

ANNUAL REPORT & FINANCIAL STATEMENTS
OF WHOLLY OWNED SUBSIDIARY / SUBSIDIARY COMPANIES
OF
TAMILNADU PETROPRODUCTS LIMITED
(2010-2011)

- ⊙ **CERTUS INVESTMENT & TRADING LIMITED AND ITS
SUBSIDIARIES (AS AT 31ST DECEMBER 2010)**
- ⊙ **CERTUS INVESTMENT AND TRADING (S) PRIVATE LIMITED
(AS AT 31ST DECEMBER 2010)**
- ⊙ **PROTEUS PETROCHEMICALS PRIVATE LIMITED
(AS AT 31ST DECEMBER 2010)**
- ⊙ **SPIC ELECTRIC POWER CORPORATION PRIVATE LIMITED
(AS AT 31ST MARCH 2011)**

Certus Investment & Trading Limited and its Subsidiaries

(A Wholly owned subsidiary of Tamilnadu Petroproducts Limited)

Ninth Annual Report & Financial Statements for the Year Ended 31 December 2010

CONTENTS

Contents	Page No.
Corporate Data	2
Notice	2
Commentary of the Directors	3
Certificate from the Secretary	3
Independent Auditors' Report to the Members	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Financial Position	6
Consolidated Statements of Changes In Equity	7
Consolidated Statement of Cash Flows	8
Notes to the Consolidated Financial Statements	9 - 18

CORPORATE DATA

DIRECTORS	:	Couldip Basanta Lala Kapildeo Joory Ashwin Chidambaram Muthiah
REGISTERED OFFICE	:	IFS Court Twenty Eight Cybercity, Ebene Mauritius
SECRETARY	:	International Financial Services Limited IFS Court Twenty Eight Cybercity, Ebene Mauritius
AUDITORS	:	Nexia Baker & Arenson Chartered Accountants 5th Floor, C&R Court 49, Labourdonnais Street Port Louis, Mauritius
BANKER	:	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18, Cybercity, Ebene Mauritius

NOTICE

Notice is hereby given that the Annual Meeting of the Company will be held at its registered office on Thursday 30 June 2011 at 13.30 hours (Mauritius Time) to :

- (i) adopt the financial statements for the year ended 31 December 2010 along with the commentary of the directors, certificate from the Secretary and auditors' report, if available; and
- (ii) re-appoint Nexia Baker & Arenson as auditors to hold office until the next Annual Meeting and to authorise the Directors to determine their remuneration, sign the letter of engagement and execute any audit related documents.

By order of the Board

Kawsar Leckraz / Taslima Peerbocus
For **International Financial Services Limited**
Secretary

Dated : 15 June 2011

Notes :

1. A member entitled to attend and vote at a meeting of the company may appoint another person as his proxy to attend and vote instead at the meeting.
2. A proxy need not also be a member.

COMMENTARY OF THE DIRECTORS

ACTIVITY

The principal activity of CERTUS INVESTMENT & TRADING LIMITED (the "Company") is to act as investment holding and trading and that of its subsidiary, Certus Investment & Trading (S) Pte Ltd, incorporated in the Republic of Singapore is to carry out trading activities. The Company has another wholly owned subsidiary, Proteus Petrochemicals Private Limited (formerly known as TPL India Singapore Pte Ltd), a company incorporated in the Republic of Singapore. This subsidiary company has been set up to manufacture Normal Paraffin (Petrochemical) products. The Company has also invested in Gulf Petroproduct Company EC. company in Bahrain, a company dealing in petroproducts.

RESULTS

The results for the year are shown in the consolidated statement of comprehensive income and related notes.

DIRECTORS

The present membership of the Board is set out on page 2. All directors served throughout the year.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance and the cash flows of the Group and the Company. The directors are also responsible for keeping accounting records which:

- correctly record and explain the transactions of the Group and the Company;
- disclose with reasonable accuracy at any time the financial position of the Group and the Company; and
- would enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

AUDITORS

The auditors, Nexia Baker & Arenson, have expressed their willingness to remain in office until the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIAN COMPANIES ACT 2001

We certify to the best of our knowledge and belief that the Company has filed with the Registrar of Companies all such returns as are required of CERTUS INVESTMENT & TRADING LIMITED under the Mauritian Companies Act 2001 during the financial year ended 31 December 2010.

for **International Financial Services Limited**
Secretary

Registered office:

IFS Court
Twenty Eight
Cybercity
Ebene
Mauritius

Date: 29 June 20

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CERTUS INVESTMENT & TRADING LIMITED AND ITS SUBSIDIARIES

Report on the Group Financial Statements

We have audited the financial statements of CERTUS INVESTMENT & TRADING LIMITED (the "Company") and its subsidiaries (together referred as the "Group") set out on pages 5 to 18, which comprise the consolidated statement of financial position as at 31 December 2010 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement 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

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

Opinion

In our opinion, the financial statements on pages 5 to 18 give a true and fair view of the financial position of the Group and the Company at 31 December 2010 and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Other Matter

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Mauritian Companies Act 2001

We have no relationship with or interests in the Company and its subsidiaries other than in our capacity as auditors.

We have obtained all information and explanations we have required.

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

Nexia Baker & Arenson
Chartered Accountants

Ouma Shankar Ochit FCCA
Signing Partner

Date : 29th June 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	The Group		The Company	
		2010	Restated	2010	2009
			2009		
		USD	USD	USD	USD
Income					
Sales		3,398,640	4,902,327	-	-
Service fee income		-	9,231	-	9,231
Interest income		49,020	83,664	-	65,664
Exchange gain		140,000	204,154	-	-
Job credit		-	8,000	-	-
		<u>3,587,660</u>	<u>5,207,376</u>	<u>-</u>	<u>74,895</u>
Less:					
Purchases		<u>(3,392,100)</u>	<u>(4,897,327)</u>	<u>-</u>	<u>-</u>
Gross profit		<u>195,560</u>	<u>310,049</u>	<u>-</u>	<u>74,895</u>
Expenses					
Legal and professional fees		1,500	142,183	1,500	12,183
Employee compensation		-	225,000	-	-
Rental		-	363,000	-	-
Administration expenses		5,040	2,650	5,040	2,650
Secretarial fees		1,500	2,222	1,500	-
Directors' fees		2,500	-	2,500	-
Licence fees		1,500	-	1,500	-
Office expenses		-	298	-	-
Audit fees		2,250	7,500	2,250	5,000
Bank charges		285	4,812	285	2,585
Depreciation		15,000	3,000	-	-
Tax fee		-	800	-	-
Telecom charges		-	9,040	-	-
Registered office charges		-	217	-	-
Disbursement		434	-	434	-
Service charges		-	3,471	-	-
Other operating expenses		443,928	10,000	-	-
		<u>473,937</u>	<u>774,193</u>	<u>15,009</u>	<u>22,418</u>
Operating (loss)/profit for the year		(278,377)	(464,144)	(15,009)	52,477
Taxation	4	-	(1,575)	-	(1,575)
(Loss)/profit for the year		(278,377)	(465,719)	(15,009)	50,902
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		(278,377)	(465,719)	(15,009)	50,902

