

SEYCHELLES PETROLEUM COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

SEYCHELLES PETROLEUM COMPANY LIMITED

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The Directors have pleasure in submitting 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, 2011.

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) Transshipment and transportation of petroleum and chemical products by tankers.

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

FINANCIAL PERFORMANCE

Net loss before tax for the year amounted to USD 7.1 M (2010: net profit of USD 0.4 M) for the Group and USD 3.7 M (2010: net profit of USD 4.9 M) for the Company.

The Directors did not recommend the payment of any dividend for the year under review (2010: Nil).

DIRECTORS

The Directors of Seychelles Petroleum Company Limited and of those of its subsidiaries from the date of the last report to-date are as follows:

Seychelles Petroleum Company Limited

G Adam (Chairperson) (up to March 14, 2012)
 C Vidot (up to November 24, 2011)
 P Morin (up to November 24, 2011)
 A Afif (up to March 14, 2012)
 A Butler-Payette (up to November 24, 2011)
 M Rosette (up to November 24, 2011)
 C Benoiton (as from November 24, 2011)
 B Jivan (as from November 24, 2011)
 F Joubert (as from November 24, 2011)
 S Fanny (Chairperson) (as from March 14, 2012)
 E Belle (as from March 12, 2012)

Subsidiaries

- | | |
|--|---|
| <p>(i) <u>Seychelles Patriot Limited</u>
 G Adam (up to February 10, 2012)
 M Nalletamby
 M D Bradburn
 A Butler-Payette</p> | <p>(iii) <u>Seychelles Progress Limited</u>
 G Adam (up to February 10, 2012)
 A Afif
 A Butler-Payette
 S Renaud</p> |
| <p>(ii) <u>Seychelles Pioneer Limited</u>
 G Adam (up to February 10, 2012)
 A Afif
 A Butler-Payette
 S Renaud</p> | <p>(iv) <u>Seychelles Prelude Limited</u>
 G Adam (up to February 10, 2012)
 M Nalletamby
 M D Bradburn
 A Butler-Payette</p> |

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

DIRECTORS' REPORT - DECEMBER 31, 2011

PROPERTY AND EQUIPMENT

The Group acquired property and equipment amounting to USD 12.1M during the year comprising mainly work-in-progress on buildings and equipment. Buildings, tanks, pumps and petrol stations were last revalued in 2008 to USD 195.1M. The next revaluation is expected to be in 2012.

The Board is of the opinion that the fair value of property and equipment at December 31, 2011 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.

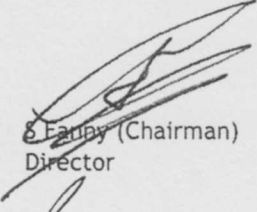
The Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the Seychelles Companies Act, 1972. This responsibility includes: designing, implementing and maintaining internal control 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.

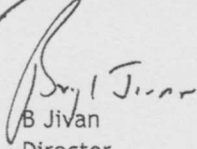
AUDITORS

The Auditors, BDO Associates, Seychelles retire and being eligible, offer themselves for reappointment.

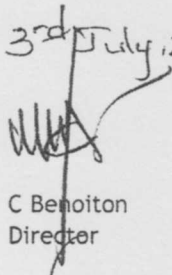
Approved by the Board of Directors on 3rd July, 2012 and signed by:



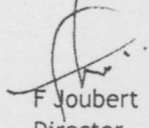
S Fanny (Chairman)
Director



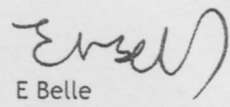
B Jivan
Director



C Benoiton
Director



F Joubert
Director



E Belle
Director

SEYCHELLES PETROLEUM COMPANY LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS**

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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 40, which comprise the statements of financial position as at December 31, 2011, 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.



SEYCHELLES PETROLEUM COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

2(a)

Opinion

In our opinion, the financial statements on pages 3 to 40 give a true and fair view of the financial position of the Group and of the Company at December 31, 2011, 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: 3rd July, 2012.
Victoria,
Seychelles

STATEMENTS OF FINANCIAL POSITION - DECEMBER 31, 2011

	Notes	THE GROUP		THE COMPANY	
		2011	2010	2011	2010
		USD	USD	USD	USD
ASSETS					
Non-current assets					
Property and equipment	5	393,228,894	410,110,149	259,869,378	259,826,706
Intangible asset	6	25,869	45,527	-	-
Investment in subsidiary companies	7	-	-	79,029,952	81,127,105
Investment in financial asset	8	11,755,644	9,896,714	11,755,644	9,896,714
		<u>405,010,407</u>	<u>420,052,390</u>	<u>350,654,974</u>	<u>350,850,525</u>
Current assets					
Inventories	9	15,036,836	31,582,631	15,036,836	31,582,631
Trade and other receivables	10	51,973,538	40,803,808	51,956,363	40,767,677
Cash and cash equivalents	26(b)	7,442,215	5,776,674	7,289,763	5,514,960
		<u>74,452,589</u>	<u>78,163,113</u>	<u>74,282,962</u>	<u>77,865,268</u>
Total assets	USD	<u><u>479,462,996</u></u>	<u><u>498,215,503</u></u>	<u><u>424,937,936</u></u>	<u><u>428,715,793</u></u>
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	167,196,381	151,081,964	167,198,712	151,083,819
Retained earnings		101,495,622	110,460,643	122,343,982	128,491,711
Owners' interest		<u>277,287,056</u>	<u>270,137,660</u>	<u>298,137,747</u>	<u>288,170,583</u>
Non-controlling interest		(123,574)	(134,680)	-	-
Total equity		<u><u>277,163,482</u></u>	<u><u>270,002,980</u></u>	<u><u>298,137,747</u></u>	<u><u>288,170,583</u></u>
LIABILITIES					
Non-current liabilities					
Borrowings	13	69,311,909	81,355,260	5,689,743	5,869,390
Deferred tax liabilities	14	15,783,063	38,914,850	15,782,935	38,914,450
Retirement benefit obligations	15	991,396	836,177	991,396	836,177
		<u>86,086,368</u>	<u>121,106,287</u>	<u>22,464,074</u>	<u>45,620,017</u>
Current liabilities					
Trade and other payables	16	69,274,955	55,345,275	68,693,578	54,575,855
Borrowings	13	46,938,191	51,760,961	35,642,537	40,349,338
		<u>116,213,146</u>	<u>107,106,236</u>	<u>104,336,115</u>	<u>94,925,193</u>
Total liabilities		<u><u>202,299,514</u></u>	<u><u>228,212,523</u></u>	<u><u>126,800,189</u></u>	<u><u>140,545,210</u></u>
Total equity and liabilities	USD	<u><u>479,462,996</u></u>	<u><u>498,215,503</u></u>	<u><u>424,937,936</u></u>	<u><u>428,715,793</u></u>

These financial statements have been approved for issue by the Board of Directors on 3rd July, 2012.

