SEYCHELLES PETROLEUM COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

SEYCHELLES PETROLEUM COMPANY LIMITED

TABLE OF CONTENTS - DECEMBER 31, 2010

	PAGES
Directors' Report	1 - 1(a)
Auditors' Report	2 - 2(a)
Statements of Financial Position	3
Statements of Comprehensive Income	4
Statements of Changes in Equity	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 39

The Directors are pleased to submit their report on Seychelles Petroleum Company Limited together with the audited financial statements of the Group and the Company for the year ended December 31, 2010.

PRINCIPAL ACTIVITIES

The main activities of Seychelles Petroleum Company Limited (SEYPEC) comprise the following:
(a) To promote exploration and supply of petroleum products in Seychelles;
(b) Marine bunkering;
(c) Aviation refuelling; and
(d) Transhipment and transportation of petroleum and chemical products by tankers.

The activities of the subsidiaries are tanker rental and ship management.

FINANCIAL PERFORMANCE

Net profit before tax for the year amounted to **USD 0.4 M** (2009: Loss - USD 29.2 M) for the Group and **USD 4.9 M** (2009: Loss - USD 27.4 M) for the Company.

The Directors did not recommend any dividend for the year under review (2009: Nil).

DIRECTORS

The Directors of Seychelles Petroleum Company Limited and of those of its subsidiaries holding office as at December 31, 2010 are:

<u>Seychelles Petroleum Company Limited</u>
G Adam (Chairperson)
C Vidot
P Morin
A Afif
A Butler-Payette
M Rosette

Subsidiaries

(i) <u>Seychelles Patriot Limited</u>
G Adam (Chairperson)
M Nalletamby
M D Bradburn
A Butler-Payette

(ii) <u>Seychelles Pioneer Limited</u>
G Adam (Chairperson)
S Renaud
A Afif
A Butler-Payette

(iii) <u>Seychelles Progress Limited</u>
G Adam (Chairperson)
S Renaud
A Afif
A Butler-Payette

(iv) <u>Seychelles Prelude Limited</u>
G Adam (Chairperson)
M Nalletamby
M D Bradburn
A Butler-Payette

None of the Directors has any direct or indirect interest in the shares of the Company or of the subsidiaries.

PROPERTY, PLANT AND EQUIPMENT

The Group acquired property, plant and equipment amounting to USD 4.2 M during the year comprising mainly plant and equipment. Buildings, tanks, pumps and petrol stations were last revalued in 2008 to USD 195.1 M. The next revaluation is expected to be in 2011.

The Board is of the opinion that the fair value of property, plant and equipment at December 31, 2010 does not differ materially from their carrying amounts at the end of the reporting period.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the overall management of the affairs of the Company including operations and investment decisions.

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Seychelles Companies Act, 1972. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies that fall within the accounting policies adopted by the Group; and making accounting estimates that are reasonable in the circumstances. The Directors have the general responsibility of safeguarding the assets, both owned by the Company and those that are held in trust and used by the Company.

The Directors consider they have met their aforesaid responsibilities.

AUDITORS

The fees payable to the auditors, Messrs. BDO Associates, are as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	USD	USD	**USD**	USD
BDO Associates				
- Audit services	**23,984**	23,155	**10,713**	9,392
- Consolidation and Preparation of financial statements under IFRS	**8,241**	7,224	**8,241**	7,224
SIS Chartered Accountants				
- Audit services	**4,260**	2,753	-	-
USD	**36,485**	33,132	**18,954**	16,616

Approved by the Board of Directors on May 17 2011 and signed by:

G Adam (Chairman)
Director

P Morin
Director

A Butler-Payette
Director

C Vidot
Director

A Afif
Director

M Rosette
Director

SEYCHELLES PETROLEUM COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Opinion

In our opinion, the financial statements on pages 3 to 39 give a true and fair view of the financial position of the Group and of the Company at December 31, 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act, 1972.

Report on Other Legal and Regulatory Requirements

Companies Act 1972

We have no relationship with, or interests in, the Company, other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Public Enterprise (Monitoring Act), 2009

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

We have obtained all the information necessary for the purpose of our audit and are satisfied with the information received.

BDO Associates

BDO ASSOCIATES
Chartered Accountants

Dated: May 17 2011
Victoria, Seychelles

BDO

Tel: +248 612 612
Fax: +248 612 300
bdoseychelles@bdo.sc

P.O. Box 18
The Creole Spirit
Quincy Street, Mahe
Victoria
Seychelles

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

This report is made solely to the members of Seychelles Petroleum Company Limited ('the Company'), as a body, in accordance with the Companies Act, 1972. 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 auditors' 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.

Report on the Financial Statements

We have audited the financial statements of Seychelles Petroleum Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements set out on pages 3 to 39, which comprise the statements of financial position as at December 31, 2010, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

As stated on page 1(a) of the Directors' Report, the Board of Directors are responsible for the preparation of the Financial Statements.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2010

	Notes	THE GROUP 2010 USD	THE GROUP 2009 USD	THE COMPANY 2010 USD	THE COMPANY 2009 USD
ASSETS					
Non-current assets					
Property, plant and equipment	5	410,110,149	443,112,999	259,826,706	266,532,802
Intangible asset	6	45,527	67,697	-	-
Investment in subsidiary companies	7	-	-	81,127,105	92,253,531
Investment in financial asset	8	9,896,714	4,728,326	9,896,714	4,728,326
		420,052,390	447,909,022	350,850,525	363,514,659
Current assets					
Inventories	9	31,582,631	22,380,207	31,582,631	22,380,207
Trade and other receivables	10	40,803,808	43,214,886	40,767,677	43,173,947
Cash and cash equivalents	25(b)	5,776,674	10,493,352	5,514,960	5,762,368
		78,163,113	76,088,445	77,865,268	71,316,522
Total assets	USD	498,215,503	523,997,467	428,715,793	434,831,181
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Share capital	11	8,595,053	8,595,053	8,595,053	8,595,053
Other reserves	12	151,081,964	124,646,524	151,083,819	124,646,749
Retained earnings		110,460,643	111,155,369	128,491,711	125,687,715
Owners' interest		270,137,660	244,396,946	288,170,583	258,929,517
Non-controlling interest		(134,680)	(158,857)	-	-
Total equity		270,002,980	244,238,089	288,170,583	258,929,517
LIABILITIES					
Non-current liabilities					
Borrowings	13	81,355,260	98,833,562	5,869,390	7,825,854
Deferred tax liabilities	14	38,914,850	66,792,884	38,914,450	66,792,296
Retirement benefit obligations	15	836,177	980,899	836,177	980,899
		121,106,287	166,607,345	45,620,017	75,599,049
Current liabilities					
Trade and other payables	16	55,345,275	63,566,952	54,575,855	62,525,828
Borrowings	13	51,760,961	49,585,081	40,349,338	37,776,787
		107,106,236	113,152,033	94,925,193	100,302,615
Total liabilities		228,212,523	279,759,378	140,545,210	175,901,664
Total equity and liabilities	USD	498,215,503	523,997,467	428,715,793	434,831,181

These financial statements have been approved for issue by the Board of Directors on May 17 2011

