

PENINSULA PETROLEUM LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2001

Registered in England: 3150809



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PENINSULA PETROLEUM LIMITED

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PENINSULA PETROLEUM LIMITED

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31st December 2001.

Activities and Review of Business

Principal Activity

The principal activity of the company continues to be the sale of petroleum products. The company has concentrated, predominantly, on the supply of bunker fuels to ships in the Port of Gibraltar.

Review of Business

The directors are satisfied with the results for the year that reflect an increase in sales volume as part of the company's ongoing development. These have concentrated at ports situated in the Straits of Gibraltar and the Canary Islands.

Sales contracts are progressing internationally in other ports, including Panama, where the company intends to focus for future expansion as physical suppliers.

Additionally, the company continues to develop its international bunker trading business.

Change in Reporting Currency

As from 1st January 2001, the Company changed its reporting currency from Sterling to United States dollars given that most of the company's transactions are carried out in United States dollars. Accordingly, the comparatives for the year ended 31st December 2000 have been restated using a closing rate of £ 1: US\$ 1.49441.

Dividend and Results

The directors do not propose the payment of a dividend and that the profit for the year, after taxation, of US \$ 180,342 be retained.

Directors

The directors of the company during the year ended 31st December 2001 were as follows:

J J Bassadone

J A Bassadone

Directors' interests in shares, pursuant to the Companies Act 1985, are set out in Note 6 to the financial statements.

PENINSULA PETROLEUM LIMITED

DIRECTORS' REPORT(Continued)

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 for the financial year. In preparing those financial statements, the directors are required to:

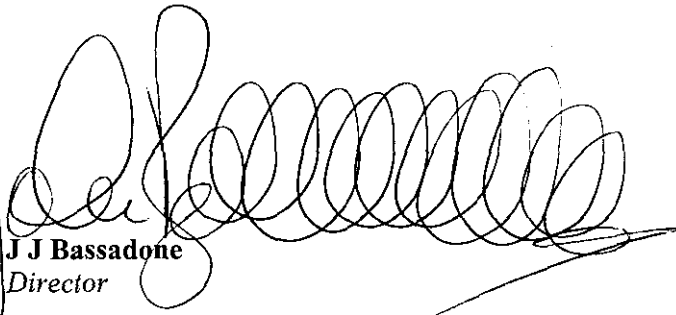
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare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

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

The retiring auditors are KPMG (Gibraltar) Limited who are eligible for re-appointment.

By order of the board



J J Bassadone
Director

18 DEC 2002



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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENINSULA PETROLEUM LIMITED

We have audited the financial statements of Peninsula Petroleum Limited for the year ended 31 December 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Director's Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of opinion

We conducted our audit in accordance with United Kingdom 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.

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditors

18 DEC 2002



KPMG (Gibraltar) Ltd. KPMG (Gibraltar) Ltd., a limited liability company incorporated under the laws of Gibraltar, is a member of KPMG International, a Swiss Association.

PENINSULA PETROLEUM LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 US \$	2000 US \$
Turnover	2	99,553,403	96,622,146
Cost of sales		(97,729,605)	(94,977,631)
Gross profit		1,823,798	1,644,515
Administrative expenses		(1,615,850)	(853,758)
Operating profit – continuing operations		207,948	790,757
Other interest receivable and similar income	3	88,667	119,287
Interest payable and similar charges		(15,097)	(15,558)
Profit on ordinary activities before taxation	4	281,518	894,486
Tax on profit on ordinary activities	7	(101,176)	(278,290)
Retained profit for the financial year		180,342	616,196
Retained profit brought forward		1,051,615	435,419
Retained profit carried forward		US \$ 1,231,957	US \$ 1,051,615

The company has had no discontinued activities in the year, accordingly, the above results for the company relate solely to continuing activities and include all recognised gains and losses in arriving at the profit for the year. This profit is stated on an historical cost basis.

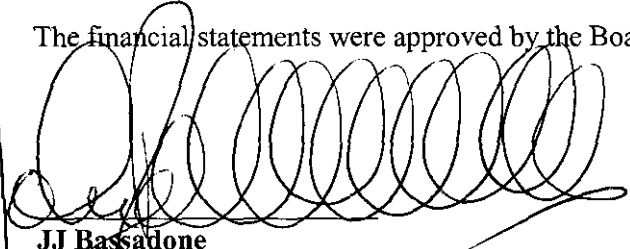
The notes on pages 7 to 13 form part of these financial statements.

