

**KAMPAC OIL MIDDLE EAST FZCO
DUBAI - UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**



ام ٥ - عمارة شارع البنوك (عمارة البنك المتحد) - شارع خالد بن الوليد - بر دبي، ص.ب. ٤٣٧١١، دبي، ا.ع.م.
هاتف: +٩٧١ ٤ ٣٥٥٩٩٢٢، فاكس: +٩٧١ ٤ ٣٥٩٧٩٠٢، بريد الكتروني: mmaccount@emirates.net.ae

M5, Bank Street Building (United Bank Ltd. Bldg.), Khalid Bin Al Waleed Street, Bur Dubai, P.O. Box: 43711, Dubai, U.A.E.
Tel: +971 4 3559922, 3513774, Fax: +971 4 3597902, Email: mmaccount@emirates.net.ae, Web: www.mandmaccounting.com
Offices in Abu Dhabi, Sharjah & Jebel Ali, U.A.E. Registered in RAK, SAIF, Hamriyah and other Free Zones, U.A.E.

**KAMPAC OIL MIDDLE EAST FZCO
JEBEL ALI, DUBAI – U.A.E.**

**FINANCIAL STATEMENTS AND
REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007**

TABLE OF CONTENTS

	<u>Pages</u>
Balance Sheet	1
Statement of Income	2
Statement of Cash Flows	3
Statement of Changes in Shareholders' Equity	4
Notes to the Financial Statements	5 - 14

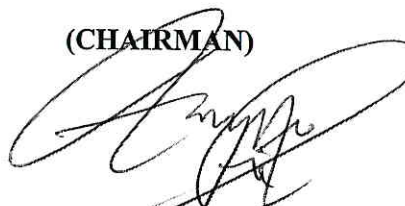
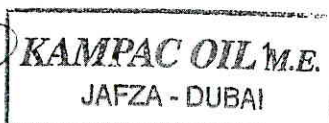
**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Projected Balance Sheet
As of December 31, 2007
(IN US DOLLARS)**

	Notes	December 31,	
		2007	2006
		USD	USD
Assets			
Current Assets			
Cash on hand and banks	4	26,339	9,242,561
Trade receivables	5	713,612,568	99,898,748
Other receivables and prepayments	6	677,815	805,478
Total Current Assets		714,316,722	109,946,787
Non-Current Assets			
Intangible assets-Oil Block		208,000,000	88,251,366
Property, plant and equipment	7	368,973	1,732,578
Advance for property	8	-	1,459,945
Total Assets		922,685,695	201,390,676
Liabilities and Shareholders' Equity			
Current Liabilities			
Trade payables	9	697,493,781	42,604,360
Other payables	10	51,700	15,607,350
Total Current Liabilities		697,545,481	58,211,710
Long term liabilities	11	758,778	6,385,953
Total Liabilities		698,304,259	64,597,663
Shareholders' Equity			
Share capital	2	408,163	408,163
Retained earnings	12	129,133,669	112,125,481
Chairman's loan account	13	-	1,000,000
Chairman's current account	14	94,839,604	23,259,369
Total Shareholders' Equity		224,381,436	136,793,013
Total Liabilities and Shareholders' Equity		922,685,695	201,390,676

The accompanying notes form an integral part of these financial statements.

(CHAIRMAN)





**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Projected Statement of Income
for the year ending December 31, 2007
(IN US DOLLARS)**

	Notes	For the year ended Dec. 31,	
		2007	2006
		USD	USD
Revenue	15	730,207,347	1,102,405,663
Cost of goods sold	16	(697,533,468)	(1,047,306,512)
Gross Profit		32,673,879	55,099,151
Deduct			
General and administrative expenses	17	15,453,029	21,718,081
Selling and distribution expenses	18	3,690	222,018
Depreciation	7	208,972	663,325
Total Operating Expenses		(15,665,691)	(22,603,424)
Net Profit for the year		17,008,188	32,495,727

The accompanying notes form an integral part of these financial statements.