G Adam (Chairperson)
Director

P Morin
Director

A Butler-Payette
Director

C Vidot
Director

A Afif
Director

M Rosette
Director

The notes on pages 7 to 39 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

STATEMENTS OF COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2010

		THE GROUP		THE COMPANY	
	Notes	2010	2009	2010	2009
		USD	USD	USD	USD
Revenue	2(l)	322,608,691	295,377,173	322,608,691	295,377,173
Cost of sales	18	(318,522,713)	(274,523,923)	(320,274,823)	(276,439,744)
Gross profit		4,085,978	20,853,250	2,333,868	18,937,429
Other income	19	9,322,265	8,065,069	9,322,265	8,065,069
Selling and marketing expenses	18	(108,164)	(84,413)	(108,164)	(84,413)
Administrative expenses	18	(5,837,940)	(3,614,214)	(4,921,479)	(2,661,278)
		7,462,139	25,219,692	6,626,490	24,256,807
Interest expense	20	(5,235,900)	(7,886,223)	(2,460,953)	(4,549,230)
Interest income		81,484	106,368	75,699	71,502
		2,307,723	17,439,837	4,241,236	19,779,079
Impairment of investment in financial assets	8	-	(3,030,455)	-	(3,030,455)
Profit before net foreign exchange (losses)/gains		2,307,723	14,409,382	4,241,236	16,748,624
Net foreign exchange (losses)/gains	21	(1,895,312)	(43,582,977)	658,587	(44,187,357)
Profit/(Loss) before taxation	22	412,411	(29,173,595)	4,899,823	(27,438,733)
Taxation - (expense)/credit	17	(2,095,680)	11,010,711	(2,095,827)	11,010,273
(Loss)/Profit for the year	USD	(1,683,269)	(18,162,884)	2,803,996	(16,428,460)
Other comprehensive income:					
Available for sale-financial-asset	12	5,168,388	-	5,168,388	-
Reversal of deferred tax effect on revaluation of buildings, tanks, pumps and petrol stations	14	20,309,737	17,804,496	20,309,737	17,804,496
Reversal of revaluation reserves of property, plant and equipment written off		(472,094)	-	(472,094)	-
Share of non-controlling interest					
- Other reserves		(492)	118	-	-
- Currency translation reserve on retained earnings		11,676	(4,228)	-	-
Currency translation differences					
- Other reserves	12	1,428,917	(9,146,239)	1,431,039	(9,147,138)
- Retained earnings/(Revenue deficit)		1,013,212	(289,251)		-
Transfer to non-controlling interest					
- Retained earnings		(11,676)	4,228	-	-
- Other reserves	12	492	(118)	-	-
Other comprehensive income for the year, net of tax		27,448,160	8,369,006	26,437,070	8,657,358
Total comprehensive income/(expense) for the year	USD	25,764,891	(9,793,878)	29,241,066	(7,771,102)
(Loss)/Profit attributable to:					
Owners of the parent		(1,696,262)	(18,101,794)	2,803,996	(16,428,460)
Non-controlling interest		12,993	(61,090)	-	-
		(1,683,269)	(18,162,884)	2,803,996	(16,428,460)
Total comprehensive income/(expense) attributable to:					
Owners of the parent		25,740,714	(9,728,678)	29,241,066	(7,771,102)
Non-controlling interest		24,177	(65,200)	-	-
	USD	25,764,891	(9,793,878)	29,241,066	(7,771,102)

The notes on pages 7 to 39 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

STATEMENTS OF CHANGES IN EQUITY - YEAR ENDED DECEMBER 31, 2010

THE GROUP

		Attributable to owners of the parent					
		Share Capital	Other Reserves	Retained Earnings	Total	Non-Controlling Interest	Total Equity
		USD	USD	USD	USD	USD	USD
Balance at January 1, 2010		8,595,053	124,646,524	111,155,369	244,396,946	(158,857)	244,238,089
Total comprehensive income/(expense) for the year		-	26,435,440	(694,726)	25,740,714	24,177	25,764,891
Balance at December 31, 2010	**USD**	**8,595,053**	**151,081,964**	**110,460,643**	**270,137,660**	**(134,680)**	**270,002,980**
Balance at January 1, 2009		8,595,053	115,988,385	129,542,186	254,125,624	(93,657)	254,031,967
Total comprehensive income/(expense) for the year		-	8,658,139	(18,386,817)	(9,728,678)	(65,200)	(9,793,878)
Balance at December 31, 2009	USD	8,595,053	124,646,524	111,155,369	244,396,946	(158,857)	244,238,089

THE COMPANY

		Share Capital	Other Reserves	Retained Earnings	Total
		USD	USD	USD	USD
Balance at January 1, 2010		8,595,053	124,646,749	125,687,715	258,929,517
Total comprehensive income for the year		-	26,437,070	2,803,996	29,241,066
Balance at December 31, 2010	**USD**	**8,595,053**	**151,083,819**	**128,491,711**	**288,170,583**
At January 1, 2009		8,595,053	115,989,391	142,116,175	266,700,619
Total comprehensive income/(expense) for the year		-	8,657,358	(16,428,460)	(7,771,102)
Balance at December 31, 2009	USD	8,595,053	124,646,749	125,687,715	258,929,517

The notes on pages 7 to 39 form an integral part of these financial statements.

Auditors' report on pages 2 and 2(a).

STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2010

			THE GROUP		THE COMPANY	
	Notes		2010	2009	2010	2009
			USD	USD	USD	USD
Cash flows from operating activities						
Cash generated from operations	25(a)		**24,624,373**	68,638,087	**10,168,516**	54,783,457
Interest paid			**(5,235,900)**	(7,886,223)	**(2,460,953)**	(4,549,230)
Interest received			**81,484**	106,368	**75,699**	71,502
Tax paid			**(5,268,924)**	(5,574,704)	**(5,268,924)**	(5,574,704)
Net cash inflow from operating activities			**14,201,033**	55,283,528	**2,514,338**	44,731,025
Cash flows from investing activities						
Purchase of property, plant and equipment	5		**(4,207,954)**	(23,547,741)	**(4,206,507)**	(23,538,529)
Purchase of intangible asset	6		**(1,465)**	(56,435)	**-**	-
Proceeds from sale of equipment			**110,031**	-	**110,031**	-
Net cash outflow in investing activities			**(4,099,388)**	(23,604,176)	**(4,096,476)**	(23,538,529)
Cash flows from financing activities						
Loans received			**30,099,827**	-	**30,099,827**	-
Repayment on borrowings			**(52,444,237)**	(17,727,686)	**(36,525,728)**	(8,290,332)
Net cash outflow in financing activities			**(22,344,410)**	(17,727,686)	**(6,425,901)**	(8,290,332)
Net (decrease)/increase in cash and cash equivalents		USD	**(12,242,765)**	13,951,666	**(8,008,039)**	12,902,164
Movement in cash and cash equivalents						
At January 1,			**10,493,352**	15,558,373	**5,762,368**	6,240,233
(Decrease)/Increase			**(12,242,765)**	13,951,666	**(8,008,039)**	12,902,164
Exchange differences			**7,526,087**	(19,016,687)	**7,760,631**	(13,380,029)
At December 31,	25(b)	USD	**5,776,674**	10,493,352	**5,514,960**	5,762,368

The notes on pages 7 to 39 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

1. GENERAL INFORMATION

Seychelles Petroleum Company Limited is a limited liability company incorporated and domiciled in Seychelles. The main activities of the company is to promote exploration and supply of petroleum products, marine bunkering, aviation refuelling and transhipment services and transportation of petroleum and chemical products by tankers. Its registered office is situated at New Port, Victoria, Mahé, Seychelles.

These financial statements will be submitted for consideration and approval at the forthcoming Annual General Meeting of Shareholders of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Seychelles Petroleum Company Limited comply with the Companies Act, 1972 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention, except that:

(i) buildings, tanks, pumps and petrol stations are carrried at revalued amounts;
(ii) trade receivables and available-for-sale financial assets are stated at their fair value; and
(iii) borrowings, loans and receivables and other financial assets and financial liabilities are carried at amortised cost.

Standards, Amendments to published Standards, Standards and Interpretations effective in the reporting period

IAS 27, 'Consolidated and Separate Financial Statements' (Revised 2008), requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The revised standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This IAS will not have any impact on the Group's financial statements.

IFRS 3, 'Business Combinations' (Revised 2008), continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. This IFRS will not have any impact on the Group's financial statements.

Amendments to IAS 39, 'Eligible hedged items', prohibit designating inflation as a hedgeable component of a fixed rate debt. In a hedge of one-sided risk with options, it prohibits including time value in the hedged risk. The amendment will not have any impact on the Group's financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) **Basis of preparation (Cont'd)**

Standards, Amendments to published Standards, Standards and Interpretations effective in the reporting period (Cont'd)

Amendments to IFRS 1 and IAS 27, 'Cost of an Investment in a Subsidiary', clarify that the cost of a subsidiary, jointly controlled entity or associate in a parent's separate financial statements, on transition to IFRS, is determined under IAS 27 or as a deemed cost. Dividends from a subsidiary, jointly controlled entity or associate are recognised as income. There is no longer a distinction between pre-acquisition and post-acquisition dividends. The cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) is measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendment will not have any impact on the Group's financial statements.