S Fanny (Chairperson)
Director

C Beniton
Director

E Belle
Director

B Jivan
Director

F Joubert
Director

The notes on pages 7 to 40 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

STATEMENTS OF COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2011

	Notes	THE GROUP		THE COMPANY	
		2011	2010	2011	2010
		USD	USD	USD	USD
Revenue	2(l) & 18	390,031,879	322,608,691	390,031,879	322,608,691
Cost of sales	19	(390,557,854)	(318,522,713)	(391,482,781)	(320,274,823)
Gross (loss)/profit		(525,975)	4,085,978	(1,450,902)	2,333,868
Selling and marketing expenses	19	(128,763)	(108,164)	(128,763)	(108,164)
Administrative expenses	19	(12,078,960)	(5,837,940)	(10,913,502)	(4,921,479)
Other income	20	7,042,421	9,403,749	7,042,373	9,397,964
Other gains - Net	21	7,119,853	133,114	7,119,853	133,114
		1,428,576	7,676,737	1,669,059	6,835,303
Net finance costs	22	(8,614,350)	(7,264,326)	(5,414,307)	(1,935,480)
(Loss)/Profit before taxation	23	(7,185,774)	412,411	(3,745,248)	4,899,823
Taxation - expense	17	(2,402,199)	(2,095,680)	(2,402,481)	(2,095,827)
(Loss)/Profit for the year	USD	(9,587,973)	(1,683,269)	(6,147,729)	2,803,996
Other comprehensive income:					
Available-for-sale financial asset	12	(363,550)	5,168,388	(363,550)	5,168,388
Reversal of deferred tax effect on revaluation of buildings, tanks, pumps and petrol stations	14 (b)	20,046,224	20,309,737	20,046,224	20,309,737
Reversal of revaluation reserves on disposal of property and equipment written off	12	(138,762)	(472,094)	(138,762)	(472,094)
Share of non-controlling interest					
- Other reserves	12	(144)	(492)	-	-
- Currency translation reserve on retained earnings		2,519	11,676	-	-
Currency translation differences					
- Other reserves	12	(3,429,639)	1,428,917	(3,429,019)	1,431,039
- Retained earnings		634,202	1,013,212		
Transfer to non-controlling interest					
- Retained earnings		(2,519)	(11,676)	-	-
- Other reserves	12	144	492	-	-
Other comprehensive income for the year, net of tax		16,748,475	27,448,160	16,114,893	26,437,070
Total comprehensive income for the year	USD	7,160,502	25,764,891	9,967,164	29,241,066
(Loss)/Profit attributable to:					
Owners of the parent		(9,596,704)	(1,696,262)	(6,147,729)	2,803,996
Non-controlling interest		8,731	12,993	-	-
		(9,587,973)	(1,683,269)	(6,147,729)	2,803,996
Total comprehensive income attributable to:					
Owners of the parent		7,149,396	25,740,714	9,967,164	29,241,066
Non-controlling interest		11,106	24,177	-	-
	USD	7,160,502	25,764,891	9,967,164	29,241,066

The notes on pages 7 to 40 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, 2011

	Attributable to owners of the parent					Non-Controlling Interest	Total Equity
	Share Capital	Other Reserves	Retained Earnings	Total	Total		
	USD	USD	USD	USD	USD	USD	
THE GROUP							
Balance at January 1, 2011	8,595,053	151,081,964	110,460,643	270,137,660	(134,680)	270,002,980	
Total comprehensive income for the year	-	16,114,417	(8,965,021)	7,149,396	11,106	7,160,502	
Balance at December 31, 2011	8,595,053	167,196,381	101,495,622	277,287,056	(123,574)	277,163,482	
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 for the year	-	26,435,440	(694,726)	25,740,714	24,177	25,764,891	
Balance at December 31, 2010	8,595,053	151,081,964	110,460,643	270,137,660	(134,680)	270,002,980	
	USD	USD	USD	USD	USD	USD	
THE COMPANY							
Balance at January 1, 2011	8,595,053			151,083,819	128,491,711	288,170,583	
Total comprehensive income for the year	-			16,114,893	(6,147,729)	9,967,164	
Balance at December 31, 2011	8,595,053			167,198,712	122,343,982	298,137,747	
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	8,595,053			151,083,819	128,491,711	288,170,583	
	USD	USD	USD	USD	USD	USD	

The notes on pages 7 to 40 form an integral part of these financial statements.
Auditors' report on pages 2 and 2(a).

STATEMENTS OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2011

	Notes	THE GROUP		THE COMPANY	
		2011	2010	2011	2010
		USD	USD	USD	USD
Cash flows from operating activities					
Cash generated from operations	26(a)	35,372,647	24,624,373	22,695,246	10,168,516
Interest paid		(4,208,052)	(5,235,900)	(1,775,883)	(2,460,953)
Interest received		11,871	81,484	11,823	75,699
Tax paid		(3,641,768)	(5,268,924)	(3,641,768)	(5,268,924)
Net cash generated from operating activities		27,534,698	14,201,033	17,289,418	2,514,338
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(12,157,041)	(4,207,954)	(12,154,377)	(4,206,507)
Purchase of intangible asset	6	-	(1,465)	-	-
Purchase of investment in available-for-sale financial assets	8	(2,222,480)	-	(2,222,480)	-
Proceeds from sale of equipment		40,465	110,031	40,465	110,031
Net cash used in investing activities		(14,339,056)	(4,099,388)	(14,336,392)	(4,096,476)
Cash flows from financing activities					
Loans received		5,455,370	30,099,827	5,455,370	30,099,827
Repayment on borrowings		(22,321,491)	(52,444,237)	(10,341,818)	(36,525,728)
Net cash used in financing activities		(16,866,121)	(22,344,410)	(4,886,448)	(6,425,901)
Net decrease in cash and cash equivalents	USD	(3,670,479)	(12,242,765)	(1,933,422)	(8,008,039)
Movement in cash and cash equivalents					
At January 1,		5,776,674	10,493,352	5,514,960	5,762,368
Decrease		(3,670,479)	(12,242,765)	(1,933,422)	(8,008,039)
Exchange differences		5,336,020	7,526,087	3,708,225	7,760,631
At December 31,	26(b) USD	7,442,215	5,776,674	7,289,763	5,514,960

The notes on pages 7 to 40 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 refueling and transshipment 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.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the Companies Act 1972. Where necessary comparative figures have been amended to conform with change in presentation in the current year. The financial statements of the Group have been prepared under the historical cost convention, except that:

- (i) certain property, plant and equipment are carried at revalued amounts/deemed costs;
- (ii) available-for-sale investments are stated at their fair value;
- (iii) relevant financial assets and financial liabilities are measured at fair value/amortised cost.