PENINSULA PETROLEUM LIMITED

BALANCE SHEET as at 31 December 2001

		2001		2000	
	Notes	US \$	US \$	US \$	US \$
Fixed assets					
Tangible assets	8		131,251		130,315
Investments	9		44,642		44,642
			<u>175,893</u>		<u>174,957</u>
Current assets					
Stocks		465,446		166,543	
Debtors	10	10,328,508		10,987,750	
Cash at bank and in hand		1,473,057		1,084,013	
			<u>12,267,011</u>		<u>12,238,306</u>
Creditors: amounts falling due within one year	11	(10,121,820)		(10,668,918)	
			<u>2,145,191</u>		<u>1,569,388</u>
Net current assets					
			<u>2,321,084</u>		<u>1,744,345</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	12		(1,014,411)		(618,014)
			<u>US \$ 1,306,673</u>		<u>US \$ 1,126,331</u>
Capital and reserves					
<i>Equity interests</i>					
Called up share capital	13		74,716		74,716
Profit and loss account			1,231,957		1,051,615
			<u>US \$ 1,306,673</u>		<u>US \$ 1,126,331</u>
Shareholders' funds	14				

The financial statements were approved by the Board on 18 DEC 2002 and were signed on its behalf by:


JJ Bassadone
 Director

The notes on pages 7 to 13 form part of these financial statements.

PENINSULA PETROLEUM LIMITED

CASH FLOW STATEMENT for the year ended 31 December 2001

		2001	2000
	Notes	US \$	US \$
Reconciliation of operating profit to operating cash flows			
Operating profit		207,948	790,757
Depreciation		44,766	30,420
(Profit)/ loss on disposal of fixed assets		(395)	3,373
Foreign currency translations		27,481	43,370
Decrease/ (increase) in debtors		659,242	(4,910,830)
Increase in creditors		26,413	5,250,302
Increase in stock		(298,902)	(166,543)
Net cash inflow from operating activities		US \$ 666,553	US \$ 1,040,849
Cash flow statement			
Operating activities		666,553	1,040,849
Returns on investments and servicing of finance		46,089	60,360
Taxation		(278,290)	(63,360)
Capital expenditure and financial investments	15	(45,308)	(188,625)
Increase in cash in the year		US \$ 389,044	US \$ 849,224
Reconciliation of net cash flow to movement in net funds			
Increase in cash in the year		389,044	849,224
Net funds at start of year		1,084,013	234,789
Net funds at end of year	16	US \$ 1,473,057	US \$ 1,084,013

The notes on pages 7 to 13 form part of these financial statements.

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention.

Compliance with accounting standards

The financial statements have been prepared in accordance with United Kingdom Accounting Standards.

Group financial statements

Group consolidated financial statements have not been prepared since the company is exempt from the requirement to prepare consolidated accounts under the provisions of Section 228 of the Companies Act 1985 (as amended by section 5 of the Companies Act 1989). These financial statements represent information about the company as an individual undertaking and not about its group.

The immediate holding company at the year-end was Gibunco (UK) Limited, a company incorporated in England and Wales. The ultimate holding company is Bassons Holdings Limited, a company incorporated in Gibraltar. One of the directors, J J Bassadone, is the ultimate controlling party.

The accounts of the company are consolidated in the financial statements of Bassons Holdings Limited. The consolidated accounts of Bassons Holdings Limited are available to the public at Companies House, 317 Main Street, Gibraltar.

Foreign currency translation

Income and expense items denominated in foreign currencies are translated into United States Dollars at an average monthly rate.

Monetary assets and liabilities recorded in foreign currencies are translated into United States Dollars at the rate of exchange ruling at 31st December 2001. Foreign exchange gains or losses are included in the profit and loss account.

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation.

Depreciation is calculated so as to write off the cost of fixed assets over their anticipated useful lives at the following rates and methods:

Fixtures, fittings and equipment	-	25% on a straight line basis
Computers	-	25% on a straight line basis
Motor vehicles	-	25% on a reducing balance basis

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies (continued)

Stocks

Stocks comprise finished goods and goods for resale consisting of petroleum products which are valued at the lower of cost and net realisable value.

Investments

Investments are stated at cost as adjusted for any permanent diminution in value.

2. Turnover

Turnover is attributable to one continuing activity, the sale of petroleum products. Approximately 70% of these products have been supplied in the Port of Gibraltar, 24% in Spanish ports and 6% in other ports throughout the world.