IFRIC 17, 'Distributions of Non-cash Assets to Owners', clarifies that a dividend payable is recognised when appropriately authorised and no longer at the entity's discretion. An entity measures distributions of assets other than cash when it pays dividends to its owners, at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss. This IFRIC will not have any impact on the Group's financial statements.

IFRIC 18, 'Transfers of Assets from Customers', addresses the treatment for assets transferred from a customer in return for connection to a network or ongoing access to goods or services, or both. It requires the transferred assets to be recognised initially at fair value and the related revenue to be recognised immediately; or, if there is a future service obligation, revenue is deferred and recognised over the relevant service period. This IFRIC will not have any impact on the Group's financial statements.

Amendments to IFRS 1, 'Additional Exemptions for First-time Adopters' exempt entities that use the full cost method for oil and gas properties from retrospective application of IFRSs. It also exempts entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining whether an arrangement contains a lease'. The amendment will not have any impact on the Group's financial statements.

Amendments to IFRS 2, 'Group Cash-settled Share-based Payment Transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. This amendment will not have any impact on the Group's financial statements.

Improvements to IFRSs (issued May 22, 2008)

IFRS 5 (Amendment), 'Non-current Assets Held for Sale and Discontinued Operations', clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The amendment will not have any impact on the Group's operations.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards, Standards and Interpretations effective in the reporting period (Cont'd)

Improvements to IFRSs (issued April 16, 2009)

IAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This amendment will not have any impact on the Group's financial statements.

IAS 7 (Amendment), 'Statement of Cash Flows', clarifies that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. This amendment will not have any impact on the Group's financial statements.

IAS 17 (Amendment) 'Leases', clarifies that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. A lease newly classified as a finance lease should be recognised retrospectively. The amendment will not have any impact on the Group's operations.

IAS 18 (Amendment), 'Revenue'. An additional paragraph has been added to the appendix to IAS 18, providing guidance on whether an entity is acting as principal or agent.

IAS 36 (Amendment), 'Impairment of Assets', clarifies that for the purpose of impairment testing, the cash-generating unit or groups of cash-generating units to which goodwill is allocated should not be larger than an operating segment (as defined by IFRS 8, 'Operating segments') before aggregation. The amendment will not have an impact on the Company's operations.

IAS 38 (Amendment), 'Intangible Assets', clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment removes the exceptions from recognising intangible assets on the basis that their fair values cannot be reliably measured. Intangible assets acquired in a business combination that are separable or arise from contractual or other legal rights should be recognised. The amendment specifies different valuation techniques that may be used to value intangible assets where there is no active market. The amendment is unlikely to have an impact on the Group's financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' clarifies that the scope exemption within IAS 39 only applies to forward contracts that will result in a business combination at a future date, as long as the term of the forward contract does 'not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction'. The amendment removes reference to transactions between segments as being hedgeable transactions in individual or separate financial statements and clarifies that amounts deferred in equity are only reclassified to profit or loss when the underlying hedged cash flows affect profit or loss. The amendment will not have an impact on the Company's statement of comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards, Standards and Interpretations effective in the reporting period (Cont'd)

Improvements to IFRSs (issued April 16, 2009) (Cont'd)

IFRS 2 (Amendment), 'Share-based Payment', confirms that, transactions in which the entity acquires goods as part of the net assets acquired in a business combination as defined by IFRS 3 (2008) Business Combinations, contribution of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2 Share-based Payment. The amendment will not have any impact on the Group's operations.

IFRS 5 (Amendment), 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The amendment will not have any impact on the Group's operations.

IFRS 8 (Amendment), 'Operating Segments', clarifies that the requirement for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker reviews that information. This amendment will not have any impact on the Group's financial statements.

IFRIC 9 (Amendment), 'Reassessment of Embedded Derivatives', clarifies that embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture are outside the scope of IFRIC 9. This amendment will not have any impact on the Group's financial statements.

IFRIC 16 (Amendment), 'Hedges of a Net Investment in a Foreign Operation', clarifies that hedging instruments may be held by any entity or entities within the group. This includes a foreign operation that itself is being hedged. This amendment will not have any impact on the Group's financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2011 or later periods, but which the Group has not early adopted.

At the reporting date of these financial statements, the following were in issue but not yet effective:
Classification of Rights Issues (Amendment to IAS 32) (Effective February 1, 2010)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Effective July 1, 2010)
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IAS 24 Related Party Disclosures (Revised 2009)
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1)
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)
IFRS 9 Financial Instruments
Disclosures - Transfers of Financial Assets (Amendments to IFRS 7)
Amendment to IFRS 1 Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters (Effective July 1, 2010)

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

Standards, Amendments to published Standards and Interpretations issued but not yet effective (Cont'd)

Improvements to IFRSs (issued May 6, 2010)

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 3 Business Combinations (Effective July 1, 2010)
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements(Effective July 1, 2010)
IAS 34 Interim Financial Reporting
IFRIC 13 Customer Loyalty Programmes

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Property, plant and equipment

Buildings, tanks, pumps and petrol stations are carried at revalued amounts based on periodic triennial valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in owners' interest. Decreases that offset previous increases of the same asset are charged against revaluation reserve directly in equity; all other decreases are charged to the statement of comprehensive income.

Properties in the course of construction for operation purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets, borrowing costs capitalised. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) **Property, plant and equipment (Cont'd)**

Depreciation is calculated on the straight line method to write off the cost or revalued of the assets, to their residual values over their estimated useful life as follows:

	Years
Leasehold land and buildings	Over the period of the lease
Double hull tankers	15 & 25 years
Furniture, fittings & other equipment	3 - 10 years
Plant and equipment	3 - 50 years
Tanks, pumps and petrol stations	2½ - 10 years
Vehicles and refuellers	4 - 7 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the Statement of Comprehensive Income. On disposal of revalued assets, the amounts included in revaluation surplus are transferred to retained earnings.

(c) **Intangible asset**

Computer software
Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised using the straight line method over their estimated useful lives.

Costs associated with developing or maintaining computer software are recognised as an expense as incurred.

(d) **Investment in subsidiaries**

Separate financial statements of the investor
In the separate financial statements of the investor, investment in subsidiary company is carried at cost. The carrying amount is reduced to recognise any impairment in the value of investment.

Consolidated financial statements
Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Investment in subsidiaries (Cont'd)

Consolidated financial statements
The acquisition method of accounting is used to account for business combinations by the group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions and non-controlling interests
The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(e) Financial instruments

(i) Financial assets

Categories of financial assets

The Group classifies its financial assets in the following categories : financial assets through profit or loss, loans and receivables, held-to-maturity, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting. Management classifies its investments as available-for-sale financial assets.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Categories of financial assets (Cont'd)

Available-for-sale financial assets
Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months to the end of the reporting period.

Initial measurement
Purchases and sales of available-for-sale financial assets are recognised on trade-date (or settlement date), the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value plus transaction costs and subsequently carried at fair value.

Derecognition
Available-for-sale financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Subsequent measurement
Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains and losses on financial assets.

(ii) Trade receivables

Trade receivables are recognised initially at fair value less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in the Statement of Comprehensive Income.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the Statement of Comprehensive Income.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (Cont'd)

(iii) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the date of the reporting period.

(iv) Trade payables

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(vi) Cash and cash equivalents

Cash and cash equivalents include cash in hand, short term deposits held with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

(vi) Share capital

Ordinary shares are classified as equity.

(f) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(g) Inventories

Inventories are stated at lower of cost and net realised value. Cost is determined by the first-in, first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business less selling expenses.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(h) Retirement benefit obligations

Severance allowance on retirement

The employees are not covered by a pension plan and the net present value of severance allowances payable under the Seychelles Employment Act has been provided for. The obligations arising under this item are not funded.

(i) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using US Dollars, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group are presented in US Dollar, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reservé in equity.

(iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that reporting period;

(b) income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(k) Operating leases

Assets leased out under operating leases are included in property and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar fixed assets. Rental income is recognised on a straight line basis over the lease term.

(l) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of tax, rebates and discounts and after eliminating sales within the Group.

