

PENINSULA PETROLEUM LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2002

Registered in England: 3150809



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 31 December 2002.

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 company has maintained its market volume albeit with a slight decrease in the gross profit.

Expansion into other ports internationally has proven not to be as originally envisaged even though the future outlook is positive.

The results reflect the market situation and the directors are satisfied with the company's achievements during the year.

Dividend and Results

The directors do not propose the payment of a dividend and further propose that the profit for the year, after taxation, of US \$ 64,522 be retained.

Directors

The directors of the company during the year ended 31 December 2002 were as follows:

J J Bassadone
J A Bassadone

Directors' interests in shares, pursuant to the Companies Act 1985, are set out in Note 7 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:

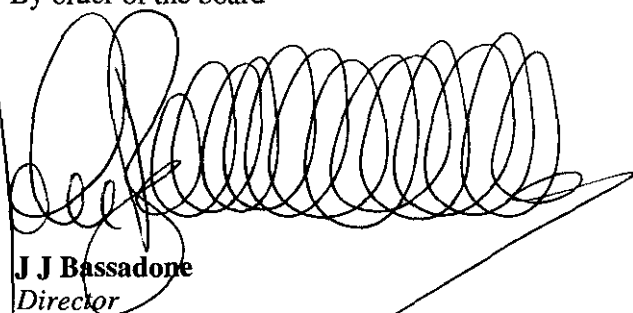
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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

A large, stylized handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

J J Bassadone
Director

19 DEC 2003



KPMG (Gibraltar) Limited

Regal House
Queensway
Gibraltar

Telephone (350) 74015
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E-mail mail@kpmg.gi

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PENINSULAR PETROLEUM (UK) LIMITED**

We have audited the financial statements of Peninsular Petroleum (UK) Limited for the year ended 31 December 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.



KPMG (Gibraltar) Limited, a Gibraltar limited liability company, is a member of KPMG International, a Swiss cooperative

Directors:
EJ Gomez
AA Mena
IP Collinson

Registration No. 81205



KPMG (Gibraltar) Limited

Regal House
Queensway
Gibraltar

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Basis of audit 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.

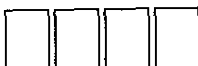
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG (Gibraltar) Limited

KPMG (Gibraltar) Limited
Registered Auditors

19 DEC 2003



KPMG (Gibraltar) Limited, a Gibraltar limited liability company, is a member of KPMG International, a Swiss cooperative

Directors:
EJ Gomez
AA Mena
JP Collinson

Registration No. 81205

PENINSULA PETROLEUM LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	Notes	2002 US \$	2001 US \$
Turnover	2	130,695,414	99,553,403
Cost of sales		(128,889,135)	(97,729,605)
Gross profit		1,806,279	1,823,798
Administrative expenses		(1,680,473)	(1,615,850)
Operating profit – continuing operations		125,806	207,948
Other interest receivable and similar income	3	19,121	88,667
Interest payable and similar charges	4	(61,514)	(15,097)
Profit on ordinary activities before taxation	5	83,413	281,518
Tax on profit on ordinary activities	8	(48,125)	(101,176)
Retained profit for the financial year		35,288	180,342
Retained profit brought forward		1,231,957	1,051,615
Retained profit carried forward		US \$ 1,267,245	US \$ 1,231,957

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 2002

		2002		2001	
	Notes	US \$	US \$	US \$	US \$
Fixed assets					
Tangible assets	9	102,619		131,251	
Investments	10	44,642		44,642	
			147,261		175,893
Current assets					
Stocks		658,561		465,446	
Debtors	11	16,101,628		10,328,508	
Cash at bank and in hand		1,354,859		1,473,057	
			18,115,048		12,267,011
Creditors: amounts falling due within one year	12	(15,355,325)		(10,121,820)	
Net current assets			2,759,723		2,145,191
Total assets less current liabilities			2,906,984		2,321,084
Creditors: amounts falling due after more than one year	13	(1,565,023)		(1,014,411)	
		US \$	1,341,961	US \$	1,306,673
Capital and reserves					
<i>Equity interests</i>					
Called up share capital	14	74,716		74,716	
Profit and loss account		1,267,245		1,231,957	
Shareholders' funds	15	US \$	1,341,961	US \$	1,306,673

The financial statements were approved by the Board on 19 DEC 2003 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

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.

