

**KAMPAC OIL MIDDLE EAST FZCO
DUBAI - UNITED ARAB EMIRATES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**



أم ٥ - عمارة شارع البنوك (عمارة البنك المتحد) - شارع خالد بن الوليد - بر دبي، ص.ب. ٤٣٧١١، دبي، ا.ع.م.
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Offices in Abu Dhabi, Sharjah & Jebel Ali, U.A.E. Registered in RAK, SAIF, Hamriyah and other Free Zones, U.A.E.

To

The Shareholders,
Kampac Oil Middle East,
P.O. Box 61396,
Jebel Ali, Dubai
U.A.E.

REVIEW REPORT

We have reviewed the accompanying balance sheet of **Kampac Oil Middle East**, at December 31, 2008, and the related statements of income, cash flows and changes in owners' equity for the year then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagement. This Standard requires for we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data.

Based on our review, the accompanying financial statements give a true and fair view (present financials in all material respects) the financial position of **Kampac Oil Middle East**, at December 31, 2008 and its financial performance and its cash flows for the year ended in accordance with the International Accounting Standards.



Mr. Mohandas Balakrishnan
Auditors' Registration No. 507



May 18, 2009



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

**FINANCIAL STATEMENTS AND
REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008**

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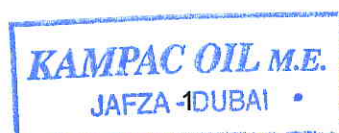
**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Projected Balance Sheet
As of December 31, 2008
(IN US DOLLARS)**

	Notes	December 31,	
		2008	2007
		<u>USD</u>	<u>USD</u>
Assets			
Current Assets			
Cash on hand and banks	4	27,656	26,339
Trade receivables	5	756,131,698	713,612,568
Other receivables and prepayments	6	711,706	677,815
Total Current Assets		756,871,060	714,316,722
Non-Current Assets			
Intangible assets-Oil Block & Rail projects		218,400,000	208,000,000
Property, plant and equipment	7	188,630	368,973
Advance for property	8	-	0
Total Assets		975,459,690	922,685,695
Liabilities and Shareholders' Equity			
Current Liabilities			
Trade payables	9	732,368,470	697,493,781
Other payables	10	54,285	51,700
Total Current Liabilities		732,422,755	697,545,481
Long term liabilities	11	796,717	758,778
Total Liabilities		733,219,472	698,304,259
Shareholders' Equity			
Share capital	2	408,163	408,163
Retained earnings	12	146,992,451	129,133,669
Chairman's loan account	13	-	0
Chairman's current account	14	94,839,604	94,839,604
Total Shareholders' Equity		242,240,218	224,381,436
Total Liabilities and Shareholders' Equity		975,459,690	922,685,695

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, 2008
(IN US DOLLARS)**

	Notes	For the year ended Dec. 31,	
		2008	2007
		USD	USI
Revenue	15	766,717,714	730,207,347
Cost of goods sold	16	(732,410,141)	(697,533,468)
Gross Profit		34,307,573	32,673,879
Deduct			
General and administrative expenses	17	16,225,680	15,453,029
Selling and distribution expenses	18	3,690	3,690
Depreciation	7	219,421	663,325
Total Operating Expenses		(16,448,791)	(16,120,044)
Net Profit for the year		17,858,782	16,553,835

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


(CHAIRMAN)

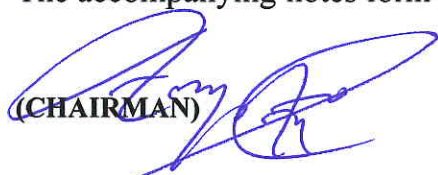


**KAMPAC OIL MIDDLE EAST
DUBAI - UNITED ARAB EMIRATES**

**Projected Statement of cash flows
for the year ending December 31, 2008
(IN US DOLLARS)**

	For the year ended Dec. 31,	
	2008	2007
	<u>USD</u>	<u>USD</u>
Cash flows from operating activities:		
Net profit for the year	17,858,782	16,553,835
Adjustments for:		
Depreciation	219,421	663,325
Long term liabilities	37,939	(5,851,378)
Operating profit before changes in Operating assets and liabilities	<u>18,116,141</u>	<u>11,365,782</u>
(Increase) in trade receivables	(42,519,130)	(644,539,389)
(Increase) in other receivables	(33,891)	54,537
Increase in trade payables	34,874,689	657,345,234
(Decrease) in other payables	2,585	(17,238,760)
Net cash flows from operating activities	<u>10,440,395</u>	<u>6,987,404</u>
Cash flows (used in) investing activities:		
Changes in property, plant and Equipment account	(39,078)	(737,455)
Net additions of oil blocks	(10,400,000)	
Changes in Advance for property account	0	969,945
Net cash flows (used in) investing activities	<u>(10,439,078)</u>	<u>232,490</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	0	-
Net cash flows from financing activities	<u>(1,000,000)</u>	<u>139,344</u>
Net Increase in cash and cash equivalents	<u>(998,683)</u>	<u>7,359,238</u>
Cash and cash equivalents, beginning of the year	26,339	7,521,815
Cash and cash equivalents, end of the year	<u>(972,344)</u>	<u>14,881,053</u>
Represented by:		
Cash on hand	2,857	2,721
Cash at banks	24,799	23,618
	<u>27,656</u>	<u>26,339</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, 2008**

(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, 2007	408,163	112,579,834	1,000,000	23,259,369	137,247,366
a) Net profit for the year	-	16,553,835	-	-	16,553,835
b) Net Movement during the year	-	-	1,000,000	71,580,235	70,580,235
Balance at December 31, 2007	408,163	129,133,669	0	94,839,604	224,381,436
a) Net profit for the year	-	-	-	-	-
b) Net Movement during the year	-	17,858,782	0	-	0
Balance at December 31, 2008	408,163	146,992,451	-	94,839,604	242,240,218

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


(CHAIRMAN)



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

**Notes to the Projected Financial Statements
For the year ending December 31, 2008**

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 statement comprises 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.