The notes on pages 9 to 18 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	Notes	The Group			The Company	
		Restated		1 January		
		2010	2009	2009	2010	2009
		USD	USD	USD	USD	USD
ASSETS						
Non-current assets						
Plant and equipment	5	26,000	41,209	4,066	–	–
Capital project in progress	6	3,809,786	2,269,576	2,513,557	34,677	34,677
Investments in subsidiary companies	7	–	–	–	2,175,339	2,175,339
Investment in associate company	8	430,000	430,000	430,000	430,000	430,000
Other asset	9	890,000	890,000	–	–	–
		<u>5,155,786</u>	<u>3,630,785</u>	<u>2,947,623</u>	<u>2,640,016</u>	<u>2,640,016</u>
Current assets						
Inventories		33,400	–	–	–	–
Advances and prepayments	10	8,892,845	7,337,984	7,013,139	19,624,879	11,124,629
Cash and cash equivalents	11	11,620,850	14,194,875	15,300,578	196,493	8,718,065
		<u>20,547,095</u>	<u>21,532,859</u>	<u>22,313,717</u>	<u>19,821,372</u>	<u>19,842,694</u>
Total assets		<u>25,702,881</u>	<u>25,163,644</u>	<u>25,261,340</u>	<u>22,461,388</u>	<u>22,482,710</u>
EQUITY AND LIABILITIES						
Capital and reserves						
Stated capital	12	20,419,000	20,419,000	20,419,000	20,419,000	20,419,000
Retained earnings		(16,129)	262,248	1,737,393	1,957,550	1,972,559
Currency translation reserve		42,881	42,881	66,116	–	–
		<u>20,445,752</u>	<u>20,724,129</u>	<u>22,222,509</u>	<u>22,376,550</u>	<u>22,391,559</u>
Current liabilities						
Trade and other payables	13	5,257,129	4,437,940	3,026,451	84,838	89,576
Taxation	4	–	1,575	12,380	–	1,575
		<u>5,257,129</u>	<u>4,439,515</u>	<u>3,038,831</u>	<u>84,838</u>	<u>91,151</u>
Total equity and liabilities		<u>25,702,881</u>	<u>25,163,644</u>	<u>25,261,340</u>	<u>22,461,388</u>	<u>22,482,710</u>

Approved by the Board on 29 June 2011 and signed on its behalf by:

Kapildeo Joory
Director

Couldip Basanta Lala
Director

The notes on pages 9 to 18 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

The Group

	Stated capital USD	Retained earnings USD	Currency translation reserve USD	Total USD
As at 1 January 2009	20,419,000	1,737,393	66,116	22,222,509
- Prior year adjustment*	-	(1,009,426)	(23,235)	(1,032,661)
Total comprehensive loss for the year	-	(465,719)	-	(465,719)
At 31 December 2009 (Restated)	<u>20,419,000</u>	<u>262,248</u>	<u>42,881</u>	<u>20,724,129</u>
At 1 January 2010				
- As previously stated	20,419,000	1,979,248	(3,198)	22,395,050
- Prior year adjustment*	-	(1,717,000)	46,079	(1,670,921)
- As restated	<u>20,419,000</u>	<u>262,248</u>	<u>42,881</u>	<u>20,724,129</u>
Total comprehensive loss for the year	-	(278,377)	-	(278,377)
At 31 December 2010	<u>20,419,000</u>	<u>(16,129)</u>	<u>42,881</u>	<u>20,445,752</u>

* The prior year adjustment is due to the fact that deferred finance costs, property, plant and equipment and trade and other payables were wrongly accounted in the 2009 financial statements of Proteus Petrochemicals Private Limited (the "Subsidiary Company"). Accordingly, the consolidated financial statements of 2009 have been restated to reflect the correct figures for deferred finance costs, property, plant and equipment and trade and other payables.

The Company

	Stated capital USD	Retained earnings USD	Total USD
At 31 December 2008	20,419,000	1,921,657	22,340,657
Total comprehensive income for the year	-	50,902	50,902
At 31 December 2009	<u>20,419,000</u>	<u>1,972,559</u>	<u>22,391,559</u>
Total comprehensive loss for the year	-	(15,009)	(15,009)
At 31 December 2010	<u>20,419,000</u>	<u>1,957,550</u>	<u>22,376,550</u>

The notes on pages 9 to 18 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	The Group		The Company	
	2010	Restated	2010	2009
		2009		
	USD	USD	USD	USD
Cash flows from operating activities				
(Loss)/profit before taxation	(278,377)	(464,144)	(15,009)	52,477
<i>Adjustments for:</i>				
Depreciation	15,000	3,000	-	-
Interest income	(49,020)	(83,664)	-	(65,664)
Translation difference	209	-	-	-
Prior year adjustment	-	(1,434,688)	-	-
Operating loss before working capital changes	(312,188)	(1,979,496)	(15,009)	(13,187)
Increase in inventories	(33,400)	-	-	-
Increase in advances and prepayments	(1,554,861)	(324,845)	(8,500,250)	(6,189,879)
Increase trade and other payables	819,189	1,411,489	(4,738)	(177,026)
Cash used in operations	(1,081,260)	(892,852)	(8,519,997)	(6,380,092)
Income tax paid	(1,575)	(12,310)	(1,575)	(12,380)
Net cash used in operating activities	(1,082,835)	(905,162)	(8,521,572)	(6,392,472)
Cash flows from investing activities				
Purchase of computer	-	(40,224)	-	-
Payment towards project work in progress	(1,540,210)	(243,981)	-	-
Interest income	49,020	83,664	-	65,664
Net cash (used in)/from investing activities	(1,491,190)	(200,541)	-	65,664
Net decrease in cash and cash equivalents	(2,574,025)	(1,105,703)	(8,521,572)	(6,326,808)
Cash and cash equivalents at beginning of year	14,194,875	15,300,578	8,718,065	15,044,873
Cash and cash equivalents at end of year	11,620,850	14,194,875	196,493	8,718,065

The notes on pages 9 to 18 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. General information

The Company was incorporated in Mauritian under the Companies Act 1984 on 30 October 2001 as a private company with liability limited by shares and holds a Category I Global Business Licence issued by the Financial Services Commission. The address of the Company's registered office is at IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius.

The consolidated financial statements relate to the Company and its subsidiaries (referred to as the "Group"). These financial statements of the Company and the Group are presented in United States dollar ("USD"), which is the Company's functional and presentation currency.

The principal activities of the Company are to hold investments to earn income thereon. The principal activities of the subsidiary companies are also describe in Note 7 to the financial statements.

2. Accounting policies

(a) Basis of preparation

The consolidated financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards including International Accounting Standards and Interpretations (collectively referred as "IFRS"). A summary of the more important accounting policies, which have been applied consistently, is set out below. The preparation of consolidated financial statements in accordance with IFRS requires the directors/management of the Group to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The directors believe that it is appropriate for the consolidated financial statements to be prepared on the going concern basis.

(b) Basis of consolidation

The consolidated financial statements incorporate the result of CERTUS INVESTMENT & TRADING LIMITED (the parent company) and of its subsidiaries Certus Investment & Trading (S) Pte Ltd and Proteus Petrochemicals Private Limited, collectively referred to as the "Group". The reporting date of the parent company and the subsidiaries is 31 December 2010. Subsidiaries are all 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. 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.

(c) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Company

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them.