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

Amendment to IAS 32, 'Classification of rights issues', addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. *This amendment will not have an impact on the Group's financial statements.*

Amendment to IFRS 1, 'Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters' provides first-time adopters relief from presenting comparative information for the new disclosures required by the March 2009 amendments to IFRS 7 'Financial Instruments: Disclosures'. *This amendment will not have an impact on the Group's financial statements.*

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. *This IFRIC 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 and Interpretations effective in the reporting period (cont'd)

IAS 24, 'Related Party Disclosures' (Revised 2009), clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. *The Group has provided the relevant disclosures.*

Amendments to IFRIC 14, 'Prepayments of a Minimum Funding Requirement' correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. *These amendments are not expected to have an impact on the Group's financial statements.*

Improvements to IFRSs (issued May 6, 2010)

IAS 1 (Amendment), 'Presentation of Financial Statements', clarifies that an entity may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. *This amendment is not expected to have any impact on the Group's financial statements.*

IAS 27 (Amendment), 'Consolidated and Separate Financial Statements', clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively. *This amendment is not expected to have an impact on the Group's financial statements.*

IAS 34 (Amendment), 'Interim Financial Reporting', emphasises the disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. *This amendment will not have an impact on the Group's financial statements.*

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards', clarifies that a first-time adopter is exempt from all the requirements of IAS 8 for the interim financial report it presents in accordance with IAS 34 for part of the period covered by its first IFRS financial statements and for its first IFRS financial statements. It also allows an entity to recognise an event-driven fair value measurement as deemed cost when the event occurs, provided that this is during the periods covered by its first IFRS financial statements. *This amendment is not expected to have an impact on the Group's financial statements.*

IFRS 3 (Amendment), 'Business Combinations', clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS. The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards. *This amendment is not expected to have an impact on the Group's financial statements.*

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosures regarding renegotiated loans. *This amendment is unlikely to have an impact on the Group's financial statements.*

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

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

IAS 24, 'Related Party Disclosures' (Revised 2009), clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. *The Group has provided the relevant disclosures.*

Amendments to IFRIC 14, 'Prepayments of a Minimum Funding Requirement' correct an unintended consequence of IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. *These amendments are not expected to have an impact on the Group's financial statements.*

Improvements to IFRSs (issued May 6, 2010)

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IAS 27 (Amendment), 'Consolidated and Separate Financial Statements', clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively. *This amendment is not expected to have an impact on the Group's financial statements.*

IAS 34 (Amendment), 'Interim Financial Reporting', emphasises the disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. *This amendment will not have an impact on the Group's financial statements.*

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards', clarifies that a first-time adopter is exempt from all the requirements of IAS 8 for the interim financial report it presents in accordance with IAS 34 for part of the period covered by its first IFRS financial statements and for its first IFRS financial statements. It also allows an entity to recognise an event-driven fair value measurement as deemed cost when the event occurs, provided that this is during the periods covered by its first IFRS financial statements. *This amendment is not expected to have an impact on the Group's financial statements.*

IFRS 3 (Amendment), 'Business Combinations', clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS. The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards. *This amendment is not expected to have an impact on the Group's financial statements.*

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosures regarding renegotiated loans. *This amendment is unlikely to have an impact on the Group's financial statements.*

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

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

Improvements to IFRSs (issued May 6, 2010) (cont'd)

IFRIC 13 (Amendment), 'Customer Loyalty Programmes' clarifies that when the fair value of award credits is measured on the basis of the value of the awards for which they could be redeemed, the fair value of the award credits should take account of expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. *This amendment is unlikely to have an impact on the Group's financial statements.*

IFRS 7 (Amendment), Financial Instruments: Disclosures', clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosures regarding renegotiated loans. *This amendment is unlikely to have an impact on the Group's financial statements.*

IFRIC 13 (Amendment), 'Customer Loyalty Programmes' clarifies that when the fair value of award credits is measured on the basis of the value of the awards for which they could be redeemed, the fair value of the award credits should take account of expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. *This amendment is unlikely to have an 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 1 January 2012 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:

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1)
(effective July 1, 2011)

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)

Disclosures - Transfers of Financial Assets (Amendments to IFRS 7) (effective July 1, 2011)

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

IFRS 9 Financial Instruments

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 Employee Benefits (Revised 2011)

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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

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 company'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 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 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.

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 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(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.

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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(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.

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.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the statement of comprehensive income. Impairment losses for an investment in an equity instrument are not reversed through the statement of comprehensive income.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(e) Financial instruments (cont'd)****(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.

(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. 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(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.

(h) Retirement benefit obligations*Retirement gratuity*

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains - net'.

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 reserve in equity.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Foreign currencies (cont'd)

(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.

(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 products - when products 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.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(l) Revenue recognition (cont'd)

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 the 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

(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 $\pm 5\%$ 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	
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000
Impact on results:				
- Bank balances	157	49	41	14
- Trade and other receivables	585	476	2	1
- Trade and other payables	(329)	(310)	(36)	(43)
- Borrowings	(273)	-	(1,458)	(1,756)

THE COMPANY

	Seychelles Rupee		Euro	
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000
Impact on results:				
- Bank balances	157	49	33	1
- Trade and other receivables	585	476	2	1
- Trade and other payables	(329)	(310)	(7)	(4)
- Borrowings	(273)	-	-	-

(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, 2011, if interest rates on floating rate borrowings had been $\pm 0.10\%$ 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.

	THE GROUP		THE COMPANY	
	2011 USD'000	2010 USD'000	2011 USD'000	2010 USD'000
Borrowings	USD 62	58	35	30

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	
	2011	2010
	USD'000	USD'000
Available-for-sale	588	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.

<u>THE GROUP AND THE COMPANY</u>	2011	2010
Counterparty	%	%
10 major counterparties	64	69
Others (diversified risk)	36	31
	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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

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.

<u>THE GROUP</u>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	After 5 years	Total
At December 31, 2011	USD	USD	USD	USD	USD
Bank borrowings	46,938,191	14,958,360	35,631,703	18,721,846	116,250,100
Trade and other payables	69,274,955	-	-	-	69,274,955
USD	<u>116,213,146</u>	<u>14,958,360</u>	<u>35,631,703</u>	<u>18,721,846</u>	<u>185,525,055</u>
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	<u>107,106,236</u>	<u>13,295,925</u>	<u>37,931,312</u>	<u>30,128,023</u>	<u>188,461,496</u>
<u>THE COMPANY</u>	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	35,642,537	3,733,281	1,956,462	-	41,332,280
Trade and other payables	68,693,578	-	-	-	68,693,578
USD	<u>104,336,115</u>	<u>3,733,281</u>	<u>1,956,462</u>	<u>-</u>	<u>110,025,858</u>
At December 31, 2010					
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	<u>94,925,193</u>	<u>1,956,463</u>	<u>3,912,927</u>	<u>-</u>	<u>100,794,583</u>

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 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.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

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 2011, the Group's strategy, which was unchanged from prior year, 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, 2011 and at December 31, 2010 were as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Total debt	116,250,100	133,116,221	41,332,280	46,218,728
Less: cash and cash equivalents	(7,442,215)	(5,776,674)	(7,289,763)	(5,514,960)
Net debt	USD 108,807,885	127,339,547	34,042,517	40,703,768
Total equity	USD 277,287,056	270,137,660	298,137,747	288,170,583
Debt-to-adjusted capital ratio	0.39	0.47	0.11	0.14

The slight decrease in debt-to-adjusted ratio is mainly due to repayment of borrowings 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(f) *Depreciation policies*

Property, plant and equipment are depreciated to their residual values over their estimated useful lives. The residual value of an asset is the estimated net amount that the Company would currently obtain from the disposal of the asset, if the asset were already of the age and in condition expected at the end of its useful life.

