

**Touche
Ross**

Deloitte Touche
Kusumoto
International



Company Registration No. 2547866

TMR INTERNATIONAL LIMITED

Report and Financial Statements

31 December 1993

**Touche Ross & Co.
111 House
140 New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1993

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REPORT AND FINANCIAL STATEMENTS 1993

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A Silverberg
D J Blezard
M Grosjean
L M Weiss

SECRETARY

J M J Boxer

REGISTERED OFFICE

73 Welbeck Street
London W1M 7HA

SOLICITORS

Denton Hall Burgin & Warrens
Five Chancery Lane
Clifford's Inn
London EC4A 1BU

AUDITORS

Touche Ross & Co.
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1993

ACTIVITIES

TMR International Limited is the administrative services company for the TMR Group. The TMR Group was formed effective 1 January 1991 and is owned on an equal basis (50/50) by Innovarex S.A. (a wholly owned subsidiary of the French oil company TOTAL) and Marc Rich + Co AG. The TMR Group specialises in the upgrading/modernisation of, and investments in, the downstream oil sector (refineries, pipelines, storage tanks, and transportation) in Emerging Markets. The TMR Group either establishes Joint Ventures with State owned companies or enters into contractual arrangements which allows TMR to perform its modernisation programme and glean the benefits of the improvements.

REVIEW OF DEVELOPMENTS, FUTURE PROSPECTS AND GOING CONCERN MATTERS

The investors in the TMR Group have performed a review of activities across the group following continued operational difficulties experienced by the group's investments.

The activities of the Company have been significantly curtailed with effect from 1 July 1994 and it is intended that the Company will ultimately cease trading. Accordingly, the financial statements have not been prepared on a going concern basis. The directors have made provision of \$399,251 for losses on assets earmarked for disposal and have made a number of staff redundant. Redundancy and reorganisation costs of \$454,934 have been charged to the profit and loss account in the year. Provision has also been made in respect of amounts due but not expected to be received from related companies.

The Company incurred a loss for the year ended 31 December 1993 of \$789,739 and at that date its liabilities exceeded its assets by \$91,984 consequently the Company is dependent on the support of its parents to meet its obligations. The directors estimate that no further provisions are required in respect of operations subsequent to 31 December 1993 nor in respect of the intended cessation of trade.

In July 1994 the Company moved premises and the lease on the former offices has been cancelled at no cost to the Company.

DIVIDENDS AND TRANSFERS TO RESERVES

The loss for the year of \$789,739 (1992 profit - \$452,409) has been transferred from reserves. The directors do not recommend the payment of a dividend.

FIXED ASSETS

Changes in the fixed assets are set out in note 9 to the accounts.

DIRECTORS

The present membership of the Board is set out on page 1. Raymond E. Porter resigned on 28 February 1992 and was replaced by Leonard R. Watts, who in turn resigned in September 1993. Claude Dauphin resigned in July 1992 and was replaced by Mark Crandall who in turn resigned in February 1993 being replaced by Ari Silverberg in March 1993. Raymond C.F. Leeks resigned on 30 June 1994 and David J. Blezard was appointed on 1 July 1994. None of the directors had any disclosable beneficial interests in the shares of the Company or any other group company during the year.

On 5 July 1994 the Company's registered office was changed to 73 Welbeck Street, London W1M 7HA.

In addition, Grays Inn Secretaries Limited resigned as Company Secretary on 11 July 1994 and was replaced by Mr. J.M.J. Boxer.

DIRECTORS' REPORT

POLITICAL AND CHARITABLE DONATIONS

The Company made no political or charitable donations in 1993.

AUDITORS

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

J. Boxer

J.M.J. Boxer

25 August 1994

STATEMENT OF 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 as at the end of the financial year 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;

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. 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.



Chartered Accountants

Touche Ross & Co
Hill House
1 Little New Street
London EC4A 3TR

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AUDITORS' REPORT TO THE MEMBERS OF TMR INTERNATIONAL LIMITED

We have audited the financial statements on pages 7 to 15 which have been prepared under the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 4 the Company's directors are responsible for the preparation of 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 Company's circumstances, 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.

In particular we evaluated the adequacy of disclosure made in note 2 to the financial statements relating to going concern and post balance sheet events.

The activities of the Company have been significantly curtailed with effect from 1 July 1994 and it is intended that the Company will ultimately cease trading. Accordingly, the financial statements have not been prepared on a going concern basis. The Company incurred a loss for the year ended 31 December 1993 of \$789,739 and at that date its liabilities exceeded its assets by \$91,984. Consequently the Company is dependent on the support of its parents to meet its obligations. Provision has been made in the financial statements for losses expected to arise in respect of redundancies, losses on the sale of fixed assets and in respect of amounts due but not expected to be received from related companies. The directors estimate that no further provisions are required in respect of operations subsequent to 31 December 1993 nor in respect of the intended cessation of trade.