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation was published in November 2008. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable.
- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). In some cases, the entity receives cash from a customer that must be used only to acquire or construct the item of property, plant, and equipment in order to connect the customer to a network or provide the customer with ongoing access to a supply of goods or services (or to do both).
- IFRIC 9, 'Reassessment of embedded derivatives and IAS 39, Financial instruments: Recognition and measurement', effective 1 July 2009. This amendment to IFRIC 9 requires an entity to assess whether an embedded derivative should be separated from a host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. If the entity is unable to make this assessment, the hybrid instrument must remain classified as at fair value through profit or loss in its entirety.
- IFRIC 16, 'Hedges of a net investment in a foreign operation' effective 1 July 2009. This amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of IAS 39 that relate to a net investment hedge are satisfied. In particular, the group should clearly document its hedging strategy because of the possibility of different designations at different levels of the group. IAS 38 (amendment), 'Intangible assets', effective 1 January 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as noncurrent (provided that the entity has an unconditional right to defer settlement

by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).
 - IFRS 2 (amendments), 'Group cash-settled share-based payment transactions', effective from 1 January 2010. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation.
 - IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.
- (d) New standards and amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

The Company's assessment of the impact of these new standards and interpretations is set out below.

- IFRS 9, 'Financial instruments', issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption.
 - Revised IAS 24 (revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after 1 January 2011. Earlier application, in whole or in part, is permitted.
 - 'Classification of rights issues' (amendment to IAS 32), issued in October 2009. The amendment applies to annual periods beginning on or after 1 February 2010. Earlier application is permitted. The amendment 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. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.
 - IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010. The interpretation 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.
 - 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14). The amendments 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. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.
- (e) Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payment through the expected life of the financial instruments, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments 'at fair value through profit or loss'.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable are uncollectible, it is written off against the allowance account. Subsequently recoveries of amounts previously written off are credited to the statement of comprehensive income. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

Other investments

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and is initially measured at fair value, plus directly attributable transaction costs.

Investments are classified as either investment held-for-trading or as available-for sale, and are measured at subsequent reporting dates at fair value. Where securities are held-for-trading purposes, gains and losses arising from changes in fair value are included in the profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired at which time the cumulative gain or loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in the statement of comprehensive income for equity investments classified as available-for-sale are subsequently reversed in the statement of comprehensive income for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans and overdrafts are initially measure at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowing is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

The effective interest method is a method of calculating the amortised cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimates future cash prepayments though the expected life of the financial liability, or where appropriate, a shorter period.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less accumulated amortisation. Amortisation (if any) is recognised in the statement of comprehensive income over the guarantee period on a straight-line basis.

(f) Impairment of non-financial assets

At each end of the reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

(g) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method, as follows:

	<u>No. of Years</u>
Computers	3

The estimated useful lives, residual values and depreciation methods are reviewed at each year-end, with the effect of any changes in estimates accounted for on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the statement of comprehensive income.

Fully depreciated assets still in use are retained in the financial statements.

(h) Investments in subsidiary companies

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. In the Company's own separate financial statements, the investments in subsidiaries are stated at cost less any provision in impairment in value. Impairment loss recognised in profit and loss for a subsidiary is reversed only if there has been a change in estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

(j) Related parties

Parties are considered to be related if one party has the ability to control (directly or indirectly) the other party or exercise significant influence over the other party in making financial and operating decisions.

(k) Investment in associate company

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decision of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under Non-current Asset Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the end of the reporting period at cost as adjusted for post acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Company's interest in that associate (which include any long term interests that, in substance, form part of the Company's net investment in the associate) are not recognised, unless the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of comprehensive income.

Where the Company transacts with an associate of the Company, profits and losses are eliminated to the extent of the Company's interest in the relevant associate.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(m) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

(n) Sales of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (i) the Company has transferred to the buyer the significant risks and rewards of the ownership of the goods;
- (ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of the revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

(o) Rendering of services

Revenue from rendering of services is recognised when the services are completed.

(p) Interest income

Interest income is recognised on a time recognition basis using the effective interest method.

(q) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

(r) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(s) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Due allowance is made for all damaged, obsolete and slow-moving items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of these inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(t) In capital project in progress

Capital project in progress is stated at cost. Expenditure relating to the construction of a normal paraffin (NP) plant is capitalised when incurred up to the completion of construction. No depreciation is provided on capital project in progress.

(u) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The currently payable is based on taxable profit for the year. Taxable profit differs from the profit reported in the statement of comprehensive income because it excludes income or expense items that are taxable or deductible in other years and items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computing taxable profit, and are accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which those deduction temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by each end of the reporting period. Deferred tax is charged or credited to the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense statement of comprehensive income, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

(v) Functional and foreign currency

Functional currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to entity. The financial statements of the Company are presented in United States Dollars, which is the functional currency of the Company.

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies of the respective entities in the Group at the exchange rates on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rates on that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rates on the dates that the fair value was determined.

The Monetary assets and liabilities of foreign operations are translated to United States Dollars at the exchange rates at the end of the reporting period. Non-monetary assets are translated to United States Dollars at historical rate. The income and expenses of foreign operations are translated to United States Dollars at average exchange rates for the year.

Foreign exchange differences are recognised in the currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is transferred to the profit or loss.

3. Critical accounting estimates and judgements in applying accounting policies

In the process of applying the Group's and Company's accounting policies, which are described in Note 2, the directors have made the following judgments that have the most effect on the amounts recognised in the financial statements:

Determination of functional currency

The determination of functional currency of the Group and the Company is critical since recording of transactions and exchange differences arising there are dependent on the functional currency selected. The directors have considered those factors therein and have determined that the functional currency of the Company is the USD.

4. Taxation

(a) Income tax rate

The Company, under the current laws and regulations, is liable to pay income tax on its net income at a rate of 15%. The Company is however entitled to a tax credit equivalent to the higher of the actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign sourced income thus reducing the maximum tax rate to 3%. The Company has received a certificate from the Mauritius Revenue Authority that it is a tax resident of Mauritius.

No Mauritian capital gains tax is payable on the profits arising from the sale of securities and any dividend paid by the Company to its shareholders, will be exempt in Mauritius from any withholding tax.

For the year under review, the Company has made a tax provision of USD 1,575.

(b) Taxation

The Company	2010	2009
	USD	USD
Current year liability	<u>—</u>	<u>1,575</u>

(c) Provision for taxation

The Company	2010	2009
	USD	USD
At 1 January 2010	1,575	12,380
Charge for the year	—	1,575
Payment during the year	<u>(1,575)</u>	<u>(12,380)</u>
	<u>—</u>	<u>1,575</u>

5. Plant and equipment

The Group

	Computer equipment USD
Cost	
At 1 January 2009	6,418
Additions during the year	<u>40,224</u>
At 31 December 2009	46,642
Additions during the year	–
At 31 December 2010	<u>46,642</u>
Accumulated depreciation	
At 1 January 2009	2,352
Additions during the year	<u>3,081</u>
At 31 December 2009	5,433
Charge during the year	15,000
Exchange difference	209
At 31 December 2010	<u>20,642</u>
Carrying amount	
As at 31 December 2010	<u>26,000</u>
As at 31 December 2009	<u>41,209</u>

6. Capital project in progress

Capital project in progress represents the direct costs and other initial costs incurred towards construction of a normal paraffin plant. The directors expect the commencement of the construction of the plant in year 2011 with an expected date of completion of March 2013. The total expected costs of the project are estimated to be approximately USD165 million.