3. Other interest receivable and similar income

	2001 US \$	2000 US \$
Interest receivable	61,186	75,917
Profit on currency translations	27,481	43,370
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	US \$ 88,667	US \$ 119,287
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4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2001 US \$	2000 US \$
Staff costs:		
Wages and salaries	186,476	153,756
Social security costs	19,694	15,774
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	206,170	169,530
 Depreciation	44,766	30,420
Auditors' remuneration for audit services	6,276	6,276
Remuneration paid to auditors and associates for non audit services	10,435	4,569
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PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. Number of employees

The average number of persons employed by the company in 2001 was 5, one of which is a director (2000: 5, one of which was a director)

6. Directors' emoluments and interests

a) Emoluments

	2001 US \$	2000 US \$
Remuneration	28,892	29,888
Social security costs	2,560	2,845
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	US \$ 31,452	US \$ 32,733
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b) Interest in shares

According to the Register of Directors' interest, no director had any interests requiring disclosure.

7. Taxation on profit on ordinary activities

	2001	2000
United Kingdom corporation tax at 30%	US \$ 101,176	US \$ 278,290
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PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. Tangible assets

	Furniture, fittings and equipment US \$	Computers US \$	Motor vehicle US \$	Total US \$
Cost:				
At 1 January 2001	117,206	39,310	3,069	159,585
Additions	606	22,821	24,263	47,690
Disposal	-	(2,332)	-	(2,332)
At 31 December 2001	117,812	59,799	27,332	204,943
Depreciation:				
At 1 January 2001	22,421	6,591	257	29,269
Charge for the year	29,315	13,167	2,284	44,766
Disposals	-	(343)	-	(343)
At 31 December 2001	51,736	19,415	2,541	73,692
Net book value:				
At 31 December 2001	US \$ 66,076	40,384	24,791	131,251
At 31 December 2000	US \$ 94,785	32,719	2,811	130,315

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. Investments

Shares in subsidiary undertakings at cost

2001

Cost at beginning and end of year

US \$ 44,642

The company owns 100% of the issued share capital of the following company: -

Company	Principal Activity	Place of Incorporation	Class of Shares Held
Peninsula Petroleum s.l.	Sales representative	Spain	Ordinary

The aggregate amounts of capital and reserves and the results of this undertaking for the last relevant financial year was as follows:

Capital & Reserves	US \$ 21,841
Profit & Loss	US \$ 5,410

10. Debtors

	2001 US \$	2000 US \$
Trade debtors	9,748,399	10,851,632
Amounts owed by group undertakings	432,077	86,813
Other debtors	127,287	19,653
Prepayments and accrued income	20,745	29,652
	<u>US \$ 10,328,508</u>	<u>US \$ 10,987,750</u>

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. Creditors – amounts falling due within one year

	2001 US \$	2000 US \$
Trade creditors	9,405,182	9,671,204
Amounts owed to group undertakings	256,679	236,732
Taxation payable	101,176	278,290
Other creditors including taxation and social security	54,765	109,787
Accruals and deferred income	304,018	372,905
	<u>US \$ 10,121,820</u>	<u>US \$ 10,668,918</u>

12. Creditors – amounts falling due after more than one year

	2001	2000
Amounts due to immediate parent	<u>US \$ 1,014,411</u>	<u>US \$ 618,014</u>

The board of directors of the ultimate parent company have affirmed that they will not seek repayment of the amounts due until there are adequate funds to meet this liability.

13. Called up share capital

	2001	2000
Authorised: 100,000 ordinary shares of £1 each	<u>US \$ 149,432</u>	<u>US \$ 149,432</u>
Share capital allotted, called up and fully paid: 50,000 ordinary shares of £1 each	<u>US \$ 74,716</u>	<u>US \$ 74,716</u>

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. Reconciliation of movement in equity shareholders' funds

	2001 US \$	2000 US \$
Profit for the financial year	180,342	616,196
Opening equity shareholders' funds	1,126,331	510,135
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Closing equity shareholders' funds	US \$ 1,306,673	US \$ 1,126,331
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15. Analysis of cash flows for headings netted in the cash flow statement

	2001 US \$	2000 US \$
<i>Capital expenditure and financial investments</i>		
Payments to acquire tangible fixed assets	47,690	144,745
Receipts from sale of tangible fixed assets	(2,382)	(762)
Payments to acquire investments	-	44,642
	<hr/>	<hr/>
	US \$ 45,308	US \$ 188,625
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16. Analysis of net funds

	At 1 January 2001	Cash flows	At 31 December 2001
Cash at bank and in hand	US \$ 1,084,013	389,044	1,473,057
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17. Related party transactions

In accordance with the exemption allowed by paragraph 3(c) of Financial Reporting Standard 8, no disclosure is made of transactions with the ultimate holding company, Bassons Holdings Limited, and any of its subsidiary undertakings.

18. Comparatives

As from 1st January 2001, the Company changed its reporting currency from Sterling to United States dollars. Consequently the prior year comparative figures have been translated into United States dollars at the closing rate of £ 1: US\$ 1.4944.