 (CHAIRMAN)

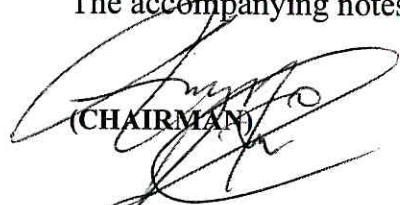


**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Projected Statement of cash flows
for the year ending December 31, 2007
(IN US DOLLARS)**

	For the year ended Dec. 31,	
	2007	2006
	<u>USD</u>	<u>USD</u>
Cash flows from operating activities:		
Net profit for the year	17,008,188	32,495,727
Adjustments for:		
Depreciation	208,972	663,325
Long term liabilities	(5,627,175)	(224,203)
Operating profit before changes in Operating assets and liabilities	<u>11,589,985</u>	<u>32,934,849</u>
(Increase) in trade receivables	(613,713,820)	(30,825,569)
Decrease/(Increase) in other receivables	127,663	(73,126)
Increase in trade payables	654,889,421	2,455,813
(Decrease) in other payables	<u>(15,555,650)</u>	<u>(1,683,110)</u>
Net cash flows from operating activities	37,337,599	2,808,857
Cash flows (used in) investing activities:		
Changes in property, plant and Equipment account	1,154,633	(737,455)
Net additions of oil blocks	(119,748,634)	
Changes in Advance for property account	1,459,945	(490,000)
Net cash flows (used in) investing activities	<u>(117,134,056)</u>	<u>(1,227,455)</u>
Cash flows from financing activities:		
Repayment of Chariman's loan	(1,000,000)	
Loan from chairman		139,344
Net movement in chairman's current account	71,580,235	-
Net cash flows from financing activities	<u>70,580,235</u>	<u>139,344</u>
Net Increase in cash and cash equivalents	(9,216,222)	1,720,746
Cash and cash equivalents, beginning of the year	9,242,561	7,521,815
Cash and cash equivalents, end of the year	<u>26,339</u>	<u>9,242,561</u>
Represented by:		
Cash on hand	2,721	78,230
Cash at banks	23,618	9,164,331
	<u>26,339</u>	<u>9,242,561</u>

The accompanying notes form an integral part of these financial statements.


(CHAIRMAN)



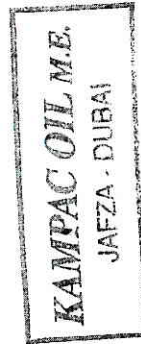
**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Projected Statement of changes in Shareholders' equity
for the year ending December 31, 2007
(IN US DOLLARS)**

	<u>Share capital USD</u>	<u>Retained earnings USD</u>	<u>Chairman's loan account USD</u>	<u>Chairman's current account USD</u>	<u>Total USD</u>
Balance at January 1, 2006	408,163	79,629,754	860,656	(7,673,973)	73,224,600
a) Net profit for the year	-	32,495,727	-	-	32,495,727
b) Net Movement during the year	-	-	139,344	30,933,342	31,072,686
Balance at December 31, 2006	408,163	112,125,481	1,000,000	23,259,369	136,793,013
a) Net profit for the year	-	-	-	-	-
b) Net Movement during the year	-	17,008,188	(1,000,000)	71,580,235	70,580,235
Balance at December 31, 2007	408,163	129,133,669	-	94,839,604	224,381,436

The accompanying notes form an integral part of these financial statements.


(CHAIRMAN)



**KAMPAC OIL MIDDLE EAST FZCO
DUBAI - UNITED ARAB EMIRATES.**

**Notes to the projected Financial Statements
For the year ending December 31, 2007**

1. Legal Status & Activities:

- a) KAMPAC OIL MIDDLE EAST (“the company”) was incorporated in Jebel Ali, Dubai, United Arab Emirates.
- b) The company is mainly engaged in the business of trading in oil and oil products.
- c) The registered address of the Company is P.O. Box 61396, Jebel Ali, Dubai, U.A.E.
- d) The management and control of the branch is vested with Mr. Charles Ampofo.
- e) This financial statements comprise the activities of companies incorporated in the Middle East.

2. Share Capital:

Authorised, issued and fully paid share capital is USD 408,163 as per the Jebel Ali Free Zone regulations.