7. Investments in subsidiary companies

					The Company	
					2010	2009
					USD	USD
At cost						
At 31 December					<u>2,175,339</u>	<u>2,175,339</u>
Name of companies	Country of incorporation	Principal activities	Percentage of Equity held		Cost of investments	
			2010 %	2009 %	2010 USD	2009 USD
Certus Investment & Trading (S) Pte Ltd	Singapore	Trading	100	100	<u>1,875,339</u>	<u>1,875,339</u>
Proteus Petrochemicals Private Limited (formerly known as TPL India Singapore Pte Ltd)	Singapore	Manufacture of Normal Paraffin (petrochemicals)	100	100	<u>300,000</u>	<u>300,000</u>
					<u>2,175,339</u>	<u>2,175,339</u>

8. Investment in associate company

					The Group and Company	
					2010	2009
					USD	USD
At cost						
At 31 December					430,000	430,000
Name of company	Country of incorporation	Principal activities	Percentage of Equity held		At Cost	
			2010	2009	2010	2009
			%	%	USD	USD
Gulf Petro Product Company E.c. *	Bahrain	Petroproducts	50	50	430,000	430,000

The associate company has an accumulated loss of USD74,610 as at 31 December 2010 (2009: USD71,349) as it is yet to generate revenue and is in project work in progress stage. Considering the stage of the project of the associate company, equity method of accounting is not adopted in the consolidated financial statements. The net equity of the associate company as on 31 December 2010 is USD785,390 (2009: USD788,651).

9. Other asset

Other asset relate to deferred finance cost.

Costs incurred which can be directly attributable to the finance facility secured are deferred as transaction costs and will be included in the carrying amount of borrowings when drawn down.

10. Advances and prepayments

	The Group		The Company	
	2010	2009	2010	2009
	USD	USD	USD	USD
Trade receivables	2,567,381	1,103,289	7,852	-
Short term advance	6,095,180	6,095,180	-	-
Advances to subsidiary companies (see note 14)	-	-	19,486,743	10,985,114
Advance to associate company	130,284	139,515	130,284	139,515
Other receivable	100,000	-	-	-
	8,892,845	7,337,984	19,624,879	11,124,629

The short term advance is interest free, unsecured and receivable on demand.

11. Cash and cash equivalents

	The Group		The Company	
	2010	2009	2010	2009
	USD	USD	USD	USD
Cash at bank - current	972,850	3,151,473	196,493	1,413,663
Fixed deposits and other investments	10,648,000	11,043,402	-	7,304,402
	11,620,850	14,194,875	196,493	8,718,065

12. Stated capital

	The Company	
	2010	2009
	USD	USD
Issued and fully paid with no par value 204,190 ordinary shares of USD100 each	20,419,000	20,419,000

13. Trade and other payables

	The Group		The Company	
		Restated		
	2010	2009	2010	2009
	USD	USD	USD	USD
Payable to related party (see note 14 (ii))	46,000	46,000	-	-
Trade payables to ultimate holding company (see note 14 (iii))	2,425,937	2,097,027	-	-
Trade payables	2,579,000	2,217,342	-	-
Other payables	206,192	77,571	84,838	89,576
	<u>5,257,129</u>	<u>4,437,940</u>	<u>84,838</u>	<u>89,576</u>

14. Related party transactions

	The Company	
	2010	2009
	USD	USD
(i) Advances to subsidiary companies		
<i>Receivable from Certus Investment and Trading (S) Private Limited</i>		
Balance at 31 December	3,495,797	3,495,797
<i>Receivable from Proteus Petrochemicals Pte Ltd</i>		
Balance at 31 December	15,990,946	7,489,317
	<u>19,486,743</u>	<u>10,985,114</u>

The advances to subsidiary companies are unsecured, interest free and receivable on demand.

	The Group	
	2010	2009
	USD	USD
(ii) Payable to related party		
<i>Amount due to ultimate holding company</i>		
Balance at 31 December	46,000	46,000

The amount due to ultimate holding company is unsecured, interest free, and repayable on demand.

	The Group	
	2010	2009
	USD	USD
(iii) Trade payables to ultimate holding company		
At 1 January	2,097,027	2,196,301
Movement during the year	328,910	(99,274)
Balance at 31 December	2,425,937	2,097,027

Trade payable is non-bearing, generally on 30-90 days term and is initially recognised at its invoiced amount, which represents its fair value. It is subsequently measured at amortised cost using the effective interest method.

	The Company	
	2010	2009
	USD	USD
(iv) International Financial Services Limited		
Directors' and secretarial fees	4,000	4,000
Administrative expenses	5,040	3,934
	<u>9,040</u>	<u>7,934</u>

15. Holding and ultimate holding company

The Company is wholly owned by Tamilnadu Petroproducts Limited, a company incorporated in India and regarded by the directors as being its ultimate holding company.

16. Financial instruments and associated risks

(a) Fair values

The carrying amounts of advances and prepayments, cash and cash equivalents and trade and other payables approximate their fair values.

The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

(b) Currency profile

The currency profile of the Group's and the Company's financial assets and liabilities is summarised as follows:

	2010		2009	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	USD	USD	USD	USD
The Group				
Singapore Dollars	12,759,000	2,636,000	5,546,000	2,231,000
United States Dollars	7,754,445	2,621,129	15,986,859	2,206,940
	<u>20,513,445</u>	<u>5,257,129</u>	<u>21,532,859</u>	<u>4,437,940</u>
The Company				
Singapore Dollars	-	-	-	-
United States Dollars	19,821,372	84,838	19,842,694	91,151
	<u>19,821,372</u>	<u>84,838</u>	<u>19,842,694</u>	<u>91,151</u>

(c) Foreign currency risk

Foreign currency risk occurs on transactions that are denominated in currencies other than the functional currency of the Company.

Transactions and balances of the Company are mainly denominated in United States dollars. Hence, the Company does not face any significant exposure to foreign currency risk. The Company does not use any derivative financial instruments to hedge this risk.

(d) Credit risk

Credit risk is the potential financial loss resulting from the customer defaulting on its contractual obligations to the Company. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Company maintains an allowance for doubtful debts based upon the recoverability of all accounts receivables and the customers' financial conditions. There were no significant concentrations of credit risk.

The Company places its cash and cash equivalents with creditworthy financial institutions.

The Company's maximum exposure to credit risk is represented by the carrying amount of financial assets recorded in the financial statements, net of allowances of losses.

(e) Interest rate risk

The Company's interest-yielding assets are not significant and accordingly the interest rate risk is limited. The Company does not use any derivative financial instruments to hedge its exposure.

(f) Liquidity risks

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayments and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient equity funds to finance its operations.

(g) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its member. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to its member, buy back shares or issue new shares.

17. Events after the reporting period

There have been no material events since the end of the reporting period which would require disclosure or adjustment to the financial statements for the year ended 31 December 2010.

Certus Investment and Trading (S) Private Limited

Co. Reg. No. 2004-14622-K

(Incorporated in the Republic of Singapore)

Sixth Annual Report & Financial Statements for the Year Ended 31 December 2010

CONTENTS

Contents	Page No.
Management and Administration	2
Notice	2
Directors' report	3
Statement by directors	3
Independent auditors' report	4
Statement of financial position	5
Statement of comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	6
Notes to the financial statements	7 - 12

MANAGEMENT AND ADMINISTRATION

DIRECTORS	:	James Methodius Maya Devi
SECRETARY	:	James Methodius 101 Kitchener Road #03-42 Jalan Besar Plaza Singapore 208511
REGISTERED OFFICE	:	31 Cantonment Road Singapore 089747
AUDITORS	:	Sashi Kala Devi Associates Public Accounts & Certified Public Accountants 31 Cantonment Road Singapore 089747

NOTICE

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Members of the Company will be held at 31 Cantonment Road, Singapore 089747 on the 15 May 2011 at 10.00 a.m. to transact the following business:

1. To receive and consider the Directors' Report and Audited Accounts for the year ended 31st December 2010 and the Auditor's Report thereon.
2. To re-elect the retiring directors under Articles of Association.
3. To re-appoint Sashi Kala Devi Associates as Auditors of the Company and to authorise the Directors to fix their remuneration.
4. To transact any other business that may be properly conducted at the Annual General Meeting.