The directors therefore make estimates based on historical experience and use best judgement to assess the useful lives of assets and to forecast the expected residual values of the asset at the end of their expected useful lives.

(d) *Pension benefits*

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 15.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

5. PROPERTY 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	Cost	Cost	Cost	Valuation	Cost	Valuation	Cost	Cost	Cost	Cost	Cost	Valuation
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
COST OR VALUATION																
At January 1, 2010	3,555,250	269,022,979	18,201	1,250,386	67,418	17,081,158	282,363	211,854,967	520,017	2,991,974	9,868,795	3,319,955	515,625,509	4,207,954	(96,345)	(472,094)
Additions	-	-	-	(1,260)	-	1,840,566	-	(472,094)	(84,992)	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	(15,710,151)	-	(8,250)	-	1,840,566	-	-	-	-	-	(1,840,566)	-	-	-	(15,718,401)
At December 31, 2010	3,555,250	253,331,029	18,201	1,308,294	67,418	19,193,994	282,363	211,382,873	435,025	3,426,999	11,348,184	10,819,182	503,546,623	4,207,954	(93,429)	(164,577)
Additions	-	-	-	193,289	(20,890)	508,061	-	-	-	636,509	-	-	-	-	-	-
Disposal	-	-	-	(20,890)	-	(6,249)	-	-	-	(66,290)	-	-	-	-	-	-
Write offs	-	-	-	-	-	(7,648)	-	-	-	-	-	-	-	-	-	-
Transfers	11,146,730	-	-	-	-	100,112	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	(4,592,951)	-	(2,443)	-	-	-	-	-	-	-	-	-	-	-	-
At December 31, 2011	14,701,980	248,738,078	18,201	1,478,250	47,528	19,788,270	282,363	211,225,944	378,735	3,997,218	10,920,524	10,920,524	510,850,264	4,207,954	(4,595,394)	(4,595,394)
DEPRECIATION																
At January 1, 2010	345,200	54,816,946	-	941,819	60,560	6,368,321	188,129	7,794,886	(84,992)	2,245,338	-	-	72,512,510	24,379,604	(96,169)	(71,058)
Charge for the year	126,708	15,140,316	-	60,560	(1,260)	188,129	279,028	8,672,011	(9,917)	191,880	-	-	24,379,604	24,379,604	(96,169)	(71,058)
Disposal adjustments	-	-	-	(1,260)	-	(9,917)	-	-	-	(84,992)	-	-	-	-	-	-
Write off adjustments	-	-	-	-	-	-	-	(71,058)	-	-	-	-	-	-	-	-
Exchange differences	-	(3,286,242)	-	(2,171)	-	6,368,321	-	-	-	-	-	-	-	-	-	-
At December 31, 2010	471,908	66,671,020	-	998,948	58,300	6,546,533	279,028	16,395,839	(94,909)	2,352,226	-	-	93,436,474	26,602,838	(93,123)	(50,804)
Charge for the year	1,436,789	15,861,142	-	102,276	(20,583)	279,028	(6,249)	8,519,170	(6,249)	404,433	-	-	26,602,838	26,602,838	(93,123)	(50,804)
Disposal adjustments	-	-	-	(20,583)	-	(6,249)	-	-	-	(66,291)	-	-	-	-	-	-
Write off adjustments	-	-	-	-	-	(7,648)	-	(43,156)	-	-	-	-	-	-	-	-
Exchange differences	-	(2,272,801)	-	(1,214)	-	-	-	-	-	-	-	-	-	-	-	-
At December 31, 2011	1,908,697	80,259,361	18,201	1,079,427	37,717	6,811,664	272,779	24,871,853	(101,155)	2,690,368	-	-	117,621,370	53,205,676	(143,246)	(143,246)
NET BOOK VALUE																
At December 31, 2011	USD 12,793,283	168,478,717	18,201	398,823	309,346	12,976,606	194,987,034	186,354,091	1,306,850	10,920,524	10,920,524	10,920,524	393,228,894	4,207,954	(4,595,394)	(4,595,394)
At December 31, 2010	USD 3,083,342	186,660,009	18,201	309,346	309,346	12,647,461	194,987,034	194,987,034	1,074,773	11,348,184	11,348,184	11,348,184	410,110,149	4,207,954	(96,345)	(472,094)

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

5. PROPERTY 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	Cost	Cost	Cost	Valuation	Cost	Valuation	Cost	Cost	Cost	Cost	Cost & Valuation	USD
COST OR VALUATION	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
At January 1, 2010	3,555,250	44,886,156	1,132,695	17,081,158	211,854,967	2,991,974	291,370,995	4,206,507	9,868,795	3,319,955	(96,345)	(472,094)	291,370,995	4,206,507	(96,345)	(472,094)
Additions	-	18,201	65,971	282,363	-	(84,992)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(1,260)	(10,093)	(472,094)	-	-	-	-	-	-	-	-	-	-	-
Write offs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	295,009,063	12,154,377	10,819,182	(93,429)	(164,577)	295,009,063	12,154,377	(93,429)	(164,577)	295,009,063
Additions	-	-	190,625	508,061	-	(66,290)	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(20,890)	(6,249)	-	(7,648)	-	-	-	-	-	-	-	-	-	-
Write offs	-	-	-	(7,648)	(156,929)	-	-	-	-	-	-	-	-	-	-	-
Transfers	11,146,730	-	-	100,112	-	-	-	-	-	-	-	-	(11,246,842)	-	-	-
At December 31, 2011	14,701,980	44,904,357	1,367,141	19,788,270	211,225,944	3,997,218	306,905,434	12,154,377	10,920,524	(93,429)	(164,577)	306,905,434	12,154,377	(93,429)	(164,577)	306,905,434
DEPRECIATION																
At January 1, 2010	345,200	7,173,605	910,843	6,368,321	7,794,886	2,245,338	24,838,193	10,511,391	191,880	(96,169)	(71,058)	24,838,193	10,511,391	(96,169)	(71,058)	24,838,193
Charge for the year	126,708	1,298,371	34,292	188,129	8,672,011	(84,992)	10,511,391	191,880	(84,992)	-	-	10,511,391	191,880	(84,992)	-	10,511,391
Disposal adjustments	-	-	(1,260)	(9,917)	-	-	-	-	-	-	-	-	-	-	-	-
Write off adjustments	-	-	-	-	(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	11,997,626	404,433	(93,123)	(50,804)	35,182,357	11,997,626	(93,123)	(50,804)	35,182,357
Charge for the year	1,436,789	1,281,918	76,288	279,028	8,519,170	(66,291)	11,997,626	404,433	(66,291)	-	-	11,997,626	404,433	(66,291)	-	11,997,626
Disposal adjustments	-	-	(20,583)	(6,249)	-	-	-	-	-	-	-	-	-	-	-	-
Write off adjustments	-	-	-	(7,648)	(43,156)	-	-	-	-	-	-	-	-	-	-	-
At December 31, 2011	1,908,697	9,753,894	999,580	6,811,664	24,871,853	2,690,368	47,036,056	12,154,377	10,920,524	(93,429)	(164,577)	47,036,056	12,154,377	(93,429)	(164,577)	47,036,056
NET BOOK VALUE																
At December 31, 2011	USD 12,793,283	35,150,463	367,561	12,976,606	186,354,091	1,306,850	259,869,378	12,154,377	10,920,524	(93,429)	(164,577)	259,869,378	12,154,377	(93,429)	(164,577)	259,869,378
At December 31, 2010	USD 3,083,342	36,432,381	253,531	12,647,461	194,987,034	1,074,773	259,826,706	12,154,377	11,348,184	(93,429)	(164,577)	259,826,706	12,154,377	(93,429)	(164,577)	259,826,706