Sales and other revenues earned by the Company and its subsidiaries are recognised on the following bases:

Sales

- Sales of goods - when goods are delivered and title has passed.
- Revenue from tankers on time charter - on a time-portion basis.
- Revenue from tankers on voyage charter - upon delivery of the cargo at the port of discharge.

Other revenues

- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being thé estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost-recovery basis as conditions warrant.

- Dividend income - when the shareholder's right to receive payment is established.

(m) Provisions

Provisions are recognised when the company and its subsidiaries has a present or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair value interest risk), credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effect of the company's financial performance.

A description of the significant risk factors is given below together with the risk management policies applicable.

(a) **Market risk**

(i) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Seychelles Rupee and Euro.

If the US Dollar had weakened/strengthened against the above currencies by ±5% with all other variables remaining constant, the impact (increase/(decrease)) on the results for the year would have been mainly as a result of foreign exchange gains/(losses) as depicted in the table hereunder.

THE GROUP	Seychelles Rupee		Euro	
	2010	2009	**2010**	2009
	USD'000	USD'000	**USD'000**	USD'000
Impact on results/equity:				
- Bank balances	**49**	65	**14**	232
- Trade and other receivables	**476**	416	**1**	-
- Borrowings	**-**	(1,723)	**(1,756)**	(2,723)
THE COMPANY				
Impact on results/equity:				
- Bank balances	**49**	65	**1**	11
- Trade and other receivables	**476**	416	**1**	-
- Borrowings	**-**	(1,723)	**-**	(557)

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are exposed to interest rate risk as it sometimes borrows at variable rates.

At December 31, 2010, if interest rates on floating rate borrowings had been ±0.10% higher/lower with all other variables held constant, results for the year would have been as shown below, mainly as a result of higher/lower interest expense on loans and overdrafts.

		THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
Impact on results/equity:		**USD'000**	USD'000	**USD'000**	USD'000
- Borrowings	USD'000	**58**	67	**30**	34

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.1 Financial Risk Factors (cont'd)

(a) Market risk (cont'd)

(iii) Equity price risk

The Group is susceptible to equity market price risk arising from uncertainties about future prices of the equity securities because of investments held by the Group and classified on the statement of financial position as available-for-sale.

Sensitivity analysis

The table below summarises the impact of increases/decreases in the fair value of the investments on equity. The analysis is based on the assumption that the fair value has increased/decreased by 5%.

	THE GROUP AND THE COMPANY	
	2010	2009
	USD'000	USD'000
Impact on equity:		
- Available-for-sale	495	-

(b) Credit risk

The Group's credit risk is primarily attributable to its trade receivables.

The Group has a significant concentration of credit risk, with a wide exposure spread over a small number of customers. However, the Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The table below shows the credit concentration of the company at the end of the reporting period.

THE GROUP AND THE COMPANY	2010	2009
Counterparty	%	%
10 major counterparties	69	61
Others (diversified risk)	31	39
	100	100

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding through an adequate amount of committed credit facilities.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The table below analyses the Group's financial exposure into relevant maturity groupings based on the remaining period at the date of the reporting period to the contractual maturity date.

THE GROUP	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
At December 31, 2010	USD	USD	USD	USD	USD
Bank borrowings	**51,760,961**	**13,295,925**	**37,931,312**	**30,128,023**	**133,116,221**
Trade and other payables	**55,345,275**	**-**	**-**	**-**	**55,345,275**
USD	**107,106,236**	**13,295,925**	**37,931,312**	**30,128,023**	**188,461,496**
At December 31, 2009					
Bank borrowings	15,117,560	15,125,700	58,093,096	25,614,766	113,951,122
Loan from shareholder	34,467,521	-	-	-	34,467,521
Trade and other payables	63,566,952	-	-	-	63,566,952
USD	113,152,033	15,125,700	58,093,096	25,614,766	211,985,595

THE COMPANY	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
At December 31, 2010	USD	USD	USD	USD	USD
Bank borrowings	**40,349,338**	**1,956,463**	**3,912,927**	**-**	**46,218,728**
Trade and other payables	**54,575,855**	**-**	**-**	**-**	**54,575,855**
USD	**94,925,193**	**1,956,463**	**3,912,927**	**-**	**100,794,583**
At December 31, 2009					
Bank borrowings	3,309,266	1,956,464	5,869,390	-	11,135,120
Loan from shareholder	34,467,521	-	-	-	34,467,521
Trade and other payables	62,525,828	-	-	-	62,525,828
USD	100,302,615	1,956,464	5,869,390	-	108,128,469

3.2 **Fair value estimation**

The fair value of financial instruments traded in active market is based on quoted prices at the end of the reporting period. A market is regarded active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Instruments included in level 1 category comprise primarily quoted equity investments classified as trading securities or available-for-sale.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cashflows at the current market interest rate that is available to the Group for similar financial instruments.

3. FINANCIAL RISK MANAGEMENT (CONT'D)

3.3 Capital risk management

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital in proportion to risk. It manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt adjusted capital. Net debt is calculated as total debt less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, minority interest, retained earnings, revaluation reserve and capital reserves) other than amounts recognised in equity relating to cash flow hedges, and includes some forms of subordinated debt.

During 2010, the Group's strategy, which was unchanged from 2009, was to maintain the debt-to-adjusted capital ratio at a reasonable level in order to secure access to finance at a reasonable cost. The debt-to-adjusted capital ratios at December 31, 2009 and 2010 were as follows:

The debt-to-adjusted capital ratios at December 31, 2010 and at December 31, 2009 were as follows:

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Total debt		**133,116,221**	148,418,643	**46,218,728**	45,602,641
Less: cash and cash equivalents		**(5,776,674)**	(10,493,352)	**(5,514,960)**	(5,762,368)
Net debt	USD	**127,339,547**	137,925,291	**40,703,768**	39,840,273
Total equity	USD	**270,002,980**	244,238,089	**288,170,583**	258,929,517
Debt-to-adjusted capital ratio		**0.47**	0.56	**0.14**	0.15

The decrease in debt-to-adjusted ratio is mainly the result of an improvement in profitability during the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Buildings, tanks, pumps and petrol stations*

Buildings, tanks, pumps and petrol stations are carried at fair value, representing their open-market value determined by external valuers.

(b) *Impairment of available-for-sale financial assets*

The Group follows the guidance of IAS 39 on determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(c) *Impairment of other assets*

At the end of each reporting period, management reviews and assesses the carrying amounts of other assets and where relevant writes them down to their recoverable amounts based on best estimates.