By order of the Board

James Methodius S/o Cyril Methodis
Secretary

Singapore : 21 April 2011

NOTE :

A member to the Company entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company. The instrument appointing a proxy, duly stamped must be deposited at the Company's registered office not less than 48 hours before the time of holding the meeting.

DIRECTORS' REPORT

The directors present their report to the members together with the audited financial statements of the Company for the year ended 31 December 2010.

1. DIRECTORS

The directors holding office at the date of this report are: -

James Methodius S/O Cyril Methodis

Maya Devi D/O S. Renganathan

2. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors holding office at the end of the financial year had any interests in the share capital of the company as per the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act.

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

4. DIRECTORS' RECEIPT OF AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the end of last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

5. SHARE OPTIONS

During the year, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under option.

6. AUDITORS

The auditors, Sashi Kala Devi Associates, Certified Public Accountants, have indicated their willingness to accept re-appointment.

On behalf of the Directors
James Methodius S/O Cyril Methodis
Maya Devi D/O S. Renganathan
Directors

21 April 2011

STATEMENT BY DIRECTORS

In the opinion of the directors, (a) the financial statements set out on pages 5 to 12 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2010 and of the results, changes in equity and cash flows of the Company for the financial year ended on that date; and (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors
James Methodius S/O Cyril Methodis
Maya Devi D/O S. Renganathan
Directors

21 April 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CERTUS INVESTMENT AND TRADING (S) PRIVATE LIMITED

We have audited the accompanying financial statements of Certus Investment And Trading (S) Private Limited, set out on pages 5 to 12, which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap.50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statement of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore 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 auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

Opinion

In our opinion,

- (a) the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2010, and of the results, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

21 April 2011

Sashi Kala Devi Associates
Public Accountants and
Certified Public Accountants
Singapore

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	NOTE	2010 USD	2009 USD
ASSETS			
Non current assets			
Computer equipment	4	–	–
Capital project in progress	5	383,109	383,109
		<u>383,109</u>	<u>383,109</u>
Current assets			
Inventories		33,400	–
Trade receivables	6	1,278,529	971,289
Short term advance	7	6,095,180	6,095,180
Cash & cash equivalents	8	46,357	62,810
		<u>7,453,466</u>	<u>7,129,279</u>
Total assets		<u>7,836,575</u>	<u>7,512,388</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	1,875,340	1,875,340
Accumulated losses		(80,629)	(76,261)
Exchange reserve		14,831	14,831
		<u>1,809,542</u>	<u>1,813,910</u>
Current liabilities			
Trade payable	10	2,425,937	2,097,027
Other payables and accruals	11	16,528	16,883
Due to a related company	12	88,771	88,771
Due to immediate holding company	13	3,495,797	3,495,797
		<u>6,027,033</u>	<u>5,698,478</u>
Total equity and liabilities		<u>7,836,575</u>	<u>7,512,388</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	2010 USD	2009 USD
Revenue	14	3,398,640	4,902,327
Other income		20	–
Raw material and consumables used		(3,392,100)	(4,897,327)
Other operating expenses		(10,928)	(15,621)
(Loss) before taxation	15	(4,368)	(10,621)
Taxation	16	–	–
(Loss)/ Total comprehensive loss for the year		<u>(4,368)</u>	<u>(10,621)</u>

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010

	Share Capital	Accumulated losses	Exchange reserve	Total
	USD	USD	USD	USD
Balance at 31-12-2008	1,875,340	(65,640)	14,831	1,824,531
Total comprehensive loss for the year	-	(10,621)	-	(10,621)
Balance at 31-12-2009	1,875,340	(76,261)	14,831	1,813,910
Total comprehensive loss for the year	-	(4,368)	-	(4,368)
Balance at 31-12-2010	1,875,340	(80,629)	14,831	(1,809,542)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	2010 USD	2009 USD
Cash flows from operating activities			
(Loss) before taxation		(4,368)	(10,621)
Operating cash flows before working capital changes		(4,368)	(10,621)
Changes in working capital			
Inventories		(33,400)	-
Trade receivables		(307,240)	2,840,181
Trade payable		328,910	(99,274)
Other payables		(355)	355
Net cash (used in) / from operating activities		(16,453)	2,730,641
Cash flows from financing activities			
Due from immediate holding company		-	97,027
Due from related company		-	11,228
Short term advance		-	(3,095,180)
Due to a related company		-	(11,229)
Due to immediate holding company		-	252,972
Net cash (used in) financing activities		-	(2,745,182)
Net decrease in cash & cash equivalents		(16,453)	(14,541)
Cash & cash equivalents at the beginning of the year		62,810	77,351
Cash & cash equivalents at the end of the year	8	46,357	62,810

See accompanying notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

The notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The Company is a private company limited by shares. The Company is incorporated and domiciled in the Republic of Singapore.

The registered office of the Company is located at 31 Cantonment Road, Singapore 089747 and principal place of business is at 8 Temasek Boulevard, #17-03, Suntec Tower 3, Singapore 038988.

The principal activities of the Company are to carry out the business of trading in chemicals. There has been no change in the nature of activities during the financial year.

There have been no significant changes in the nature of these activities during the financial year.

These financial statements of the Company for the financial year ended 31 December 2010 were authorised for issue by the Board of Directors on 21 April 2011.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the Company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods since the beginning of the financial year. The adoption of these new revised FRS and INT FRS does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

The Company is currently evaluating the provisions of new/revised FRS and INT FRS and amendments to FRS that were issued at the date of authorisation of these financial statements but which are not yet effective till future periods. Preliminary assessment by the Company indicates that the adoption of these FRS, INT FRS and amendments to FRS will have no material impact on the financial statements of the Company in the period of their initial adoption.

The preparation of financial statements in conformity with FRS requires management to exercise its judgements in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and involve a higher degree of judgement or complexity are separately disclosed when necessary.

(b) Financial instruments

Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Trade and other receivables - Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Effective interest method - The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Impairment of financial assets - Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income. Changes in the carrying amount of the allowance account are recognised in the statement of comprehensive income.

(ii) Financial liabilities and equity instruments

Classification as debt or equity - Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments - An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue cost.

Financial liabilities - Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial. Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Company's accounting policy for borrowing costs.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount recognised as a provision and the amount initially recognised less accumulated amortisation, Amortisation (if any) is recognised in the statement of comprehensive income over the guarantee period on a straight-line basis.

(c) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of comprehensive income.

(d) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, as follows:

	<u>No. of Years</u>
Computers	3

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

Fully depreciated assets still in use are retained in the financial statements.

(e) Capital project in progress

Capital project in progress is stated at cost. Expenditure relating to the construction of a normal paraffin (NP) plant is capitalised when incurred up to the completion of construction. No depreciation is provided on capital project in progress.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

(g) Related party

Parties are considered to be related if one party has the ability to control (directly or indirectly) the other party or exercise significant influence over the other party in making financial and operating decisions.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the first-in-first-out formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Due allowance is made for all damaged, obsolete and slow-moving items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of these inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(i) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

(j) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (i) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (ii) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) the amount of revenue can be measured reliably;
- (iv) it is probable that the economic benefits associated with the transaction will flow to the entity; and
- (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services is recognised when the services are completed.