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

5. PROPERTY 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	
	2011	2010	2011	2010
	USD	USD	USD	USD
Cost of sales	24,319,528	23,438,798	9,740,304	9,596,853
Administrative expenses	2,283,310	940,806	2,257,322	914,538
USD	<u>26,602,838</u>	<u>24,379,604</u>	<u>11,997,626</u>	<u>10,511,391</u>

(e) The Group's buildings, tanks, pumps and petrol stations were last revalued at December 31, 2008 by independent valuers on an open market basis.

The Directors have assumed that the fair value of the assets as at December 31, 2011 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	
	2011	2010	2011	2010
	USD	USD	USD	USD
Cost	44,895,390	44,986,173	1,123,894	1,123,894
Accumulated depreciation	(15,377,614)	(14,671,719)	(722,275)	(695,370)
Net book value	<u>29,517,776</u>	<u>30,314,454</u>	<u>401,619</u>	<u>428,524</u>

6. INTANGIBLE ASSET

Computer software

COST

At January 1,

Additions

Exchange differences

At December 31,

ACCUMULATED DEPRECIATION

At January 1,

Charge for the year

Exchange differences

At December 31,

NET BOOK VALUE

At December 31,

THE GROUP	
2011	2010
USD	USD
76,296	80,471
-	1,465
(1,681)	(5,640)
<u>74,615</u>	<u>76,296</u>
30,769	12,774
18,654	18,891
(677)	(896)
<u>48,746</u>	<u>30,769</u>
USD <u>25,869</u>	<u>45,527</u>

Amortisation charge of USD.18,654 (2010:USD.18,891) has been accounted under administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

7. INVESTMENT IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2011	2010
Cost - Unquoted	USD	USD
At January 1 and December 31,	20,289	20,289
Loan to subsidiary companies	79,009,663	81,106,816
Total	USD 79,029,952	81,127,105

(a) Details of the subsidiary companies are:

Company	Class of shares	Country of incorporation	% shareholding 2011 & 2010	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	
	2011	2010
<u>Available-for-sale - quoted</u>	USD	USD
At January 1,	9,896,714	4,728,326
Additions	2,222,480	-
Net (decrease)/increase in fair value	(363,550)	5,168,388
At December 31,	USD 11,755,644	9,896,714

(a) The available-for-sale financial asset is included in level 1 and is denominated in the following currencies:

	2011	2010
	USD	USD
UK Pound Sterling	8,163,872	9,896,714
Australian Dollars	3,591,772	-
	11,755,644	9,896,714

(b) None of the available-for-sale financial assets are either past due or impaired.

9. INVENTORIES

	THE GROUP AND THE COMPANY	
	2011	2010
	USD	USD
Petroleum products	13,969,514	30,717,315
Lubricants	994,632	844,806
Others	72,690	20,510
	USD 15,036,836	31,582,631

The cost of inventories of the Group and the Company recognised as an expense and included in cost of sales amounted to USD 285,608,734 (2010: USD 214,413,398) (see note 19).

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Trade receivables	49,813,936	36,983,331	49,813,936	36,983,331
Less: provision for impairment (see note 10 (e))	(3,492,921)	(615,391)	(3,492,921)	(615,391)
	46,321,015	36,367,940	46,321,015	36,367,940
Prepayments	679,195	424,076	671,365	416,846
Income tax receivable (note 10 (f))	540,718	461,750	540,718	461,750
Deposits to suppliers	2,913,714	3,177,336	2,913,714	3,177,336
Other receivables	1,518,896	372,706	1,509,551	343,805
USD	51,973,538	40,803,808	51,956,363	40,767,677

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

(b) Trade receivables of USD 3,015,749 were impaired during the year (2010: Nil). The amount of provision at December 31, 2011 was USD 3,492,921 (2010: USD 615,391). The individually impaired receivables mainly relates to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of these receivables is expected to be recovered. The ageing of these receivables is as follows:

	THE GROUP AND THE COMPANY	
	2011	2010
	USD	USD
Over 6 months	USD 3,015,749	-

(c) As at December 31, 2011, trade receivables of USD 8,170,442 (2010: USD 6,268,398) 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 aged analysis of these trade receivables is as follows:

	THE GROUP AND THE COMPANY	
	2011	2010
	USD	USD
3 to 6 months	886,455	205,557
Over 6 months	7,283,987	6,062,840
USD	8,170,442	6,268,398

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
US Dollar	38,079,908	27,436,225	38,079,908	27,436,225
Euro	24,077	18,501	24,077	18,501
Seychelles Rupees	11,709,951	9,528,605	11,709,951	9,528,605
USD	49,813,936	36,983,331	49,813,936	36,983,331

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

	THE GROUP AND THE COMPANY	
	2011	2010
	USD	USD
At January 1,	615,391	665,438
Charged to the Statement of Comprehensive Income	3,015,749	-
Exchange difference	(138,219)	(50,047)
At December 31,	USD 3,492,921	615,391

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

10. TRADE AND OTHER RECEIVABLES (CONT'D)

(f) Movement in income tax receivables is as follows:

	THE GROUP AND THE COMPANY	
	2011	2010
	USD	USD
At January 1,	461,750	-
Income tax receivable (note 17)	125,070	461,750
Exchange difference	(46,102)	-
At December 31,	<u>540,718</u>	<u>461,750</u>

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

(h) 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, 2011 and December 31, 2011	<u>2,000</u>	<u>8,595,053</u>

The total authorised number of ordinary shares is 2,000 shares (2010: 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, 2010	(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 (note 8)	-	-	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	<u>(10,234,117)</u>	<u>154,704,931</u>	<u>5,168,388</u>	<u>1,442,762</u>	<u>151,081,964</u>
Reversal of deferred tax effect on revaluation of buildings, tanks, pumps and petrol stations	-	20,046,224	-	-	20,046,224
Decrease in fair value of available-for-sale financial assets (note 8)	-	-	(363,550)	-	(363,550)
Reversal of revaluation reserves on property and equipment written off	-	(138,762)	-	-	(138,762)
Share of non-controlling interest	144	-	-	-	144
Exchange differences	(3,429,639)	-	-	-	(3,429,639)
At December 31, 2011	<u>USD (13,663,612)</u>	<u>174,612,393</u>	<u>4,804,838</u>	<u>1,442,762</u>	<u>167,196,381</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