3. Accounting Policies:

Basis of Preparation:

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and applicable requirements of U.A.E. Law.

The significant policies adopted are as follows.

a) Accounting convention:

These financial statements have been prepared under historical cost convention basis.

**KAMPAC OIL MIDDLE EAST FZCO
DUBAI - UNITED ARAB EMIRATES.**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

3. Summary of significant accounting policies (Continued)

b) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, levies, duties and any directly attributable cost of bringing the asset to its working condition. Depreciation is calculated to write off the cost on a straight-line basis over the expected useful lives of the assets concerned. The depreciation rates applicable are as follows.

Buildings & improvements	10%
Furniture, fixtures and equipment	25%
Motor vehicles	25%

c) Revenue recognition:

Sale of goods are recognised when goods are delivered and title has passed; net of allowances, discount and sales returns.

d) Staff termination benefits:

Amounts required to cover end of service indemnity at the balance sheet date are computed pursuant to the United Arab Emirates Federal Labour Law based on the staffs' accumulated period of service and current basic remuneration at the balance sheet date.

e) Provisions:

Provisions are recognized when the company has a present obligation as a result of a past event, which it is probable, will result in an outflow of economic benefits that can be reasonably estimated.

**KAMPAC OIL MIDDLE EAST FZCO
DUBAI - UNITED ARAB EMIRATES.**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

3. Summary of significant accounting policies (Continued)

f) Foreign currencies:

Transactions denominated in foreign currencies are initially recorded at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rate prevailing on the balance sheet date. Gains and losses arising are included in the statement of income.

g) Impairment of assets:

Property, plant and equipments are reviewed for impairment; wherever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the statement of income.

h) Accounting estimates:

The treatments of accounting estimates are in conformity with the provisions of IFRS with significant effect being sufficiently disclosed.

i) Cash and cash equivalents:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, balances with bank and deposits with the banks, within a maturity date of three months or less from the date of deposit, free of encumbrances.

**KAMPAC OIL MIDDLE EAST FZCO
DUBAI - UNITED ARAB EMIRATES.**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

3. Summary of significant accounting policies (Continued)

j) Financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument. A financial asset is any asset that is cash, a contractual right to receive cash or other financial asset, a contractual right to exchange financial instruments under conditions that are potentially favourable or an equity instrument, excluding investments in subsidiaries, associates or joint ventures. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset, or to exchange financial instruments under conditions that are potentially unfavourable.

k) Trade receivables

Trade receivables are stated at their nominal value, as reduced by appropriate allowances for estimated doubtful amounts.

l) Trade payables

Trade payables are stated at their nominal value.

**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

4 Cash on hand and banks

	December, 31	
	2007	2006
	USD	USD
Cash on hand	2,721	78,230
Bank balances - current accounts	20,904	9,002,672
- margin money	2,714	161,659
	26,339	9,242,561

5 Trade receivables

	December, 31	
	2007	2006
	USD	USD
Trade receivable	713,612,568	99,898,748

a) Ageing analysis:

	December, 31	
	2007	2006
	USD	USD
Due for less than 6 months	713,612,568	99,898,748

b) The fair value of trade receivables is not materially different from their balances shown in the balance sheet.

6 Other receivables and prepayments

	December, 31	
	2007	2006
	USD	USD
Prepaid expenses	134,407	423,023
Refundable deposits	7,503	382,455
Other receivables	535,905	-
	677,815	805,478

**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

7 Property, plant and equipment		<u>Buildings & improvements</u>	<u>Furniture, fixtures & equipment</u>	<u>Motor vehicles</u>	<u>Total</u>
Cost:		<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
At Jan 1, 2007		1,770,492	1,228,726	716,374	3,715,592
Addition		163,265	20,776	-	184,041
Disposal		(1,770,492)	(1,228,726)	-	(2,999,218)
At December 31, 2007		163,265	20,776	716,374	6,898,851
Accumulated Depreciation:					
At Jan 1, 2007		740,983	919,561	322,470	1,983,014
For the year		23,810	6,066	179,096	208,972
Disposal		(740,983)	(919,561)	-	(1,660,544)
At December 31, 2007		23,810	6,066	501,566	3,852,530
Net book value:					
At December 31, 2007		139,455	14,710	214,808	368,973
At December 31, 2006		1,029,509	309,165	393,904	1,732,578