(k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

(l) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit reported in the Statement of comprehensive income because it excludes income or expense items that are taxable or deductible in other years and items that are not taxable or tax deductible. The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computing taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items credited or debited directly to other comprehensive income, in which case the tax is also recognised directly in other comprehensive income, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

(m) Functional and foreign currency

Functional currency

Items included in the financial statements of the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to entity. The financial statements of the Company are presented in United States dollars, which is the functional currency of the Company.

Foreign currency transactions

Transactions in currencies other than the Company's functional currency are recorded at exchanges rates approximating those prevailing on the transaction dates. At each end of the reporting period monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in a foreign currency are retranslated using the exchange rates at the date when the fair value was determined. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items at the end of the reporting period are recognised in the Statement of comprehensive income. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

3. FINANCIAL RISKS AND MANAGEMENT

The Company's overall risk management programme seeks to minimise potential adverse effects on the financial performance of the Company.

Foreign currency risk

Foreign currency risk occurs on transactions that are denominated in currencies other than the functional currency of the Company.

Transactions and balances of the Company are mainly denominated in United States dollars. Hence, the Company does not face any significant exposure to foreign currency risk. The Company does not use any derivative financial instruments to hedge this risk.

Credit risk

Credit risk is the potential financial loss resulting from the customer defaulting on its contractual obligations to the Company. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. The Company maintains an allowance for doubtful debts based upon the recoverability of all accounts receivables and the customers' financial conditions. There were no significant concentrations of credit risk.

The Company places its cash and cash equivalents with creditworthy financial institutions.

The Company's maximum exposure to credit risk is represented by the carrying amount of financial assets recorded in the financial statements, net of allowances of losses.

Interest rate risk

The Company's interest-yielding assets are not significant and accordingly the interest rate risk is limited. The Company does not use any derivative financial instruments to hedge its exposure.

Liquidity risks

The Company actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayments and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient equity funds to finance its operations.

Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables, provisions and other liabilities approximate their fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

4. COMPUTER EQUIPMENT

	Computer US\$
Cost	
As at 01.01.2009	1,409
Additions	—
As at 31.12.2009	1,409
Additions	—
As at 31.12.2010	1,409
Accumulated depreciation	
As at 01.01.2009	1,409
Charge for the year	—
As at 31.12.2009	1,409
Charge for the year	—
As at 31.12.2010	1,409
Carrying amount	
As at 31.12.2010	—
As at 31.12.2009	—

5. CAPITAL PROJECT IN PROGRESS

Capital project in progress represents the direct costs and other initial costs incurred towards construction of a normal paraffin plant in Singapore. The project is expected to commence in year 2011 with an expected date of completion of March 2013 and total expected costs to complete of US\$ 165 Million.

6. TRADE RECEIVABLES

	2010 USD	2009 USD
Third party	1,262,479	961,779
Ultimate holding company	<u>16,050</u>	<u>9,510</u>
	<u>1,278,529</u>	<u>971,289</u>

Trade receivables are non-interest bearing, generally on 30 - 90 days term and are initially recognised at their invoiced amounts, which represent their fair values. They are subsequently measured at amortised cost using the effective interest method, less allowance for uncollectible amounts. The ultimate holding company is Tamilnadu Petroproducts Limited, a company incorporated in India. The amount due from the ultimate holding company is unsecured, interest-free and repayable on demand.

The carrying amounts of trade receivables approximate their fair values.

7. SHORT TERM ADVANCE

The interest free, unsecured short term advance is receivable on demand.

8. CASH AND CASH EQUIVALENTS

	2010 USD	2009 USD
Cash in hand	-	1
Cash at bank	<u>46,357</u>	<u>62,809</u>
	<u>46,357</u>	<u>62,810</u>

Cash and cash equivalents are denominated in the following currencies

	2010 USD	2009 USD
Singapore Dollar	383	5,112
United States Dollar	<u>45,974</u>	<u>57,698</u>
	<u>46,357</u>	<u>62,810</u>

The carrying amounts of cash and cash equivalents approximate their fair values.

8. SHARE CAPITAL

	2010 USD	2009 USD
Issued and fully paid with no par value		
1,916,642 ordinary shares	<u>1,875,340</u>	<u>1,875,340</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

10. TRADE PAYABLE

	2010 USD	2009 USD
Ultimate holding company	<u>2,425,937</u>	<u>2,097,027</u>

Trade payable is non-interest bearing, generally on 30 - 90 days term and is initially recognised at its invoiced amount, which represents its fair value. It is subsequently measured at amortised cost using the effective interest method.

The amount to ultimate holding company is unsecured, interest-free and repayable on demand.

The carrying amounts of trade payable approximates its fair value.

11. OTHER PAYABLES AND ACCRUALS

	2010 USD	2009 USD
Outside party	11,228	11,228
Accruals	<u>5,300</u>	<u>5,655</u>
	<u>16,528</u>	<u>16,883</u>

12. DUE TO A RELATED COMPANY

Amount due to a related company is non-trade in nature, unsecured, interest-free and repayable on demand.

13. DUE TO IMMEDIATE HOLDING COMPANY

The immediate holding company is Certus Investment & Trading Limited a company incorporated in Mauritius. The amount due is non-trade in nature, unsecured, interest-free and repayable on demand.

14. REVENUE

Revenue represents income from the sale of goods.

15. (LOSS) BEFORE TAXATION

The following items have been included in arriving at (loss) before taxation:

	2010	2009
	USD	USD
Exchange loss - trade	<u>695</u>	<u>154</u>

16. TAXATION

No provision for taxation has been made in the current year as the Company has incurred tax loss. The Company has unabsorbed tax losses and unutilized capital allowances amounting to USD 163,279 (2009:USD 158,891) subject to agreement with local tax authorities. These are available for set-off against any future profits provided that the Company complies with the provisions of the Singapore Income Tax Act in that there is no substantial change in the composition of the shareholders and their shareholdings in the Company at the relevant dates when the tax losses are utilized.

17. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Other than disclosed elsewhere in the financial statements, the transactions with a related party are as follows:

	2010	2009
	USD	USD
<u>Ultimate holding company</u>		
Purchases	<u>3,392,100</u>	<u>4,897,327</u>

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 USD
Revenue	3,398,640
Purchases	(3,392,100)
Gross profit	<u>6,540</u>
Other income	
GST refund	20
Less: Other operating expenses	
Audit fee	2,500
Accounting fee	2,000
Bank charges	335
Exchange loss - trade	695
Miscellaneous	125
Registered office	213
Secretarial fee	2,240
Service charge	355
Telephone	1,665
Tax fee	800
	<u>(10,928)</u>
Loss before taxation	<u>(4,368)</u>

The above statement does not form part of the audited financial statements of the Company.