**AUDITORS' REPORT TO THE MEMBERS OF
TMR INTERNATIONAL LIMITED (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1993 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Touche Ross & Co
Chartered Accountants and Registered Auditors
London

25 August 1994

Hill House
1 Little New Street
London EC4A 3TR

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1993

	Note	1993 US\$	1992 US\$
TURNOVER	3	6,657,174	6,838,770
Administrative expenses		(7,443,250)	(6,086,578)
OPERATING (LOSS)/PROFIT		(786,076)	752,192
Other interest receivable and similar income	5	1,532	7,671
Interest payable and similar charges	6	(4,294)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	(788,838)	759,863
Tax on (loss)/profit on ordinary activities	8	(901)	(307,454)
Retained (loss)/profit for the financial year	15	(789,739)	452,409

All activities relate to continuing operations.

There are no recognised gains or losses and no movements in shareholders' funds for the current financial year and preceding financial year other than as stated in the profit and loss account.

A statement of the movement on reserves appears in note 15.



BALANCE SHEET
31 December 1993

	Note	1993 US\$	1992 US\$
FIXED ASSETS			
Tangible assets	9	-	605,033
CURRENT ASSETS			
Assets held for sale	10	20,108	-
Debtors	11	1,169,773	1,365,501
Cash at bank and in hand		5,703	75,958
		1,195,584	1,441,459
CREDITORS: amounts falling due within one year	12	1,287,568	1,332,638
NET CURRENT (LIABILITIES)/ASSETS		(91,984)	108,821
TOTAL ASSETS LESS CURRENT LIABILITIES		(91,984)	713,854
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	-	(16,099)
		(91,984)	697,755
CAPITAL AND RESERVES			
Called up share capital	14	168	168
Profit and loss account	15	(92,152)	697,587
		(91,984)	697,755

These financial statements were approved by the Board of Directors on 25 August 1994.

Signed on behalf of the Board of Directors

LAWRENCE M. WEISS

Director

CASH FLOW STATEMENT
Year ended 31 December 1993

	Note	1993 US\$	1992 US\$
Net cash (outflow)/inflow from operating activities	17	<u>(146,349)</u>	<u>310,059</u>
Returns on investments and servicing of finance		1,532	7,671
Interest received		<u>(4,294)</u>	<u>-</u>
Interest paid			
Net cash (outflow)/inflow from returns on investments and servicing of finance		<u>(2,762)</u>	<u>7,671</u>
Taxation		<u>(199,991)</u>	<u>(26,000)</u>
Corporation tax paid			
Investing activities		(7,464)	(445,264)
Purchase of tangible fixed assets		<u>892</u>	<u>1,406</u>
Proceeds of sale of tangible fixed assets		<u>(6,572)</u>	<u>(443,858)</u>
Net cash outflow from investing activities		<u>(355,674)</u>	<u>(152,128)</u>
Decrease in cash and cash equivalents	18,19		



NOTES TO THE ACCOUNTS
Year ended 31 December 1993

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention. The financial statements are prepared in US dollars as this is the functional currency of the TMR Group which the Company services.

Tangible fixed assets

Depreciation is provided in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows.

Computer hardware	25%
Office fixtures and fittings	25%
Office equipment	25%

The cost of office fixtures and fittings is stated net of contributions made by the lessor of the premises occupied by the Company.

Leases

Rental charges under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Foreign exchange

Transactions denominated in foreign currencies are translated into US dollars at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The translation differences are dealt with in the profit and loss account.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

2. GOING CONCERN AND POST BALANCE SHEET EVENTS

The investors in the TMR Group have performed a review of activities across the group following continued operational difficulties experienced by the group's investments.

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NOTES TO THE ACCOUNTS
Year ended 31 December 1993

3. TURNOVER

Turnover represents service charges to group and affiliate companies. Affiliate companies are those directly or indirectly owned by TOTAL and/or Marc Rich + Co AG.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No director received any remuneration from the Company during the year. The Company pays a service charge to Marc Rich + Co Ltd and TOTAL which includes a charge for the services of the Company's directors.

	1993 US\$	1992 US\$
Employee costs during the year		
Wages and salaries	2,232,678	1,159,701
Social security costs	229,427	153,476
Redundancy costs provided	454,934	-
	<u>2,917,039</u>	<u>1,313,177</u>
Average number of persons employed	No	No
Administration	36	30

5. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	1993 US\$	1992 US\$
Bank interest receivable	<u>1,532</u>	<u>7,671</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1993 US\$	1992 US\$
Bank loans and overdrafts	<u>4,294</u>	<u>-</u>

7. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1993 US\$	1992 US\$
(Loss)/profit on ordinary activities before taxation is after charging:		
Rentals under operating leases	679,520	323,893
Depreciations	183,295	130,629
Exceptional items:		
Provision for losses on fixed assets earmarked for disposal	399,251	-
Redundancy costs	454,934	-
Provision against amounts due from related company	600,635	-
Auditors' remuneration	7,000	10,500