Note: The building improvements and furnitures have been disposed of upon moving Kampac Oil's office during the year

**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

8 Advance for property

	December, 31	
	2007	2006
	<u>USD</u>	<u>USD</u>
Advance for property	-	1,459,945

9 Trade payables

	December, 31	
	2007	2006
	<u>USD</u>	<u>USD</u>
Sundry creditors	697,493,781	4,283,970
Bills payable	-	38,320,390
	<u>697,493,781</u>	<u>42,604,360</u>

10 Other payables

	December, 31	
	2007	2006
	<u>USD</u>	<u>USD</u>
Accrued expenses & provisions	51,700	15,607,350

11 Long term liabilities

	December, 31	
	2007	2006
	<u>USD</u>	<u>USD</u>
Loan	700,000	
Provisions	58,778	6,385,953
	<u>758,778</u>	<u>6,385,953</u>

12 Retained earnings

	December, 31	
	2007	2006
	<u>USD</u>	<u>USD</u>
At January 1, 2006	112,125,481	79,629,754
Net profit for the year	17,008,188	32,495,727
Balance - end of the year	<u>129,133,669</u>	<u>112,125,481</u>

**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

13 Chairman's loan account

	December, 31	
	2007	2006
	<u>USD</u>	<u>USD</u>
At January 1,2006	1,000,000	860,656
Net movement during the year	(1,000,000)	139,344
Balance - end of the year	<u>-</u>	<u>1,000,000</u>

14 Chairman's current account

	December, 31	
	2007	2006
	<u>USD</u>	<u>USD</u>
At January 1,2006	23,259,369	(7,673,973)
Net movement during the year	71,580,235	30,933,342
Balance - end of the year	<u>94,839,604</u>	<u>23,259,369</u>

15 Revenue

	For the year ended Dec. 31,	
	2007	2006
	<u>USD</u>	<u>USD</u>
Sales	<u>730,207,347</u>	<u>1,102,405,663</u>

16 Cost of goods sold

	For the year ended Dec. 31,	
	2007	2006
	<u>USD</u>	<u>USD</u>
Cost of sales	<u>697,533,468</u>	<u>1,047,306,512</u>

**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

17 General and administrative expenses

	For the year ended Dec. 31,	
	2007	2006
	USD	USD
Salaries and allowances	143,907	3,329,234
Rent and utilities	13,945	5,258,784
Communication	37,147	285,008
Travelling & entertainment	97,332	4,509,985
Printing & stationery	4,325	155,483
Legal fees	32,438	3,980,214
Other general expenses	15,123,935	4,199,373
	15,453,029	21,718,081

18 Selling and distribution expenses

	For the year ended Dec. 31,	
	2007	2006
	USD	USD
Advertisement & business promotion	3,690	222,018

19 Financial instruments

Financial instruments of the Company comprises of cash and bank balance, trade receivables, due from a related party, other assets, trade payables, due to bank, other liabilities.

Credit risk

Financial assets which potentially expose the Company to concentration of credit risk comprise principally bank accounts, trade receivables and other receivables.

The Company's bank accounts are placed with high credit quality financial institutions.

Trade receivables are stated net of allowance for doubtful recoveries.

**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Notes to the projected Financial Statements (Continued)
for the year ending December 31, 2007**

Currency risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars.

Fair values

At the balance sheet date, the fair values of Company's financial assets and liabilities approximate their carrying amounts.

20 Contingent liabilities

	<u>For the year ended Dec. 31,</u>	
	<u>2007</u>	<u>2006</u>
	<u>USD</u>	<u>USD</u>
Guarantees	<u>2,714</u>	<u>-</u>

Except for the ongoing business obligations which are under normal course of business against which no loss is expected, there has been no other known contingent liability or capital commitment on Company's account as of balance sheet date.

21 Comparative amounts

Certain previous year's figures are reclassified to conform to current year's presentation.


(CHAIRMAN)

KAMPAC OIL M.E.
JAFZA - DUBAI