PROTEUS PETROCHEMICALS PRIVATE LIMITED

(Incorporated in Singapore. Registration Number: 200606866R)

Fourth Annual Report & Financial Statements for the Year ended 31 December 2010

CONTENTS

Contents	Page No.
General Information	2
Notice	2
Director's Report	3
Statement by Director	3
Independent Auditors' Report	4
Statement of Comprehensive Income	5
Balance Sheet	5
Statement of Changes in Equity	6
Statement of Cash Flows	6
Notes to the Financial Statements	7 -11

GENERAL INFORMATION

DIRECTOR	:	Ashwin Chidambaram Muthiah
COMPANY SECRETARY	:	Cheng Lian Siang
REGISTERED OFFICE	:	3 Phillip Street #18-00 Commerce Point Singapore 048693
INDEPENDENT AUDITORS	:	PricewaterhouseCoopers LLP Public Accountants and Certified Public Accountants Singapore

NOTICE

NOTICE is hereby given that an Annual General Meeting of the Company will be held at 8 Temasek Boulevard, #17-03, Suntec Tower 3, Singapore 038988 on 14 June, 2011 at 10.00 a.m. (SIN Time) for the following purposes:

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December, 2010 together with the Director's Report and the Auditors' Report thereon;
2. To re-appoint Messrs PricewaterhouseCoopers LLP as the Company's Auditors and to authorise the Director to fix their remuneration;
3. To approve the Director's remuneration and expenses, if any; and
4. To transact any other matters appropriate to be transacted at an Annual General Meeting.

By order of the Board

Cheng Lian Siang
Company Secretary

Dated this 30th day of May, 2011

NOTE :

A member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member.

The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time set for the holding of the meeting.

Section 179(3) of the Companies Act, Chapter 50 provides that a Corporation which is a member of the Company may by resolution of its directors, authorised any person to act as its representative at a particular meeting or at all meetings of the Company, and the representative shall be entitled to exercise the same powers on behalf of the Corporation which he represents as the Corporation could exercise if it were an individual member of the Company.

DIRECTOR'S REPORT

The director presents his report to the members together with the audited financial statements for the financial year ended 31 December 2010.

DIRECTOR

The director in office at the date of this report is as follows:

Ashwin Chidambaram Muthiah

ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTOR'S INTERESTS IN SHARES OR DEBENTURES

According to the register of director's shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

DIRECTOR'S CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

Ashwin Chidambaram Muthiah
Director

27 April 2011

STATEMENT BY DIRECTORS

In the opinion of the director,

- (a) the financial statements as set out on pages 5 to 11 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2010 and of the results of the business, changes in equity and cash flows of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Ashwin Chidambaram Muthiah
Director

27 April 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROTEUS PETROCHEMICALS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Proteus Petrochemicals Pte Ltd. set out on pages 5 to 11, which comprise the balance sheet as at 31 December 2010, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's 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 auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management 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.

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 December 2010, and the results, changes in equity and cash flows of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

27 April 2011

PricewaterhouseCoopers LLP
Public Accountants and
Certified Public Accountants
Singapore

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	NOTE	2010 \$'000	2009 \$'000
Other gains	3	49	26
Expenses			
– Depreciation of plant and equipment		15	3
– Exchange gain		(140)	(204)
– Other operating expenses	4	433	733
Total costs and expenses		308	532
Profit/(Loss) before income tax		(259)	(506)
Income tax expense/(gain)	6	–	–
Loss after tax		(259)	(506)
Other comprehensive income		–	–
Total comprehensive loss		(259)	(506)

BALANCE SHEET AS AT 31 DECEMBER 2010

	NOTE	2010 \$'000	2009 (restated) \$'000	2008 (restated) \$'000
ASSETS				
Current assets				
Cash and bank deposits	7	11,378	5,414	183
Trade and other receivables	8	1,281	132	83
Loan to related company		100	100	91
		12,759	5,646	357
Non-current assets				
Property, Plant and Equipment	10	3,418	1,893	644
Deferred Finance Costs		890	890	890
		4,308	2,783	1,534
Total assets		17,067	8,429	1,891
LIABILITIES				
Current liabilities				
Trade and other payables	11	2,579	2,185	1,032
Amount owing to ultimate holding company		46	46	46
Amount owing to immediate holding company	9	71	–	–
Amount owing to related company		11	11	–
Total liabilities		2,707	2,242	1,078
NET ASSETS /(LIABILITIES)		14,360	6,187	813
EQUITY				
Share capital	12	300	300	300
Equity Loan	13	15,925	7,493	1,613
Retained losses		(1,865)	(1,606)	(1,100)
Total equity		14,360	6,187	813

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Share capital \$'000	Equity loans \$'000	Retained earnings /(losses) \$'000	Total Equity \$'000
2010				
Beginning of financial year				
As previously reported	300	7,493	111	7,904
Prior year adjustments	-	-	(1,717)	(1,717)
As restated	<u>300</u>	<u>7,493</u>	<u>(1,606)</u>	<u>6,187</u>
Total comprehensive loss	-	-	(259)	(259)
Injection of additional equity loan	-	<u>8,432</u>	-	<u>8,432</u>
End of financial year	<u><u>300</u></u>	<u><u>15,925</u></u>	<u><u>(1,865)</u></u>	<u><u>14,360</u></u>
2009				
Beginning of financial year				
As previously reported	300	1,613	(96)	1,817
Prior year adjustments	-	-	(1,004)	(1,004)
As restated	<u>300</u>	<u>1,613</u>	<u>(1,100)</u>	<u>(813)</u>
Total comprehensive profit as previously stated	-	-	207	207
Prior year adjustments	-	-	(713)	(713)
Total comprehensive loss as restated	-	-	(506)	(506)
Injection of additional equity loan	-	<u>5,880</u>	-	<u>5,880</u>
End of financial year	<u><u>300</u></u>	<u><u>7,493</u></u>	<u><u>(1,606)</u></u>	<u><u>6,187</u></u>

STATEMENT OF CASH FLOW FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	2010 \$'000	2009 \$'000
Cash flows from operating activities		
Loss after tax	(259)	(506)
Adjustments for:		
- Income tax expense	-	-
- Depreciation	15	3
- Interest income	(47)	(18)
	<u>(291)</u>	<u>(521)</u>
Change in working capital		
- Trade and other receivables	(1,149)	(49)
- Trade and other payables	394	1,153
Cash generated from operations	<u>(755)</u>	<u>1,104</u>
Income tax paid	-	-
Net cash (used in)/provided by operating activities	<u><u>(755)</u></u>	<u><u>1,104</u></u>
Cash flows from investing activities		
Additions to property, plant and equipment	(1,544)	(1,253)
Interest received	51	20
Net cash used in investing activities	<u><u>(1,493)</u></u>	<u><u>(1,233)</u></u>
Cash flows from financing activities		
Equity loan received	8,432	5,880
Advances received from ultimate holding company	-	(9)
Advances from/(to) immediate holding company	71	-
Advance received from related company	-	11
Net cash provided by/(used in) financing activities	<u><u>8,503</u></u>	<u><u>5,882</u></u>
Net increase/(decrease) in cash and cash equivalents	<u><u>5,964</u></u>	<u><u>5,232</u></u>
Cash and cash equivalents at beginning of financial year	5,414	182
Cash and cash equivalents at end of financial year	<u><u>11,378</u></u>	<u><u>5,414</u></u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

The Company is incorporated and domiciled in Singapore. The address of its registered office is 8 Cross Street, #10-00 PwC Building, Singapore.

The principal activity of the Company is to establish and operate a normal paraffin (NP) plant. There have been no significant changes in the nature of these activities during the financial year. The company has not commenced operations. Physical construction of the plant is expected to commence in year 2011 with an expected date of completion of March 2013 and expected costs to complete of US\$165million.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Interpretations and amendments to published standards effective in 2010

On 1 January 2010, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.3 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Computers	3 years

No depreciation is provided on construction in progress.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.4 Deferred Finance Costs

Costs incurred which can be directly attributable to the finance facility secured are deferred as transaction costs and will be included in the carrying amount of borrowings when drawn down.