(d) *Fair value estimation*

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

(e) *Limitation of sensitivity analysis*

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

5. PROPERTY, PLANT AND EQUIPMENT

(a) THE GROUP

		Land and buildings	Double hull tankers	Furniture, fittings & other equipment	Plant & equipment	Tanks, pumps & petrol stations	Vehicles & refuellers	Work in progress	Total
		Valuation	Cost	Cost	Cost	Valuation	Cost	Cost	Cost & Valuation
COST OR VALUATION		USD	USD	USD	USD	USD	USD	USD	USD
At January 1, 2009		3,351,454	248,729,632	1,199,834	16,947,455	212,041,248	2,715,237	3,322,142	488,307,002
Additions		-	-	48,555	203,313	17,515	276,737	23,001,621	23,547,741
Write offs		-	-	(210)	(26,798)	-	-	-	(27,008)
Transfers		203,796	16,497,780	-	(42,812)	(203,796)	-	(16,454,968)	-
Exchange differences		-	3,795,567	2,207	-	-	-	-	3,797,774
At December 31, 2009		3,555,250	269,022,979	1,250,386	17,081,158	211,854,967	2,991,974	9,868,795	515,625,509
Additions		**-**	**18,201**	**67,418**	**282,363**	**-**	**520,017**	**3,319,955**	**4,207,954**
Disposals		**-**	**-**	**(1,260)**	**(10,093)**		**(84,992)**	**-**	**(96,345)**
Write offs		**-**	**-**	**-**	**-**	**(472,094)**	**-**	**-**	**(472,094)**
Transfers		**-**	**-**	**-**	**1,840,566**	**-**	**-**	**(1,840,566)**	**-**
Exchange differences		**-**	**(15,710,151)**	**(8,250)**	**-**	**-**	**-**	**-**	**(15,718,401)**
At December 31, 2010		**3,555,250**	**253,331,029**	**1,308,294**	**19,193,994**	**211,382,873**	**3,426,999**	**11,348,184**	**503,546,623**
DEPRECIATION									
At January 1, 2009		231,368	39,911,857	886,245	6,297,564	-	2,133,953	-	49,460,987
Charge for the year		113,832	13,789,278	54,663	96,844	7,794,886	111,385	-	21,960,888
Write off adjustments		-	-	(210)	(26,087)	-	-	-	(26,297)
Exchange differences		-	1,115,811	1,121	-	-	-	-	1,116,932
At December 31, 2009		345,200	54,816,946	941,819	6,368,321	7,794,886	2,245,338	-	72,512,510
Charge for the year		**126,708**	**15,140,316**	**60,560**	**188,129**	**8,672,011**	**191,880**	**-**	**24,379,604**
Disposal adjustments		**-**	**-**	**(1,260)**	**(9,917)**	**-**	**(84,992)**	**-**	**(96,169)**
Write off adjustments		**-**	**-**	**-**	**-**	**(71,058)**	**-**	**-**	**(71,058)**
Exchange differences		**-**	**(3,286,242)**	**(2,171)**	**-**	**-**	**-**	**-**	**(3,288,413)**
At December 31, 2010		**471,908**	**66,671,020**	**998,948**	**6,546,533**	**16,395,839**	**2,352,226**	**-**	**93,436,474**
NET BOOK VALUE									
At December 31, 2010	**USD**	**3,083,342**	**186,660,009**	**309,346**	**12,647,461**	**194,987,034**	**1,074,773**	**11,348,184**	**410,110,149**
At December 31, 2009	USD	3,210,050	214,206,033	308,567	10,712,837	204,060,081	746,636	9,868,795	443,112,999

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) THE COMPANY

	Land and buildings	Double hull tanker	Furniture, fittings & other equipment	Plant & equipment	Tanks, pumps & petrol stations	Vehicles & refuellers	Work in progress	Total
	Valuation	Cost	Cost	Cost	Valuation	Cost	Cost	Cost & Valuation
COST OR VALUATION	USD	USD	USD	USD	USD	USD	USD	USD
At January 1, 2009	3,351,454	28,388,376	1,093,562	16,947,455	212,041,248	2,715,237	3,322,142	267,859,474
Additions	-	-	39,343	203,313	17,515	276,737	23,001,621	23,538,529
Write offs	-	-	(210)	(26,798)	-	-	-	(27,008)
Transfers	203,796	16,497,780	-	(42,812)	(203,796)		(16,454,968)	-
At December 31, 2009	3,555,250	44,886,156	1,132,695	17,081,158	211,854,967	2,991,974	9,868,795	291,370,995
Additions	-	18,201	65,971	282,363	-	520,017	3,319,955	4,206,507
Disposals	-	-	(1,260)	(10,093)	-	(84,992)	-	(96,345)
Write offs	-	-	-	-	(472,094)	-	-	(472,094)
Transfers	-	-	-	1,840,566	-	-	(1,840,566)	-
At December 31, 2010	**3,555,250**	**44,904,357**	**1,197,406**	**19,193,994**	**211,382,873**	**3,426,999**	**11,348,184**	**295,009,063**
DEPRECIATION								
At January 1, 2009	231,368	6,684,140	882,074	6,297,564	-	2,133,953	-	16,229,099
Charge for the year	113,832	489,465	28,979	96,844	7,794,886	111,385	-	8,635,391
Write off adjustments	-	-	(210)	(26,087)	-	-	-	(26,297)
Revaluation adjustments	-	-	-	-	-	-	-	-
At December 31, 2009	345,200	7,173,605	910,843	6,368,321	7,794,886	2,245,338	-	24,838,193
Charge for the year	126,708	1,298,371	34,292	188,129	8,672,011	191,880	-	10,511,391
Disposal adjustments	-	-	(1,260)	(9,917)	-	(84,992)	-	(96,169)
Write off adjustments	-	-	-	-	(71,058)	-	-	(71,058)
At December 31, 2010	**471,908**	**8,471,976**	**943,875**	**6,546,533**	**16,395,839**	**2,352,226**	-	**35,182,357**
NET BOOK VALUE								
At December 31, 2010 USD	**3,083,342**	**36,432,381**	**253,531**	**12,647,461**	**194,987,034**	**1,074,773**	**11,348,184**	**259,826,706**
At December 31, 2009 USD	3,210,050	37,712,551	221,852	10,712,837	204,060,081	746,636	9,868,795	266,532,802

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(c) The double hull tankers have been pledged as security for bank borrowings.

(d) Depreciation have been charged to the Statement of Comprehensive Income as follows:

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Cost of sales		23,438,798	21,818,078	9,596,853	8,492,581
Administrative expenses		940,806	142,810	914,538	142,810
	USD	24,379,604	21,960,888	10,511,391	8,635,391

(e) The Group's buildings, tanks, pumps and petrol stations were last revalued in March 2009 by independent valuers on an open market basis.

The Directors have assumed that the fair value of the assets as at December 31, 2010 are not materially different from their last revalued amounts.

(f) If the buildings, tanks, pumps and petrol stations had been stated at their historical cost, the amounts would have been as follows:

THE GROUP AND THE COMPANY		Tanks, pumps and petrol stations		Buildings	
		2010	2009	2010	2009
		USD	USD	USD	USD
Costs		44,986,173	44,999,200	1,123,894	1,123,894
Accumulated depreciation		(14,671,719)	(13,868,410)	(695,370)	(668,110)
Net book value	USD	30,314,454	31,130,790	428,524	455,784

6. INTANGIBLE ASSET

		THE GROUP	
		2010	2009
Computer software		USD	USD
COST			
At January 1,		80,471	21,362
Additions		1,465	56,435
Exchange differences		(5,640)	2,674
At December 31,		76,296	80,471
ACCUMULATED DEPRECIATION			
At January 1,		12,774	-
Charge for the year		18,891	12,273
Exchange differences		(896)	501
At December 31,		30,769	12,774
NET BOOK VALUE			
At December 31,	USD	45,527	67,697

Amortisation charge has been fully accounted under administrative expenses.

7. INVESTMENT IN SUBSIDIARY COMPANIES

		THE COMPANY	
		2010	2009
Cost - Unquoted		USD	USD
At January 1 and December 31,		20,289	20,289
Amount receivable from subsidiaries		81,106,816	92,233,242
Total	USD	81,127,105	92,253,531

(a) The list of the Group's/Company's subsidiaries is as follows:

Company	Class of shares	Country of incorporation	% shareholding 2010 & 2009	Activities
Seychelles Pioneer Limited	Ordinary	Isle of Man	100	Rental of tanker
Seychelles Progress Limited	Ordinary	Isle of Man	100	Rental of tanker
Seychelles Patriot Limited	Ordinary	Isle of Man	100	Rental of tanker
Seychelles Prelude Limited	Ordinary	Isle of Man	100	Rental of tanker
Vicnav Limited	Ordinary	Cyprus	51	Ship management

(b) The holding company does not hold any indirect shares in the above subsidiaries.

(c) The year end of all the subsidiaries is 31st December.

8. INVESTMENT IN FINANCIAL ASSET

		THE GROUP AND THE COMPANY	
		2010	2009
Available-for-sale - quoted		USD	USD
At January 1,		4,728,326	7,758,781
Increase in fair value		5,168,388	-
Impairment charge (see note (b) below)		-	(3,030,455)
At December 31,	USD	9,896,714	4,728,326

(a) The Company acquired 10 million shares in Black Marlin Energy Limited in 2008 (7.45% shareholding), a Company engaged in oil exploration in the East African region whose holding company is Black Marlin Energy Holdings Limited which was floated on the Toronto Venture Exchange on March 22, 2010 trading under the symbol 'BLM'. As part of this transaction, an agreement was reached with all shareholders of Black Marlin Energy Limited to have their shares exchanged for the same amount of shares of BLM. On October 8, 2010, BLM was purchased by Afren Plc, a company quoted on the London Stock Exchange, at a consideration of 0.3647 shares in Afren Plc for each share held in BLM. Consequently, Seychelles Petroleum Company Limited now holds 3,646,999 shares in Afren Plc.