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, 2010	(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 (note 8)	-	-	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	(10,232,262)	154,704,931	5,168,388	1,442,762	151,083,819
Reversal of deferred tax effect on revaluation of buildings, tanks, pumps and petrol stations	-	20,046,224	-	-	20,046,224
Decrease in fair value of available- for-sale financial assets (note 8)	-	-	(363,550)	-	(363,550)
Reversal of revaluation reserves on property and equipment written off	-	(138,762)	-	-	(138,762)
Exchange differences	(3,429,019)	-	-	-	(3,429,019)
At December 31, 2011	USD (13,661,281)	174,612,393	4,804,838	1,442,762	167,198,712

13. BORROWINGS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Non-current				
Bank loans	69,311,909	81,355,260	5,689,743	5,869,390
Current				
Bank loans	46,938,191	51,760,961	35,642,537	40,349,338
Total borrowings	USD 116,250,100	133,116,221	41,332,280	46,218,728

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

December 31, 2011	Bank borrowings
- Euro	3.76% - 4.15%
- US Dollar	1.15% - 8.09%
- Seychelles Rupees	5%
December 31, 2010	
- Euro	3.76% - 4.15%
- US Dollar	1.21% - 8.09%

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

13. BORROWINGS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
After one year and before two years	14,958,360	13,295,925	3,733,281	1,956,463
After two years and before five years	35,631,703	37,931,312	1,956,462	3,912,927
After five years	18,721,846	30,128,023	-	-
USD	<u>69,311,909</u>	<u>81,355,260</u>	<u>5,689,743</u>	<u>5,869,390</u>

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

(i) THE GROUP		6 months	6 - 12	1 - 5 years	Over	Total
		or less	months		5 years	
		USD	USD	USD	USD	USD
At December 31, 2011						
Total	USD	<u>18,382,110</u>	<u>18,382,110</u>	<u>14,119,480</u>	<u>10,799,839</u>	61,683,539
Borrowings with fixed interest rates						54,566,561
Total borrowings					USD	<u>116,250,100</u>
At December 31, 2010						
Total	USD	<u>19,042,542</u>	<u>14,042,122</u>	<u>10,637,148</u>	<u>13,885,505</u>	57,607,317
Borrowings with fixed interest rates						75,508,904
Total borrowings					USD	<u>133,116,221</u>
(ii) THE COMPANY						
		6 months	6 - 12	1 - 5 years	Over	Total
		or less	months		5 years	
		USD	USD	USD	USD	USD
At December 31, 2011						
Total	USD	<u>16,839,277</u>	<u>16,839,277</u>	<u>1,776,816</u>	-	35,455,370
Borrowings with fixed interest rates						5,876,910
Total borrowings					USD	<u>41,332,280</u>
At December 31, 2010						
Total	USD	<u>17,499,709</u>	<u>12,499,792</u>	-	-	29,999,501
Borrowings with fixed interest rates						16,219,227
Total borrowings					USD	<u>46,218,728</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

13. BORROWINGS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
US Dollar	81,638,564	98,005,895	35,876,910	46,218,728
Seychelles Rupees	5,455,370	-	5,455,370	-
Euro	29,156,166	35,110,326	-	-
USD	<u>116,250,100</u>	<u>133,116,221</u>	<u>41,332,280</u>	<u>46,218,728</u>

(e) The carrying amounts of borrowings approximate their fair value.

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

14. DEFERRED TAXES

Deferred taxes are calculated on all temporary differences under the liability method at 33%/4.25% (2010: 33%/4.25%) for the Group and 33% (2010: 33%) for the Company.

(a) There is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets 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	
	2011	2010	2011	2010
	USD	USD	USD	USD
Deferred tax assets (note (c)(i))	(2,536,591)	(479,016)	(2,536,591)	(479,016)
Deferred tax liabilities (note (c)(ii))	18,319,654	39,393,866	18,319,526	39,393,466
USD	<u>15,783,063</u>	<u>38,914,850</u>	<u>15,782,935</u>	<u>38,914,450</u>

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
At January 1,	38,914,850	66,792,884	38,914,450	66,792,296
Charged for the year (see below)	(21,160,723)	(23,021,231)	(21,160,441)	(23,021,084)
Exchange differences	(1,971,064)	(4,856,803)	(1,971,074)	(4,856,762)
At December 31,	<u>15,783,063</u>	<u>38,914,850</u>	<u>15,782,935</u>	<u>38,914,450</u>

Charge for the year is analysed as follows:

- Statement of comprehensive income (note 17)	(1,114,499)	(2,711,494)	(1,114,217)	(2,711,347)
- Other comprehensive income	(20,046,224)	(20,309,737)	(20,046,224)	(20,309,737)
	<u>(21,160,723)</u>	<u>(23,021,231)</u>	<u>(21,160,441)</u>	<u>(23,021,084)</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

14. DEFERRED TAXES (CONT'D)

(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

	Accelerated tax depreciation	Tax losses	Impairment losses	Retirement benefit obligations	Total
	USD	USD	USD	USD	USD
At January 1, 2010	-	(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	-	-	(203,079)	(275,937)	(479,016)
Credited for the year	(1,056,765)	-	(969,861)	(78,774)	(2,105,400)
Exchange differences	-	-	20,275	27,550	47,825
At December 31, 2011	USD (1,056,765)	-	(1,152,665)	(327,161)	(2,536,591)

(ii) DEFERRED TAX LIABILITIES

The Group

	Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
	USD	USD	USD	USD
At January 1, 2010	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	1,243,458	18,007,305	20,143,103	39,393,866
Charged for the year	(1,119,229)	2,110,130	(20,046,224)	(19,055,323)
Exchange differences	(124,101)	(1,797,909)	(96,879)	(2,018,889)
At December 31, 2011	USD 128	18,319,526	-	18,319,654

The Company

	Accelerated tax depreciation	Unrealised exchange gains	Revaluation of assets	Total
	USD	USD	USD	USD
At January 1, 2010	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	1,243,058	18,007,305	20,143,103	39,393,466
Charged for the year	(1,118,947)	2,110,130	(20,046,224)	(19,055,041)
Exchange differences	(124,111)	(1,797,909)	(96,879)	(2,018,899)
At December 31, 2011	USD -	18,319,526	-	18,319,526

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

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	
	2011	2010
	USD	USD
At January 1,	836,177	980,899
Charged/(Credited) in the statement of comprehensive income	263,907	(71,536)
Exchange differences	(108,688)	(73,186)
At December 31,	USD 991,396	836,177

16. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Trade payables	61,421,497	47,982,454	61,418,094	47,960,182
Accrued expenses	6,808,679	6,193,553	6,797,004	6,104,993
Other payables	1,044,779	1,169,268	478,480	510,680
USD	69,274,955	55,345,275	68,693,578	54,575,855

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

(b) Trade and other payables are denominated in the following currencies:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
US Dollars	61,827,493	48,209,815	61,827,493	48,209,815
Euro	721,670	851,810	140,293	82,390
Seychelles Rupees	6,584,771	6,205,021	6,584,771	6,205,021
Others	141,021	78,629	141,021	78,629
USD	69,274,955	55,345,275	68,693,578	54,575,855

17. TAX EXPENSE

(a) Statement of financial position

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Current tax on the adjusted profit for the year at applicable tax rates (see note (c))	3,516,698	4,845,119	3,516,698	4,845,119
Less: Provisional tax paid	(3,641,768)	(5,268,924)	(3,641,768)	(5,268,924)
Overprovision in previous years	-	(37,945)	-	(37,945)
USD	(125,070)	(461,750)	(125,070)	(461,750)

Analysed as:

- Current tax liabilities	-	-	-	-
- Trade and other receivables (note 10 (f))	(125,070)	(461,750)	(125,070)	(461,750)
USD	(125,070)	(461,750)	(125,070)	(461,750)

(b) Statement of comprehensive income

Current tax on the adjusted profit for the year at applicable tax rates (see note (c))	3,516,698	4,845,119	3,516,698	4,845,119
Overprovision in previous years	-	(37,945)	-	(37,945)
Deferred taxes (Note 14)	(1,114,499)	(2,711,494)	(1,114,217)	(2,711,347)
Tax expense	USD 2,402,199	2,095,680	2,402,481	2,095,827

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

17. TAX EXPENSE (CONT'D)

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
(Loss)/Profit before tax	(7,185,774)	412,411	(3,745,248)	4,899,823
Tax calculated at applicable tax rates (see note (c))	(2,377,191)	129,557	(1,207,598)	1,680,578
Income not subject to tax	(9,191)	(40,330)	(9,191)	(40,330)
Expenses not deductible for tax purposes	2,556,204	5,205,965	2,556,204	5,205,965
Excess of depreciation over capital allowance	2,175,683	2,144,925	2,175,683	2,144,925
Utilisation of previously unrecognised tax losses	-	(4,146,023)	-	(4,146,023)
Provision for tax contingency	1,600	4	1,600	4
Tax losses to be carried forward	1,169,593	1,551,021	-	-
USD	3,516,698	4,845,119	3,516,698	4,845,119

(c) Applicable tax rates under the Business Tax Act, 2009 are as follows:

Taxable income	Tax rates - %
At December 31, 2011 & 2010	
≤ SR. 1,000,000	25%
> SR. 1,000,000	33%

18. REVENUE

The analysis of revenue is as follows:

	THE GROUP AND THE COMPANY	
	2011	2010
	USD	USD
Sales of products	358,758,495	291,925,436
Sales of services	31,273,384	30,683,255
USD	390,031,879	322,608,691

19. EXPENSES BY NATURE

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Cost of inventories recognised as expense	285,608,734	214,413,398	285,550,487	214,413,398
Depreciation (note 5)	26,602,838	24,379,604	11,997,626	10,511,391
Duties and taxes	43,705,771	42,876,006	43,705,771	42,876,006
Bareboat charter fees	-	-	14,710,055	14,682,085
Bunkering costs	12,713,993	14,948,796	12,713,993	14,948,796
Ship management fees	12,257,051	12,414,195	12,257,051	12,414,195
Port agency costs	6,034,875	5,353,704	6,034,875	5,353,704
Employee benefit expense (note 23)	4,330,466	3,208,651	4,330,466	3,208,651
Provision for credit impairment	3,015,749	-	3,015,749	-
Other expenses	8,496,100	6,874,463	8,208,973	6,896,240
Total cost of sales, selling and marketing and administrative expenses	USD 402,765,577	324,468,817	402,525,046	325,304,466
Analysed as:				
Cost of sales	390,557,854	318,522,713	391,482,781	320,274,823
Selling and marketing expenses	128,763	108,164	128,763	108,164
Administrative expenses	12,078,960	5,837,940	10,913,502	4,921,479
USD	402,765,577	324,468,817	402,525,046	325,304,466

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

20. OTHER INCOME

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Demurrage claims	3,806,004	7,037,860	3,806,004	7,037,860
Storage and throughput	1,775,977	1,347,717	1,775,977	1,347,717
Deviations and other recoveries	1,059,283	569,952	1,059,283	569,952
Interest income	11,871	81,484	11,823	75,699
Gain on disposal of property and equipment	40,159	109,855	40,159	109,855
Sundry income	349,127	256,881	349,127	256,881
USD	<u>7,042,421</u>	<u>9,403,749</u>	<u>7,042,373</u>	<u>9,397,964</u>

21. OTHER GAINS - NET

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Net foreign exchange gains on operations (note 23)	7,119,853	133,114	7,119,853	133,114

22. NET FINANCE COSTS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
Interest expense:				
- Bank loans	(4,208,052)	(4,473,290)	(1,775,883)	(1,698,343)
- Shareholders' loan	-	(762,610)	-	(762,610)
	<u>(4,208,052)</u>	<u>(5,235,900)</u>	<u>(1,775,883)</u>	<u>(2,460,953)</u>
Net foreign exchange financing gains/(losses) on financing activities (note 23)	(4,406,298)	(2,028,426)	(3,638,424)	525,473
USD	<u>(8,614,350)</u>	<u>(7,264,326)</u>	<u>(5,414,307)</u>	<u>(1,935,480)</u>

23. (LOSS)/PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD

(Loss)/Profit before taxation is arrived at after:

Crediting:

Rental income	100,229	54,140	100,229	54,140
Gain on disposal of equipment	40,159	109,855	40,159	109,855

and (charging):

Depreciation on property and equipment - owned (note 5)	26,602,838	24,379,604	11,997,626	10,511,391
Amortisation of intangible assets (note 6)	18,654	18,891	18,654	18,891
Provision for credit impairment (note 10)	3,015,749	-	3,015,749	-
Lease rentals	100,229	54,140	100,229	54,140
Directors' remunerations (see note (a) below)	8,658	8,802	2,801	2,967
Employee benefit expense (note 24)	4,330,466	3,208,651	4,330,466	3,208,651

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

23. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	USD	USD	USD	USD
<u>Directors' fees</u>				
G Adam	2,343	2,373	-	-
P Morin	429	475	429	475
A Butler-Payette	1,601	1,661	429	475
C Vidot	429	475	429	475
A Afif	1,054	1,068	469	475
M Rosette	429	475	429	475
J Nourice	-	890	-	-
D Bradburn	1,083	1,187	498	593
S Renaud	586	99	-	-
M Nalletamby	586	99	-	-
F Joubert	39	-	39	-
B Jivan	39	-	39	-
C Benoiton	39	-	39	-
	<u>8,658</u>	<u>8,802</u>	<u>2,801</u>	<u>2,967</u>