NOTES TO THE ACCOUNTS
Year ended 31 December 1993

8. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1993 US\$	1992 US\$
United Kingdom corporation tax at 33% (1992 -33%) based on the (loss)/profit for the year	10,000	310,299
Deferred taxation	(16,099)	6,646
	(6,099)	316,945
Adjustment in respect of prior years	7,000	(9,491)
	901	307,454

9. TANGIBLE FIXED ASSETS

	Computer hardware US\$	Office fixtures and fittings US\$	Office equipment US\$	Total US\$
Cost				
At 1 January 1993	369,191	300,682	95,773	765,646
Additions	45,783	(42,681)	4,362	7,464
Disposals	(4,805)	(18,365)	-	(23,170)
	410,169	239,636	100,135	749,940
At 31 December 1993	-	-	-	-
Accumulated depreciation				
At 1 January 1993	90,198	41,677	28,738	160,613
Charge for the year	91,701	67,215	24,379	183,295
Disposals	(2,230)	(11,097)	-	(13,327)
Provision for losses on disposal of assets	219,993	135,037	44,221	399,251
	399,662	232,832	97,338	729,832
At 31 December 1993	-	-	-	-
Net book value				
At 31 December 1993	-	-	-	-
At 31 December 1992	278,993	259,005	67,035	605,033

NOTES TO THE ACCOUNTS
Year ended 31 December 1993

10. ASSETS HELD FOR SALE

	1993 US\$	1992 US\$
Assets held for sale	20,108	-

Following the reorganisation of the TMR group, the Company's fixed assets have been written down to net realisable value, being the level of offers received from the Group's shareholders and third parties.

11. DEBTORS

	1993 US\$	1992 US\$
Amounts owed by parent company and fellow subsidiaries	705,983	745,343
Other debtors	388,039	401,403
Prepayments and accrued income	75,751	218,755
	<u>1,169,773</u>	<u>1,365,501</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1993 US\$	1992 US\$
Bank loans and overdrafts	333,653	48,234
Amounts owed to related companies	-	190,449
Other creditors	12,503	71,783
Taxation and social security	51,489	124,185
Corporation tax payable	137,795	420,179
Accruals and deferred income	752,128	477,808
	<u>1,287,568</u>	<u>1,332,638</u>

13. DEFERRED TAXATION

	Provided 1993 US\$	Provided 1992 US\$
Capital allowances in excess of depreciation	-	16,099

There is no unprovided deferred taxation at 31 December 1993 (1992 - nil).



NOTES TO THE ACCOUNTS
Year ended 31 December 1993

13. CALLED UP SHARE CAPITAL

	1993 USS	1992 USS
Authorised 100 ordinary shares of £1 each	<u>168</u>	<u>168</u>
Allotted and fully paid 100 ordinary shares of £1 each	<u>168</u>	<u>168</u>

15. PROFIT AND LOSS ACCOUNT

	1993 USS	1992 USS
Profit and loss account at 1 January	697,587	245,178
Retained (loss)/profit for the financial year	<u>(789,739)</u>	<u>452,409</u>
Profit and loss account at 31 December	<u>(92,152)</u>	<u>697,587</u>

16. OPERATING LEASE COMMITMENTS

The lease on premises rented by the Company is held by Total Oil Great Britain Limited. Following the curtailment of the Company's activities Total has agreed to cancel the lease at no cost to the Company.

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	1993 USS	1992 USS
Operating (loss)/profit	(786,076)	752,192
Depreciation	183,295	130,629
Loss on disposal of tangible fixed assets	8,951	540
Provision for losses on fixed assets earmarked for disposal	399,251	-
Decrease in debtors	195,728	896,604
Decrease in creditors	<u>(147,498)</u>	<u>(1,469,906)</u>
Net cash (outflow)/inflow from operating activities	<u>(146,349)</u>	<u>310,059</u>

18. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1993 USS	1992 USS
Balance at beginning of year	27,724	179,852
Net cash (outflow)/inflow	<u>(355,674)</u>	<u>(152,128)</u>
Balance at end of year	<u>(327,950)</u>	<u>27,724</u>



NOTES TO THE ACCOUNTS

Year ended 31 December 1993

19. ANALYSIS OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1993 US\$	Change in year US\$	1992 US\$	Change in year US\$	1991 US\$
Cash at bank and in hand	5,703	(70,255)	75,958	(129,059)	205,017
Bank loans and overdrafts	(333,653)	(285,419)	(48,234)	(23,069)	(25,165)
	<u>(327,950)</u>	<u>(355,674)</u>	<u>27,724</u>	<u>(152,128)</u>	<u>179,852</u>

20. ULTIMATE PARENT COMPANY

The company's parent company is TMR Energy AG which is owned on an equal basis by Marc Rich + Co. AG and Innovorex S.A, a member of the TOTAL Group. The registered office of TMR Energy AG is Gotthardstrasse 3, CH-6304 Zug, Switzerland.