(b) The fair value of the investment held in Black Marlin Energy Limited was estimated to be below its cost as at December 31, 2009 and the investment was written down to its latest available quoted price on the Toronto Venture Exchange which the Directors considered to be its fair value. The price at December 31, 2010 was based on the market price of Afren Plc as quoted on the London Stock Exchange.

(c) The available-for-sale financial asset is quoted, classified as a level 1 category financial asset and is denominated in UK Pound Sterling.

9. INVENTORIES

		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
Petroleum products, lubricants and others	USD	**31,582,631**	22,380,207

(a) The cost of inventories of the Group and the Company recognised as an expense and included in cost of sales amounted to **USD 214,413,398** (2009: USD 199,678,315).

(b) Inventories have been pledged as security for borrowings.

10. TRADE AND OTHER RECEIVABLES

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Trade receivables		**36,983,331**	39,995,551	**36,983,331**	39,988,258
Less: provision for impairment		**(615,391)**	(665,438)	**(615,391)**	(665,438)
		36,367,940	39,330,113	**36,367,940**	39,322,820
Prepayments		**424,076**	836,968	**416,846**	829,590
Income tax receivable (note 17)		**461,750**	2,441,603	**461,750**	2,441,603
Deposits to suppliers		**3,177,336**	409,269	**3,177,336**	409,269
Other receivables		**372,706**	196,933	**343,805**	170,665
	USD	**40,803,808**	43,214,886	**40,767,677**	43,173,947

(a) The carrying amounts of 'trade and other receivables' approximate their fair value.

(b) As at December 31, 2010, no trade receivables were impaired (2009: USD 665,438). The individually impaired receivables relates to invoices due from customers and for which recoverability is in doubt. The ageing of these receivables is as follows:

		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
Over 6 months	USD	**-**	665,438

(c) As at December 31, 2010, trade receivables of **USD 6,268,398** (2009: USD 1,029,084) for the Group and the Company were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
3 to 6 months		**205,557**	182,628
Over 6 months		**6,062,840**	846,456
	USD	**6,268,398**	1,029,084

(d) The carrying amounts of trade receivables are denominated in the following currencies.

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
US Dollar		**27,454,726**	31,667,935	**27,454,726**	31,660,642
Rupees		**9,528,605**	8,327,616	**9,528,605**	8,327,616
	USD	**36,983,331**	39,995,551	**36,983,331**	39,988,258

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(e) Movement in the provision for impairment of trade receivables is as follows:

		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
At January 1,		**665,438**	875,114
Credited to the Statement of Comprehensive Income		-	(610,689)
Exchange differences		**(50,047)**	401,013
At December 31,	USD	**615,391**	665,438

(f) The other classes within trade and other receivables do not contain impaired assets and are denominated in Seychelles Rupees.

(g) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. Trade receivables have been pledged as security for borrowings.

11. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	Number of shares	Ordinary shares
		USD
At January 1, 2010 and December 31, 2010	2,000	8,595,053

The total authorised number of ordinary shares is 2,000 shares (2009: 2,000 shares) with a par value of SR.25,000 per share. All issued shares are fully paid.

12. OTHER RESERVES

(a) THE GROUP		Currency translation deficit	Revaluation reserves	Available-for-sale fair value reserve	Capital reserves	Total
		USD	USD	USD	USD	USD
At January 1, 2009		(2,517,169)	117,062,792	-	1,442,762	115,988,385
Reversal of deferred tax effect on revaluation of buildings, tanks, pumps and petrol stations		-	17,804,496	-	-	17,804,496
Share of non-controlling interest		(118)	-	-	-	(118)
Exchange differences		(9,146,239)	-	-	-	(9,146,239)
At December 31, 2009		(11,663,526)	134,867,288	-	1,442,762	124,646,524
Reversal of deferred tax effect on revaluation of buildings, tanks, pumps and petrol stations		-	20,309,737	-	-	20,309,737
Increase in fair value of available-for-sale financial assets		-	-	5,168,388	-	5,168,388
Reversal of revaluation reserves on property and equipment written off		-	(472,094)	-	-	(472,094)
Share of non-controlling interest		492	-	-	-	492
Exchange differences		1,428,917	-	-	-	1,428,917
At December 31, 2010	USD	**(10,234,117)**	**154,704,931**	**5,168,388**	**1,442,762**	**151,081,964**

12. OTHER RESERVES (CONT'D)

(b) THE COMPANY

		Currency translation deficit	Revaluation reserves	Available-for-sale fair value reserve	Capital reserves	Total
		USD	USD	USD	USD	USD
At January 1, 2009		(2,516,163)	117,062,792	-	1,442,762	115,989,391
Reversal of deferred tax effect on revaluation of buildings, tanks, pumps and petrol stations		-	17,804,496	-	-	17,804,496
Exchange differences		(9,147,138)	-	-	-	(9,147,138)
At December 31, 2009		(11,663,301)	134,867,288	-	1,442,762	124,646,749
Reversal of deferred tax effect on revaluation of buildings, tanks, pumps and petrol stations		-	20,309,737	-	-	20,309,737
Increase in fair value of available-for-sale financial assets		-	-	5,168,388	-	5,168,388
Reversal of revaluation reserves on property and equipment written off		-	(472,094)	-	-	(472,094)
Exchange differences		1,431,039	-	-	-	1,431,039
At December 31, 2010	**USD**	**(10,232,262)**	**154,704,931**	**5,168,388**	**1,442,762**	**151,083,819**

13. BORROWINGS

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Non-current					
Bank loans		**81,355,260**	98,833,562	**5,869,390**	7,825,854
Current					
Bank loans		**51,760,961**	15,117,560	**40,349,338**	3,309,266
Loan from shareholder		-	34,467,521	-	34,467,521
		51,760,961	49,585,081	**40,349,338**	37,776,787
Total borrowings	USD	**133,116,221**	148,418,643	**46,218,728**	45,602,641

(a) The exposure of the Group's and the Company's borrowings to interest rate changes are as follows:

(i) **THE GROUP**

		6 months or less	6 - 12 months	1 - 5 years	Over 5 years	Total
		USD	USD	USD	USD	USD
At December 31, 2010						
Total	USD	**19,042,542**	**14,042,122**	**10,637,148**	**13,885,505**	**57,607,317**
Borrowings with fixed interest rates						**75,508,904**
Total borrowings					USD	**133,116,221**
At December 31, 2009						
Total	USD	18,776,593	18,776,593	13,885,497	16,971,171	68,409,854
Borrowings with fixed interest rates						80,008,789
Total borrowings					USD	148,418,643

13. BORROWINGS (CONT'D)

(ii) THE COMPANY		6 months or less	6 - 12 months	1 - 5 years	Over 5 years	Total
		USD	USD	USD	USD	USD
At December 31, 2010						
Total	USD	**17,499,709**	**12,499,792**	-	-	**29,999,501**
Borrowings with fixed interest rates						**16,219,227**
Total borrowings					USD	**46,218,728**
At December 31, 2009						
Total	USD	17,233,760	17,233,760	-	-	34,467,520
Borrowings with fixed interest rates						11,135,121
Total borrowings					USD	45,602,641

(b) The maturity of non-current borrowings is as follows:

		THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
		USD	USD	**USD**	USD
After one year and before two years		**13,295,925**	15,125,700	**1,956,463**	1,956,464
After two years and before five years		**37,931,312**	58,093,096	**3,912,927**	5,869,390
After five years		**30,128,023**	25,614,766	-	-
	USD	**81,355,260**	98,833,562	**5,869,390**	7,825,854

(c) The effective interest rates at the end of the reporting period were as follows:

	Bank borrowings	Loan from shareholder
December 31, 2010		
- Euro	3.76% - 4.15%	N/A
- US Dollar	1.21% - 8.09%	N/A
- Seychelles Rupee	N/A	N/A
December 31, 2009		
- Euro	3.76% - 4.15%	N/A
- US Dollar	1.21% - 8.09%	N/A
- Seychelles Rupee	N/A	4.29%

(d) The carrying amounts of the Group's and the Company's borrowings are denominated in the following currencies:

		THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
		USD	USD	**USD**	USD
US Dollar		**98,005,895**	59,479,006	**46,218,728**	-
Euro		**35,110,326**	54,453,281	-	11,135,120
Seychelles rupees		-	34,486,356	-	34,467,521
	USD	**133,116,221**	148,418,643	**46,218,728**	45,602,641

(e) The carrying amounts of borrowings approximate their amortised cost.