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

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 31 December 2002. 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 62% of these products have been supplied in the Port of Gibraltar, 28% in Spanish ports and 10% in other ports throughout the world.

3. Other interest receivable and similar income

	2002 US \$	2001 US \$
Interest receivable	19,121	61,186
Profit on currency translations	-	27,481
	<hr/>	<hr/>
	US \$ 19,121	US \$ 88,667
	<hr/>	<hr/>

4. Interest payable and similar charges

	2002 US \$	2001 US \$
Interest payable	13,263	15,097
Loss on currency translations	48,251	-
	<hr/>	<hr/>
	US \$ 61,514	US \$ 15,097
	<hr/>	<hr/>

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2002 US \$	2001 US \$
Staff costs:		
Wages and salaries	342,519	186,476
Social security costs	36,225	19,694
	<hr/>	<hr/>
	378,744	206,170
Depreciation	54,439	44,766
Auditors' remuneration for audit services	8,913	6,276
Remuneration paid to auditors and associates for non audit services	10,873	10,435
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6. Number of employees

The average number of persons employed by the company in 2002 was 7, one of which is a director (2001: 5, one of which was a director)

7. Directors' emoluments and interests

a) Emoluments

	2002 US \$	2001 US \$
Remuneration	30,075	28,892
Social security costs	2,737	2,560
	<hr/>	<hr/>
US \$	32,812	US \$ 31,452
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b) Interest in shares

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

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. Tax on profit on ordinary activities

	2002 US \$	2001 US \$
United Kingdom corporation tax for the year at 30%	29,234	101,176
Under provision in previous year	18,891	-
	<u>US \$ 48,125</u>	<u>US \$ 101,176</u>

9. Tangible assets

	Furniture, fittings and equipment US \$	Computers US \$	Motor vehicle US \$	Total US \$
Cost:				
At 1 January 2002	117,812	59,799	27,332	204,943
Additions	8,424	15,153	3,507	27,084
Disposal	-	-	(3,069)	(3,069)
At 31 December 2002	126,236	74,952	27,770	228,958
Depreciation:				
At 1 January 2002	51,736	19,415	2,541	73,692
Charge for the year	31,108	16,279	7,052	54,439
Disposals	-	-	(1,792)	(1,792)
At 31 December 2002	82,844	35,694	7,801	126,339
Net book value:				
At 31 December 2002	US \$ 43,392	39,258	19,969	102,619
At 31 December 2001	US \$ 66,076	40,384	24,791	131,251

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. Investments

Shares in subsidiary undertakings at cost

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.	Petroleum Products	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 \$ 106,064

Profit & Loss US \$ 72,275

11. Debtors

	2002 US \$	2001 US \$
Trade debtors	15,583,430	9,748,399
Amounts owed by group undertakings	456,536	432,077
Other debtors	29,607	127,287
Prepayments and accrued income	32,055	20,745
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	US \$ 16,101,628	US \$ 10,328,508
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PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12. Creditors – amounts falling due within one year

	2002 US \$	2001 US \$
Trade creditors	14,900,972	9,405,182
Amounts owed to group undertakings	242,026	256,679
Taxation payable	29,234	101,176
Other creditors including taxation and social security	65,906	54,765
Accruals and deferred income	117,187	304,018
	<u>US \$ 15,355,325</u>	<u>US \$ 10,121,820</u>

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

	2002	2001
Amounts due to immediate parent	US \$ 1,565,023	US \$ 1,014,411
	<u>US \$ 1,565,023</u>	<u>US \$ 1,014,411</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.

14. Called up share capital

	2002	2001
Authorised:		
100,000 ordinary shares of £1 each	US \$ 149,432	US \$ 149,432
	<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	US \$ 74,716	US \$ 74,716
	<u>US \$ 74,716</u>	<u>US \$ 74,716</u>

PENINSULA PETROLEUM LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15. Reconciliation of movement in equity shareholders' funds

	2002 US \$	2001 US \$
Profit for the financial year	35,288	180,342
Opening equity shareholders' funds	1,306,673	1,126,331
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Closing equity shareholders' funds	US \$ 1,341,961	US \$ 1,306,673
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16. 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 entity which is part of the group or investees of the group qualifying as a related party.