Accounting Policies:

Basis of Preparation:

The financial statements have been prepared in accordance with International 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
DUBAI – UNITED ARAB EMIRATES**

**Notes to the Projected Financial Statements (Continued)
For the year ending December 31, 2008**

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 recognized 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
DUBAI – UNITED ARAB EMIRATES**

**Notes to the Projected Financial Statements (continued)
For the year ending December 31, 2008**

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 impairments 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
DUBAI – UNITED ARAB EMIRATES**

**Notes to the Projected Financial Statements (Continued)
For year ending December 31, 2008**

3. Summary of significant accounting policies (Continued)

j) Financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets and financial liabilities are recognized 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, 2008**

4 Cash on hand and banks

	December, 31	
	2008	2007
	USD	USD
Cash on hand	2,857	2,721
Bank balances - current accounts	21,949	20,904
- margin money	2,850	2,714
	<u>27,656</u>	<u>26,339</u>

5 Trade receivables

	December, 31	
	2008	2007
	USD	USD
Trade receivable	<u>756,131,698</u>	<u>713,612,568</u>

a) Ageing analysis:

	December, 31	
	2008	2007
	USD	USD
Due for less than 6 months	<u>756,131,698</u>	<u>713,612,568</u>

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	
	2008	2007
	USD	USD
Prepaid expenses	141,127	134,407
Refundable deposits	7,878	7,503
Other receivables	562,700	535,905.00
	<u>711,706</u>	<u>677,815</u>

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

**Notes to the Projected Financial Statements (Continued)
for the year ending December 31, 2008**

7 Property, plant and equipment	<u>Buildings & improvements</u> USD	<u>Furniture, fixtures & equipment</u> USD	<u>Motor vehicles</u> USD	<u>Total</u> USD
Cost:				
At Jan 1, 2008	163,265	20,776	716,374	900,415
Addition	171,428	21,815	-	193,243
Disposal	(163,265)	(20,776)	-	(184,041)
At December 31, 2008	171,428	21,815	716,374	909,617
Accumulated Depreciation:				
At Jan 1, 2008	23,810	6,066	501,566	531,442
For the year	25,001	6,369	188,051	219,421
Disposal	(23,810)	(6,066)		(29,876)
At December 31, 2008	25,001	6,369	689,617	780,739
Net book value:				
At December 31, 2008	146,428	15,446	26,757	188,630
At December 31, 2007	139,455	14,710	214,808	368,973

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, 2008**

8 Advance for property

December, 31	
2008	2007
USD	USD
0	0

Advance for property

9 Trade payables

December, 31	
2008	2007
USD	USD
732,368,470	697,493,781
-	-
732,368,470	697,493,781

Sundry creditors

Bills payable

10 Other payables

December, 31	
2008	2007
USD	USD
54,285	51,700

Accrued expenses & provisions

11 Long term liabilities

December, 31	
2008	2007
USD	USD
735,000	700,000
61,717	58,778
796,717	758,778

Loan

Provisions

12 Retained earnings

December, 31	
2008	2007
USD	USD
129,133,669	112,125,481
17,858,782	17,008,188
146,992,451	129,133,669

At January 1,2007

Net profit for the year

Balance - end of the year

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

**Notes to the Projected Financial Statements (Continued)
for the year ending December 31, 2008**

13 Chairman's loan account

	December, 31	
	2008	2007
	USD	USD
At January 1,2007	0	1,000,000
Net movement during the year	0 -	1,000,000
Balance - end of the year	<u>0</u>	<u>0</u>

14 Chairman's current account

	December, 31	
	2008	2007
	USD	USD
At January 1,2007	94,839,604	23,259,369
Net movement during the year	0	71,580,235
Balance - end of the year	<u>94,839,604</u>	<u>94,839,604</u>

15 Revenue

	For the year ended Dec. 31,	
	2008	2007
	USD	USD
Sales	<u>766,717,714</u>	<u>730,207,347</u>

16 Cost of goods sold

	For the year ended Dec. 31,	
	2008	2007
	USD	USD
Cost of sales	<u>732,410,141</u>	<u>697,533,468</u>

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

**Notes to the Projected Financial Statements (Continued)
for the year ending December 31, 2008**

17 General and administrative expenses

	For the year ended Dec. 31,	
	2008	2007
	USD	USD
Salaries and allowances	151,102	143,907
Rent and utilities	14,642	13,945
Communication	39,004	37,147
Travelling & entertainment	102,199	97,332
Printing & stationery	4,541	4,325
Legal fees	34,060	32,438
Other general expenses	15,880,132	15,123,935
	16,225,680	15,453,029

18 Selling and distribution expenses

	For the year ended Dec. 31,	
	2008	2007
	USD	USD
Advertisement & business promotion	3,690	3,690

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, 2008**

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

	For the year ended Dec. 31,	
	2008	2007
	USD	USD
Guarantees	2,714	2,714.00

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



Mr. Mohandas Balakrishnan
Auditors' Registration No: 507



