

Kuwait Petroleum International Treasury
Services Limited (formerly The Thames
Chemical and Storage Company Limited)

Financial statements 30 June 1995
together with directors' and auditors' reports

Registered number: 886981



Directors' report

For the year ended 30 June 1995

The directors present their report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 30 June 1995.

Principal activity and business review

On 1 March 1995 the company changed its name from The Thames Chemical and Storage Company Limited to Kuwait Petroleum International Treasury Services Limited. During the year the company issued 5,000,000 ordinary shares of \$1 each.

The company did not trade during the previous year. The principal activity of the company is to act as a group treasury company.

During the year the company made a profit after taxation of \$202,027 (1994 - \$nil). The directors do not recommend payment of a dividend and the retained profit of \$202,027 (1994 - \$nil) will be transferred to reserves.

Directors and their interests

The directors who served during the period are shown below.

J.R. Howells	(appointed 1 March 1995)
J. Ross	(appointed 1 March 1995, resigned 13 April 1995)
D.G. Rowlands	(appointed 1 March 1995)
C. Svendsen	(appointed 1 March 1995)
C.M.C. Colvin-Smith	(resigned 1 March 1995)
S.P. Cowie	(resigned 1 March 1995)
G. Smith	(resigned 1 March 1995)

The directors have no interests which require disclosure under Schedule 7 of the Companies Act 1985.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

Directors' responsibilities (continued)

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The directors will place a resolution before the Annual General Meeting to reappoint Arthur Andersen as auditors for the ensuing year.

80 New Bond Street
London
W1Y 9DA

By order of the Board,



D.G. Rowlands

Secretary

22 September 1995

Auditors' report

London

To the Shareholders of Kuwait Petroleum International Treasury Services Limited:

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on pages 1 and 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

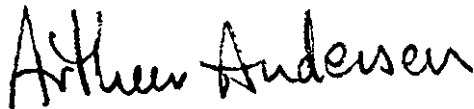
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1995 and of the company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS

22 September 1995

Profit and loss account

For the year ended 30 June 1995

	Notes	1995 \$	1994 \$
Net income from treasury activities	2	409,372	-
Administrative expenses		(207,345)	-
Profit on ordinary activities before taxation	3	202,027	-
Tax on profit on ordinary activities	5	-	-
Retained profit for the year		202,027	-
Accumulated deficit, beginning of year		(213,110)	(213,110)
Accumulated deficit, end of year	10	(11,083)	(213,110)

There were no recognised gains or losses in the year other than those in the profit and loss account.

A reconciliation of movements in shareholders funds is shown in note 11 to the financial statements.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet

30 June 1995

	Notes	1995 \$	1994 \$
Fixed assets			
Tangible assets	6	74,943	-
Current assets			
Debtors	7	239,236,382	-
Cash at bank		2,404,105	1
		241,640,487	1
Creditors: Amounts falling due within one year	8	(236,513,402)	-
Net current assets		5,127,085	1
Net assets		5,202,028	1
Capital and reserves			
Called-up share capital	9	5,000,150	150
Profit and loss account	10	(11,083)	(213,110)
Capital contribution	10	212,961	212,961
Shareholders' funds - equity interests	11	5,202,028	1

Signed on behalf of the Board

J.R. Howells
Director

C. Svendsen
Director

22 September 1995

The accompanying notes are an integral part of this balance sheet.

Notes to financial statements

30 June 1995

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below:

a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Under the requirements of Financial Reporting Standard Number 1, the company is not required to produce a cash flow statement as it is entitled to the exemptions available in Sections 246 to 249 of the Companies Act 1985 for small companies.

b) Tangible fixed assets

Fixed assets are shown at cost. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Software	3 years (33% per annum)
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c) Financial instruments and related disclosures

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at year end rates. All forward foreign exchange contracts which are open at the year end are revalued at the rates of exchange applicable at the year end.

All profits and losses arising on the translation or revaluation of foreign currency assets, liabilities and forward foreign exchange contracts are recognised immediately in the profit and loss account. Gains and losses arising from the use of hedging instruments are recorded in the profit and loss account concurrently with losses and gains arising from the underlying hedged investments.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is calculated on the liability method. Deferred tax is provided on timing differences which, in the opinion of the directors, will probably reverse, at the rates of tax likely to be in force at the time of reversal.

e) Net income from treasury activities

Net income from treasury activities includes gains and losses on foreign currency operations and interest receivable and payable, accounted for on an accruals basis.

