclosed on Page 48.

34 Reaudit of the Consolidated Financial Statements

The consolidated financial statements are re-audited as the Group has undertaken a restatement of its consolidated financial statement for the year ended December 31, 2018, the details of which are mentioned in note 33. The restatement mainly pertains to revenue, other payable and trade account receivable.

35 Rounding Off of Figures

All figures have been rounded off to the nearest US Dollars.

36 Comparative Figures

Certain of the prior year figures have been regrouped to conform with the presentation of the current year. The comparative financial years included herein are derived from the financial statements of BPGIC FZE as adjusted to reflect the legal capital of legal parent / acquiree (Brooge Energy Limited).

Groupings for Property, Plant and Equipment

	Buildings	Installations	Other Equipments	Tanks	Capital Work in Progress	Right of use assets	Total
Cost:							
As at January 01, 2019	28,037,886	65,868,246	213,843	76,100,795	8,344,847	27,540,969	206,106,586
Additions during the year	Nil	9,883	4,984	Nil	71,603,465	Nil	71,618,332
As at December 31, 2019	28,037,886	65,878,129	218,827	76,100,795	79,948,312	27,540,969	277,724,918
Accumulated Depreciation:							
As at January 01, 2019	1,250,566	3,148,665	36,436	1,746,725	Nil	2,295,080	8,477,472
Charge for the year	1,121,515	2,829,671	43,237	1,565,419	Nil	459,016	6,018,858
As at December 31, 2019	2,372,081	5,978,336	79,673	3,312,144	Nil	2,754,096	14,496,330
Net Carrying Value:							
As at December 31, 2019	25,665,805	59,899,793	139,154	72,788,651	79,948,312	24,786,873	263,228,588
As at December 31, 2018	26,787,320	62,719,581	177,407	74,354,070	8,344,847	25,245,889	197,629,114

Capital work in progress at December 31, 2019 includes total amount capitalised relating to the construction of phase 2 and includes an amount of USD 1,458,069 related to finance charge on lease liability and an amount of USD 233,113 related to depreciation charge on right-of-use asset capitalised.

The capitalised borrowing costs have been included under "additions" in the table above. The capitalisation rate used to determine these finance costs was 6.1% (2018: Nil).

Tanks and related assets with a carrying value of USD 158,493,403 (2018: USD 164,038,378) are mortgaged as security against loans obtained in 2014 and 2017 (Note 22). Further, as security against the term loan (2), a step-in right to use the leased land, has been provided to the commercial bank.

The depreciation charge for the year is allocated to the statement of comprehensive income (within profit and loss) and capital work in progress as follows:

	2018	2019
Direct costs (Note 7)	5,763,150	5,785,745
CWIP	239,144	233,113
	6,002,294	6,018,858

Current Year and Prior Year Restatement

Significant balances change during the year are as follows

	As previously reported		Restatement Adjustment		As per the restated Financial Statement	
	31-12-19	31-12-18	31-12-19	31-12-18	31-12-19	31-12-18
Consolidated Statement of Comprehensive Income						
Revenue	44,085,374	35,839,268	(28,200,155)	(29,451,920)	15,885,219	6,387,348
Direct costs	(10,202,465)	(9,607,360)	(1,294,774)	(492,874)	(11,497,239)	(10,100,234)
Gross Profit / (Loss)	33,882,909	26,231,908	(29,494,929)	(29,944,794)	4,387,980	(3,712,886)
Other Income	Nil	Nil	4,188	8,554	4,188	8,554
General and administration expenses	(2,608,984)	(2,029,260)	138,559	204,880	(2,470,425)	(1,824,380)
Finance costs	(5,730,535)	(6,951,923)	(51,895)	Nil	(5,782,430)	(6,951,923)
Profit (loss) for the year	(75,284,923)	16,060,652	(29,404,077)	(29,731,360)	(104,689,000)	(13,670,708)
Consolidated Statement of Financial Position						
ASSETS						
Current Assets						
Trade receivables	1,507,660	1,877,887	(1,344,093)	(1,877,887)	163,567	Nil
Other receivable and prepayments	841,033	244,828	(362)	Nil	840,671	244,828
Total Current Assets	22,359,108	2,307,156	(1,344,455)	(1,877,887)	21,014,653	429,269
Total Assets	307,252,460	199,936,632	(1,344,455)	(1,878,249)	305,908,005	198,058,383
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and accounts payable	61,115,121	9,003,798	18,846	(1,837)	61,133,967	9,001,961
Other payable	Nil	Nil	57,794,495	27,854,947	57,794,495	27,854,947
Total current liabilities	95,036,895	110,843,631	57,813,341	27,853,110	152,850,236	138,696,741
Equity						
Retained Earnings / (accumulated losses)	(64,066,681)	11,218,242	(58,454,794)	(29,050,717)	(122,521,475)	(17,832,475)
Statutory reserve	680,643	680,643	(680,643)	(680,643)	Nil	Nil
Shareholder's account	71,017,815	47,717,763	(22,360)	Nil	70,995,455	47,717,763
Total Equity	109,416,415	60,977,933	(59,157,797)	(29,731,360)	50,258,618	31,246,573
Total Equity & Liabilities	307,252,460	199,936,632	(1,344,455)	(1,878,249)	305,908,005	198,058,383

AFFINIAX PARTNERS

Member of Allinial GLOBAL®
An association of legally independent firms

+971 4 425 6616
PO Box 413383
mail@affiniax.com

affiniax.com

HEAD OFFICE

Office No. 3510 | HDS Tower | Cluster F
Jumeirah Lake Towers
Dubai | United Arab Emirates

DUBAI

Office 106 | 1st Floor
Binary by Omniyat | Business Bay
Dubai | United Arab Emirates

ABU DHABI

Unit 1324 | Mansoor Tower
Abu Dhabi Island | Abu Dhabi
United Arab Emirates

SHARJAH

P-3 Hamriyah Business Centre
Hamriyah Free Zone | Sharjah
United Arab Emirates

BAHRAIN

Office 2201 | 22nd Floor | Building 1260
Block 324 | Manama | Alfateh
Bahrain