(f) Bank borrowings are secured on some of the assets of the Group.

(g) The loan from shareholder, the Government of Seychelles, was unsecured and with no fixed repayment terms. This loan was fully repaid during the year under review.

14. DEFERRED TAXES

40%/4.25%) for the Group and 33% (2009: 40%) for the Company.

(a) and liabilities when the deferred taxes relate to the same fiscal authority on the same entity. The following amounts are shown in the Statement of Financial Position:

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Deferred tax assets (note (c)(i))		(479,016)	(6,442,240)	(479,016)	(6,442,240)
Deferred tax liabilities (note (c)(ii))		39,393,866	73,235,124	39,393,466	73,234,536
	USD	38,914,850	66,792,884	38,914,450	66,792,296

(b) The movement on the deferred tax account is as follows :

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
At January 1,		66,792,884	68,231,028	66,792,296	68,230,002
Charged for the year (see below)		(23,021,231)	(28,815,207)	(23,021,084)	(28,814,769)
Exchange differences		(4,856,803)	27,377,063	(4,856,762)	27,377,063
At December 31,	USD	38,914,850	66,792,884	38,914,450	66,792,296
Charge for the year is analysed as follows:					
- Statement of comprehensive income (note 17)		(2,711,494)	(11,010,711)	(2,711,347)	(11,010,273)
- Other comprehensive income		(20,309,737)	(17,804,496)	(20,309,737)	(17,804,496)
		(23,021,231)	(28,815,207)	(23,021,084)	(28,814,769)

(c) The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same fiscal authority on the same entity, is as follows:

(i) DEFERRED TAX ASSETS

The Group and the Company		Tax losses	Impairment losses	Retirement benefit obligations	Total
		USD	USD	USD	USD
At January 1, 2009		-	(350,046)	(469,846)	(819,892)
Credited to statement of comprehensive income		(5,477,976)	246,244	(57,188)	(5,288,920)
Exchange differences		43,792	(162,374)	(214,846)	(333,428)
At December 31, 2009		(5,434,184)	(266,176)	(741,880)	(6,442,240)
Credited for the year		5,025,483	43,077	410,146	5,478,706
Exchange differences		408,701	20,020	55,797	484,518
At December 31, 2010	USD	-	(203,079)	(275,937)	(479,016)

14. DEFERRED TAXES

(ii) DEFERRED TAX LIABILITIES

The Group		Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
		USD	USD	USD	USD
At January 1, 2009		3,236,640	21,004,299	44,809,981	69,050,920
Charged for the year		(311,029)	(5,410,762)	(17,804,496)	(23,526,287)
Exchange differences		1,485,175	9,668,292	16,557,024	27,710,491
At December 31, 2009		**4,410,786**	**25,261,829**	**43,562,509**	**73,235,124**
Charged for the year		**(2,835,599)**	**(5,354,601)**	**(20,309,737)**	**(28,499,937)**
Exchange differences		**(331,729)**	**(1,899,923)**	**(3,109,669)**	**(5,341,321)**
At December 31, 2010	USD	**1,243,458**	**18,007,305**	**20,143,103**	**39,393,866**

The Company		Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
		USD	USD	USD	USD
At January 1, 2009		3,235,614	21,004,299	44,809,981	69,049,894
Charged for the year		(310,591)	(5,410,762)	(17,804,496)	(23,525,849)
Exchange differences		1,485,175	9,668,292	16,557,024	27,710,491
At December 31, 2009		**4,410,198**	**25,261,829**	**43,562,509**	**73,234,536**
Charged for the year		**(2,835,452)**	**(5,354,601)**	**(20,309,737)**	**(28,499,790)**
Exchange differences		**(331,688)**	**(1,899,923)**	**(3,109,669)**	**(5,341,280)**
At December 31, 2010	USD	**1,243,058**	**18,007,305**	**20,143,103**	**39,393,466**

15. RETIREMENT BENEFIT OBLIGATIONS

Other post retirement benefits

Other post retirement benefits comprise mainly of severance allowances payable under the Seychelles Employment Act and other benefits.

Movement in the severance allowances is as follows:		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
At January 1,		**980,899**	622,785
(Credited)/Charged in the statement of comprehensive income		**(71,536)**	59,449
Exchange differences		**(73,186)**	298,665
At December 31,	USD	**836,177**	980,899

16. TRADE AND OTHER PAYABLES		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Trade payables		**47,982,454**	55,992,408	**47,960,182**	55,858,831
Accrued expenses		**6,193,553**	6,144,249	**6,104,993**	6,140,476
Other payables		**1,169,268**	1,430,295	**510,680**	526,521
	USD	**55,345,275**	63,566,952	**54,575,855**	62,525,828

The carrying amount of 'trade and other payables' approximate their amortised cost.

17. TAX EXPENSE

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
(a) Statement of financial position	USD	USD	USD	USD
Current tax on the adjusted profit for the year at applicable tax rates (see note (d))	4,845,119	-	4,845,119	-
Less : Provisional tax paid	(5,268,924)	(2,441,603)	(5,268,924)	(2,441,603)
Overprovision in previous years	(37,945)	-	(37,945)	-
USD	(461,750)	(2,441,603)	(461,750)	(2,441,603)
Analysed as:				
- Current tax liabilities	-		-	-
- Trade and other receivables (note 10)	(461,750)	(2,441,603)	(461,750)	(2,441,603)
USD	(461,750)	(2,441,603)	(461,750)	(2,441,603)
(b) Statement of comprehensive income				
Current tax on the adjusted profit for the year at applicable tax rates (see note (d))	4,845,119	-	4,845,119	-
Overprovision in previous years	(37,945)	-	(37,945)	-
Deferred taxes (Note 14)	(2,711,494)	(11,010,711)	(2,711,347)	(11,010,273)
Tax expense/(credit) USD	2,095,680	(11,010,711)	2,095,827	(11,010,273)

(c) The tax on the company's profit/(loss) before taxation differs from the theoretical amount that would arise using the basic tax rate of the company as follows :

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	USD	USD	USD	USD
Profit/(Loss) before tax	412,411	(29,173,595)	4,899,823	(27,438,733)
Tax calculated at applicable tax rates (see note (d))	136,096	(11,769,438)	1,687,117	(11,075,493)
Income not subject to tax	(40,330)	(10,064)	(40,330)	(8,305)
Expenses not deductible for tax purposes	5,205,965	1,871,447	5,205,965	1,869,418
Defence contribution	-	12	-	-
Excess of depreciation over capital allowance	2,144,925	2,859,254	2,144,925	2,859,254
Utilisation of previously unrecognised tax losses	(4,146,023)	-	(4,146,023)	-
Provision for tax contingency	4	-	4	-
Effect of changes in tax rates	(6,539)	-	(6,539)	-
Tax losses to be carried forward	1,551,021	7,048,789	-	6,355,126
USD	4,845,119	-	4,845,119	-

(d) Applicable tax rates are as follows:

Taxable income	Tax rates - %
At December 31, 2010	
≤ SR. 1,000,000	25%
> SR. 1,000,000	33%
At December 31, 2009	
≤ SR. 250,000	Nil
> SR. 250,000	40%

18. EXPENSES BY NATURE

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Cost of inventories recognised as expense		214,413,398	199,678,315	214,413,398	199,678,315
Depreciation (note 5)		24,379,604	21,960,888	10,511,391	8,635,391
Duties and taxes		42,876,006	20,625,760	42,876,006	20,625,760
Bareboat charter fees		-	-	14,682,085	14,411,126
Bunkering costs		14,948,796	11,918,128	14,948,796	11,918,128
Ship management fees		12,414,195	9,773,280	12,414,195	9,773,280
Port agency costs		5,353,704	6,397,459	5,353,704	6,397,459
Employee benefit expense (note 23)		3,208,651	2,906,157	3,208,651	2,906,157
Other expenses		6,874,463	4,962,563	6,896,240	4,839,819
Total cost of sales, selling and marketing and administrative expenses	USD	324,468,817	278,222,550	325,304,466	279,185,435
Analysed as:					
Cost of sales		318,522,713	274,523,923	320,274,823	276,439,744
Selling and marketing expenses		108,164	84,413	108,164	84,413
Administrative expenses		5,837,940	3,614,214	4,921,479	2,661,278
	USD	324,468,817	278,222,550	325,304,466	279,185,435