Notes to financial statements (continued)

2 Net income from treasury activities

	1995 \$	1994 \$
Net intercompany gain on foreign currency operations	1,112,631	-
Net external loss on foreign currency operations	(1,524,838)	-
Net loss on foreign currency operations	(412,207)	-
Net intercompany interest earned	1,873,601	-
Net external interest paid	(1,052,022)	-
Net interest earned	821,579	-
	<u>409,372</u>	<u>-</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1995 \$	1994 \$
Auditors' remuneration		
- audit fees	40,000	-
Staff costs (see note 4)	<u>51,303</u>	<u>-</u>

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year for both years and their respective historical cost equivalents.

4 Staff costs

Particulars of employees (including executive directors) are as shown below:

Employees costs during the year amounted to:

	1995 \$	1994 \$
Wages and salaries	42,936	-
Social security costs	3,746	-
Other pension costs	4,621	-
	<u>51,303</u>	<u>-</u>

The average weekly number of persons employed by the company during the period was 1.

Directors' remuneration:

Directors' emoluments are borne by other group companies.

Notes to financial statements (continued)

5 Tax on profit on ordinary activities

No provision has been made for corporation tax for the current year on the basis that group relief is available.

6 Tangible fixed assets

The movement in the year was as follows:

	Software \$
Cost	
Beginning of year	-
Additions	74,943
End of year	<u>74,943</u>
Depreciation	
Beginning of year	-
Charge	-
End of year	<u>-</u>
Net book value	
Beginning of year	-
End of year	<u>74,943</u>

7 Debtors

	1995 \$	1994 \$
Amounts owed by other group undertakings	239,229,517	-
Prepayments and accrued income	<u>6,865</u>	<u>-</u>
	<u>239,236,382</u>	<u>-</u>

All amounts are receivable within one year.

Notes to financial statements (continued)

8 Creditors: Amounts falling due within one year

	1995 \$	1994 \$
Bank loans and overdrafts	147,812,987	-
Amounts owed to other group undertakings	87,074,513	-
Positions: net mark to market	1,472,152	-
Other creditors	18,703	-
Accruals and deferred income	135,047	-
	<u>236,513,402</u>	<u>-</u>

9 Called-up share capital

	1995		1994	
	£	\$	£	\$
<i>Authorised</i>				
10,000,000 ordinary shares of \$1 each (1994 - nil)		10,000,000		-
100 ordinary shares of £1 each	100	150	100	150
	<u>100</u>	<u>10,000,150</u>	<u>100</u>	<u>150</u>
<i>Allotted, called-up and fully-paid</i>				
5,000,000 ordinary shares of \$1 each (1994 - nil)		5,000,000		-
100 ordinary shares of £1 each	100	150	100	150
	<u>100</u>	<u>5,000,150</u>	<u>100</u>	<u>150</u>

10 Reserves

Of total reserves shown in the company's balance sheet, the following amounts are regarded as distributable or otherwise.

	1995 \$	1994 \$
Non-distributable		
- profit and loss account	(11,083)	(213,110)
- capital contribution	212,961	212,961
Total reserves	<u>201,878</u>	<u>(149)</u>

Notes to financial statements (continued)

11 Reconciliation of movements in shareholders' funds

	1995 \$	1994 \$
Profit for the year	202,027	-
New share capital subscribed	5,000,000	-
Net addition to shareholders' funds	<u>5,202,027</u>	<u>-</u>
Opening shareholders' funds	1	1
Closing shareholders' funds	<u>5,202,028</u>	<u>1</u>

12 Financial commitments

As at the year end the company had \$102.1m of forward foreign exchange contracts. These off-balance sheet contracts had unrealised losses of \$1,472,152. In accordance with the company's accounting policy the losses are recognised in the profit and loss account concurrently with income arising from the underlying hedged item.

13 Ultimate parent company

The company's ultimate parent company is Kuwait Petroleum Corporation, incorporated in Kuwait. This is also the largest group in which the results of the company are consolidated. The smallest group in which the results of the company are incorporated is that headed by Kuwait Petroleum (UK Holdings) Limited, registered in England and Wales. Copies of the consolidated financial statements are available from the registered office at 80 New Bond Street, London W1Y 9DA.