24. EMPLOYEE BENEFIT EXPENSE

	THE GROUP AND THE COMPANY	
	2011	2010
	USD	USD
Salaries and wages	4,070,396	3,087,499
Social security costs	(3,837)	192,688
Pension costs	263,907	(71,536)
	<u>USD 4,330,466</u>	<u>3,208,651</u>

25. 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	
	2011	2010
	USD	USD
Property and equipment	<u>USD 6,118,604</u>	<u>1,023,265</u>

25. COMMITMENTS (CONT'D)

(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	
	2011	2010
	USD	USD
Not later than one year	190,137	211,227
Later than one year and not later than five years	760,548	844,906
Later than five years	13,978,102	15,739,747
USD	<u>14,928,787</u>	<u>16,795,880</u>

(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	
	2011	2010
	USD	USD
Not later than one year	72,765	75,047
Later than one year and not later than five years	291,061	323,345
Later than five years	3,236,814	4,149,039
USD	<u>3,600,640</u>	<u>4,547,431</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

26. NOTES TO THE CASH FLOW STATEMENTS

	Notes	THE GROUP		THE COMPANY	
		2011	2010	2011	2010
		USD	USD	USD	USD
(a) Cash generated from operations					
(Loss)/Profit before taxation		(7,185,774)	412,411	(3,745,248)	4,899,823
<i>Adjustments for:</i>					
Depreciation on property and equipment	5	26,602,838	24,379,604	11,997,626	10,511,391
Amortisation of intangible assets	6	18,654	18,891	-	-
Provision for credit impairment	10(e)	3,015,749	-	3,015,749	-
Profit on disposal of equipment		(40,159)	(109,855)	(40,159)	(109,855)
Interest receivable	20	(11,871)	(81,484)	(11,823)	(75,699)
Interest payable	21	4,208,052	5,235,900	1,775,883	2,460,953
Equipment written off		(24,989)	(71,058)	(24,989)	(71,058)
Unrealised foreign exchange (losses)/gains		(7,888,826)	2,420,785	(7,119,853)	(133,114)
Increase/(Decrease) in provision for retirement benefit obligation	15	263,907	(71,536)	263,907	(71,536)
		<u>18,957,581</u>	<u>32,133,658</u>	<u>6,111,093</u>	<u>17,410,905</u>
<i>Changes in working capital</i>					
- inventories		16,545,795	(9,202,424)	16,545,795	(9,202,424)
- trade and other receivables		(14,060,409)	2,872,828	(14,079,365)	2,868,020
- trade and other payables		13,929,680	(1,179,689)	14,117,723	(907,985)
Cash generated from operations		<u>USD 35,372,647</u>	<u>24,624,373</u>	<u>22,695,246</u>	<u>10,168,516</u>
(b) Cash and cash equivalents					
		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
		USD	USD	USD	USD
Cash in hand		14,735	24,896	14,735	24,896
Bank balances		7,427,480	5,751,778	7,275,028	5,490,064
		<u>USD 7,442,215</u>	<u>5,776,674</u>	<u>7,289,763</u>	<u>5,514,960</u>

SEYCHELLES PETROLEUM COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

27. RELATED PARTY TRANSACTIONS

(a) <u>THE GROUP</u>	Other related corporations		Directors			
	2011	2010	2011	2010		
	USD	USD	USD	USD		
Amount due to	514,034	111,960	-	-		
Amount due from	7,624,947	6,556,459	-	-		
Remuneration	1,290,716	1,242,582	8,658	8,802		
Purchases of products and services	78,437,822	81,160,382	-	-		
Sales	-	-	-	-		
(b) <u>THE COMPANY</u>	Subsidiary companies		Other related corporations		Directors	
	2011	2010	2011	2010	2011	2010
	USD	USD	USD	USD	USD	USD
Amount due to	-	-	514,034	111,960	-	-
Amount due from	79,009,663	81,106,816	7,624,947	6,556,459	-	2,967
Remuneration	14,710,055	14,682,085	-	-	-	-
Bareboat charter fees	801,000	766,000	-	-	-	-
Technical management fees	-	-	1,290,716	1,242,582	-	-
Purchases of goods and services	-	-	78,437,822	81,160,382	-	-
Sales	-	-	-	-	-	-

(c) The above transactions have been made at arm's length, on normal commercial terms and in the ordinary course of business.

Outstanding balances at the year-end are unsecured and interest free. There has been no guarantees provided or received for any related party receivables or payables. For the year ended December 31, 2011, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2010: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

(d) Key management personnel compensation

	THE GROUP AND THE COMPANY	
	2011	2010
	USD	USD
Salaries and other benefits	258,119	256,024
Pension costs	2,581	(7,068)
Total	USD 260,700	248,956

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

28. FIVE YEAR FINANCIAL SUMMARY - YEAR ENDED DECEMBER 31, 2011

	2011	2010	2009	2008	2007
	USD'000	USD'000	USD'000	USD'000	USD'000
THE GROUP					
(Loss)/Profit before taxation	(7,186)	412	(29,174)	103,489	31,576
Tax expense	(2,402)	(2,096)	11,011	(40,011)	(11,035)
Net (loss)/profit for the year	(9,588)	(1,684)	(18,163)	63,478	20,541
Other comprehensive income	634	1,014	(289)	425	(125)
Non-controlling interest	(11)	(24)	65	104	-
Retained earnings brought forward	110,461	111,155	129,542	65,535	45,119
Retained earnings carried forward	USD'000 <u>101,496</u>	<u>110,461</u>	<u>111,155</u>	<u>129,542</u>	<u>65,535</u>
Capital & reserves					
Share capital	8,595	8,595	8,595	8,595	8,595
Other reserves	167,196	124,647	124,647	115,989	5,812
Retained earnings	101,496	110,461	111,155	129,542	65,535
Owners' interest	277,287	270,138	244,397	254,126	79,942
Non-controlling interest	(124)	(135)	(159)	(94)	-
Total equity	USD'000 <u>277,163</u>	<u>270,003</u>	<u>244,238</u>	<u>254,032</u>	<u>79,942</u>
THE COMPANY					
(Loss)/Profit before taxation	(3,746)	4,900	(27,438)	111,703	33,801
Tax (expense)/credit	(2,402)	(2,096)	11,010	(40,010)	(11,035)
(Loss)/Profit for the year	(6,148)	2,804	(16,428)	71,693	22,766
Retained earnings brought forward	128,492	125,688	142,116	70,423	47,657
Retained earnings carried forward	USD'000 <u>122,344</u>	<u>128,492</u>	<u>125,688</u>	<u>142,116</u>	<u>70,423</u>
Capital & reserves					
Share capital	8,595	8,595	8,595	8,595	8,595
Other reserves	167,199	151,084	124,647	115,990	5,810
Retained earnings	122,344	128,492	125,688	142,116	70,423
Total equity	USD'000 <u>298,138</u>	<u>288,171</u>	<u>258,930</u>	<u>266,701</u>	<u>84,828</u>

Note

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