19. OTHER INCOME

		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
Demurrage claims		7,037,860	5,672,425
Storage and throughput		1,347,717	883,223
Deviations and other recoveries		569,952	1,366,552
Gain on disposal of property and equipment		109,855	-
Sundry income		256,881	142,869
	USD	9,322,265	8,065,069

20. INTEREST EXPENSE

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Interest expenses arising on:					
- Bank loans		(4,473,290)	(4,190,281)	(1,698,343)	(853,288)
- Shareholders' loan		(762,610)	(3,695,942)	(762,610)	(3,695,942)
	USD	(5,235,900)	(7,886,223)	(2,460,953)	(4,549,230)

21. NET FOREIGN EXCHANGE (LOSSES)/GAINS

		THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		USD	USD	USD	USD
Foreign exchange differences					
- Realised gains/(losses)		525,473	(9,009,067)	525,473	(9,009,067)
- Unrealised (losses)/gains		(2,420,785)	(34,573,910)	133,114	(35,178,290)
	USD	(1,895,312)	(43,582,977)	658,587	(44,187,357)

22. PROFIT/(LOSS) BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	USD	USD	USD	USD
Profit/(Loss) before taxation is arrived at after:				
Crediting:				
Rental income	54,140	36,672	54,140	36,672
Gain on disposal of equipment	109,855	-	109,855	-
and (charging):				
Depreciation on property, plant and equipment - owned	24,379,604	21,960,888	10,511,391	8,635,391
Amortisation of intangible assets	18,891	12,273	18,891	12,273
Provision for credit impairment credit	-	(610,689)	-	(610,689)
Impairment of investment in financial asset (note 8)	-	3,030,455	-	3,030,455
Lease rentals	54,140	218,160	54,140	218,160
Directors' remunerations (see note (a) below)	8,802	7,610	2,967	1,735
Employee benefit expense (note 23)	3,208,651	2,906,157	3,208,651	2,906,157

(a) Directors' fees and other emoluments are detailed below:

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	USD	USD	USD	USD
Directors' fees				
G Adam	2,373	2,119	-	-
P Morin	475	347	475	347
A Butler-Payette	1,661	1,522	475	347
C Vidot	475	347	475	347
A Afif	1,068	1,050	475	347
M Rosette	475	347	475	347
J Nourice	890	1,175	-	-
D Bradburn	1,187	703	593	-
S Renaud	99	-	-	-
M Nalletamby	99	-	-	-
	8,802	7,610	2,967	1,735

23. EMPLOYEE BENEFIT EXPENSE

	THE GROUP AND THE COMPANY	
	2010	2009
	USD	USD
Salaries and wages	3,087,499	2,527,540
Social security costs	192,688	319,168
Pension costs	(71,536)	59,449
USD	3,208,651	2,906,157

24. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the date of the reporting period but not recognised in the accounts is as follows:

		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
Property, plant and equipment	USD	1,023,265	18,942,795

(b) Operating lease commitments - where the Group/Company is the lessee

The company leases land under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewable rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
Not later than one year		211,227	258,630
Later that one year and not later than five years		844,906	913,619
Later than five years		15,739,747	17,247,137
	USD	16,795,880	18,419,386

(c) Operating lease commitments - where the Group/Company is the lessor

The future minimum lease payments receivable under non-cancellable operating leases are as follows:

		THE GROUP AND THE COMPANY	
		2010	2009
		USD	USD
Not later than one year		75,047	49,850
Later than one year and not later than five years		323,345	199,398
Later than five years		4,149,039	4,486,462
	USD	4,547,431	4,735,710

25. NOTES TO THE CASH FLOW STATEMENTS

	Notes	THE GROUP 2010 USD	THE GROUP 2009 USD	THE COMPANY 2010 USD	THE COMPANY 2009 USD
(a) Cash generated from operations					
Profit/(Loss) before taxation		**412,411**	(29,173,595)	**4,899,823**	(27,438,733)
Adjustments for:					
Depreciation on property, plant and equipment	5	**24,379,604**	21,960,888	**10,511,391**	8,635,391
Amortisation of intangible assets	6	**18,891**	12,273	**-**	-
Provision for credit impairment - (credit/charge)	10(e)	**-**	(610,689)	**-**	(610,689)
Gain on disposal of equipment		**(109,855)**	-	**(109,855)**	-
Interest income		**(81,484)**	(106,368)	**(75,699)**	(71,502)
Interest expense	20	**5,235,900**	7,886,223	**2,460,953**	4,549,230
Equipment written off		**(71,058)**	711	**(71,058)**	711
Impairment of investment in financial asset		**-**	3,030,455	**-**	3,030,455
Unrealised foreign exchange gains/ (losses)	21	**2,420,785**	34,573,910	**(133,114)**	35,178,290
(Decrease)/Increase in provision for retirement benefit obligation	15	**(71,536)**	59,449	**(71,536)**	59,449
		32,133,658	37,633,257	**17,410,905**	23,332,602
Changes in working capital					
- inventories		**(9,202,424)**	(6,845,452)	**(9,202,424)**	(4,403,849)
- trade and other receivables		**2,872,828**	(2,841,609)	**2,868,020**	(5,267,837)
- trade and other payables		**(1,179,689)**	40,691,891	**(907,985)**	41,122,541
Cash generated from operations	USD	**24,624,373**	68,638,087	**10,168,516**	54,783,457

(b) Cash and cash equivalents

		THE GROUP 2010 USD	THE GROUP 2009 USD	THE COMPANY 2010 USD	THE COMPANY 2009 USD
Cash in hand		**24,896**	22,861	**24,896**	22,861
Bank balances		**5,751,778**	10,470,491	**5,490,064**	5,739,507
	USD	**5,776,674**	10,493,352	**5,514,960**	5,762,368

FIVE YEAR FINANCIAL SUMMARY - YEAR ENDED DECEMBER 31, 2010

		2010	2009	2008	2007	2006
		USD'000	USD'000	USD'000	USD'000	USD'000
THE GROUP						
Profit before taxation		412	(29,174)	103,489	31,576	21,190
Tax expense		(2,096)	11,011	(40,011)	(11,035)	(5,622)
(Loss)/Profit for the year		(1,684)	(18,163)	63,478	20,541	15,568
Other comprehensive income		1,014	(289)	425	(125)	(5,565)
Non-controlling interest		(24)	65	104	-	-
Retained earnings brought forward		111,155	129,542	65,535	45,119	35,116
Retained earnings carried forward	USD'000	110,461	111,155	129,542	65,535	45,119
Capital & reserves						
Share capital		8,595	8,595	8,595	8,595	8,595
Other reserves		151,082	124,647	115,989	5,812	2,734
Retained earnings		110,461	111,155	129,542	65,535	45,119
Owners' interest		270,138	244,397	254,126	79,942	56,448
Non-controlling interest		(135)	(159)	(94)	-	-
Total equity	USD'000	270,003	244,238	254,032	79,942	56,448
THE COMPANY						
Profit/(Loss) before taxation		4,900	(27,438)	111,703	33,801	22,832
Tax credit/(expense)		(2,096)	11,010	(40,010)	(11,035)	(5,622)
Profit/(Loss) for the year		2,804	(16,428)	71,693	22,766	17,210
Other comprehensive income		-	-	-	-	(5,348)
Retained earnings brought forward		125,688	142,116	70,423	47,657	35,795
Retained earnings carried forward	USD'000	128,492	125,688	142,116	70,423	47,657
Capital & reserves						
Share capital		8,595	8,595	8,595	8,595	8,595
Other reserves		151,084	124,647	115,990	5,810	2,734
Retained earnings		128,492	125,688	142,116	70,423	47,657
Total equity	USD'000	288,171	258,930	266,701	84,828	58,986

Note

For reasons of practicality, exchange rates prevailing at the end of each reporting period has been used for the purpose of translation of the financial summaries of the years prior 2008.