2.5 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.6 Borrowings

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction of assets. The borrowing costs incurred during the construction period are capitalised in the cost of the asset under construction by applying a capitalisation rate to construction expenditures.

2.7 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.8 Currency translation

The financial statements are presented in United States Dollars, which is the functional currency of the Company.

The functional and presentation currency has been changed from Singapore Dollars to United States Dollars with effect from 1 January 2010.

The comparative income statement balances previously reporting in Singapore Dollars were converted using the average exchange rate between Singapore Dollars and United States Dollars for the period 1 January 2009 to 31 December 2009. The comparative balance sheet balances previously reported in Singapore Dollars were converted using the exchange rate between Singapore Dollars and United States Dollars as at 31 December 2009.

Transactions in a currency other than United States Dollars ("foreign currency") are translated into United States Dollars using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

3. OTHER GAINS

	2010	2009
	\$'000	\$'000
Interest income	48	18
Government Grants - Job credit scheme	1	8
	<u>49</u>	<u>26</u>

4. OTHER OPERATING EXPENSES

	2010	2009
	\$'000	\$'000
Employee compensation (Note 5)	272	225
Rental	96	363
Professional fees	3	128
Telephone	7	7
Other expenses	55	10
	<u>433</u>	<u>733</u>

5. EMPLOYEE COMPENSATION

	2010	2009
	\$'000	\$'000
Wages and salaries	260	211
Employer's contribution to Central Provident Fund	7	9
Group Insurance	5	5
	<u>272</u>	<u>225</u>

6. INCOME TAXES

(a) Income tax expense

	2010	2009
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	-	-
- Deferred income tax	-	-
	<u>-</u>	<u>-</u>

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2010	2009
	\$'000	\$'000
Loss before tax	(259)	(506)
Tax calculated at tax rate of 17% (2009: 17%)	(44)	(86)
Effects of:		
- statutory stepped income exemption	-	-
- tax losses not carried forward	44	86
Tax charge	<u>-</u>	<u>-</u>

7. CASH AND BANK DEPOSITS

	2010 \$'000	2009 \$'000
Cash at bank and on hand	730	1,675
Short-term bank deposits	10,648	3,739
	<u>11,378</u>	<u>5,414</u>

8. TRADE AND OTHER RECEIVABLES

	2010 \$'000	2009 \$'000
Interest Receivable	27	2
Deposits and prepayments	1,254	130
Other debtors	-	-
	<u>1,281</u>	<u>132</u>

9. LOAN TO IMMEDIATE HOLDING COMPANY

The loan to the immediate holding corporation is non-trade in nature, unsecured, interest-free and repayable within the next twelve months.

The carrying amount approximates its fair value and is denominated in United States Dollars.

10. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress \$'000	Office equipment \$'000	Total \$'000
2010			
<u>Cost</u>			
Beginning of financial year	1,851	42	1,893
Additions	1,541	3	1,544
Disposals	-	-	-
End of financial year	<u>3,392</u>	<u>45</u>	<u>3,437</u>
<u>Accumulated depreciation</u>			
Beginning of financial year	-	4	4
Depreciation charge	-	15	15
Disposals	-	-	-
End of financial year	<u>-</u>	<u>19</u>	<u>19</u>
Net book value			
End of financial year	<u>3,392</u>	<u>26</u>	<u>3,418</u>
2009			
<u>Cost</u>			
Beginning of financial year	639	5	644
Additions	1,212	41	1,253
Disposals	-	-	-
End of financial year	<u>1,851</u>	<u>46</u>	<u>1,897</u>
<u>Accumulated depreciation</u>			
Beginning of financial year	-	1	1
Depreciation charge	-	3	3
Disposals	-	-	-
End of financial year	<u>-</u>	<u>4</u>	<u>4</u>
Net book value			
End of financial year	<u>1,851</u>	<u>42</u>	<u>1,893</u>

11. TRADE AND OTHER PAYABLES

	2010	2009
	\$'000	\$'000
Trade payables to:		
- Other Creditors	2,562	2,149
Other accruals for operating expenses	17	36
	2,579	2,185

12. SHARE CAPITAL

The Company's share capital comprise fully paid-up 300,000 (2009: 300,000) ordinary shares with no par value, amounting to a total of \$300,000 (2009: \$300,000).

13. EQUITY LOAN

Equity loan represents funding received from the immediate holding company, Certus Investment & Trading Limited. These equity loans will be converted to share capital on completion of closure and drawdown of the finance facility at a ratio of US\$1 of debt to US\$1 of Ordinary Shares. The equity loan is non-interest bearing and has no rights of repayment.

14. COMMITMENTS

Operating lease commitments - where the Company is a lessee

The Company leases land from the Jurong Town Council under non-cancellable operating lease agreements.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2010	2009
	\$'000	\$'000
Not later than one year	925	454
Between one and five years	3,700	3,180
Later than five years	20,350	21,350
	24,975	24,984

15. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the company's financial performance.

(a) Market risk

(i) *Currency risk*

With the change of the functional currency from Singapore Dollars to United States Dollars in 2010, the Company is exposed to minimal currency risk.

(ii) *Interest rate risk*

The Company is exposed to market risk for changes in interest rates with respect to cash and cash equivalents. If the interest rates in relation to the fixed deposits held by the company increase/decrease by 0.5% (2009: 0.5%) with all other variables including tax rate being held constant, the profit after tax would have been higher/lower by \$53,000 (2009: \$19,000) as a result of higher/lower interest income on these deposits.

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are largely cash balances and bank deposits. Bank deposits are maintained with a bank with high credit-ratings assigned by international credit-rating agencies.

(c) Liquidity risk

The Company manages its liquidity risk through a funding arrangement with its immediate holding company.

All liabilities are due within 1 year and the carrying amounts approximate their contractual undiscounted cashflows.

(d) Capital risk

The Company's objectives when managing capital are to ensure that the Company is adequately capitalised and to maintain an optimal capital structure by issuing or redeeming additional equity and debt instruments when necessary.

Proteus Petrochemicals Private Limited

The Board of Director's monitors its capital based on borrowings and total equity. Total capital is calculated as equity plus net debt.

	2010	2009
	\$'000	\$'000
Borrowings	–	–
Total equity	14,360	6,187
Total capital	<u>14,360</u>	<u>6,187</u>

The Company is not subject to any externally imposed capital requirements .

16. IMMEDIATE AND ULTIMATE HOLDING CORPORATION

The Company's immediate holding corporation is Certus Investment & Trading Limited, incorporated in the Republic of Mauritius. The ultimate holding corporation is Tamilnadu Petroproducts Limited, incorporated in India.

17. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

	2010	2009
	\$'000	\$'000
Construction in progress paid by ultimate holding company	–	46
Construction in progress paid by immediate holding company	71	–
Advance from immediate holding corporation	<u>8,432</u>	<u>5,880</u>

Balances with related parties at the balance sheet date are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 9.

18. RESTATEMENT OF PRIOR YEAR RESULTS

The following restatements have been made to the prior year's financial statements.

	2009	2008
	(restated)	(restated)
	\$'000	\$'000
ASSETS		
Deferred finance costs	890	890
Property, Plant and Equipment	1,893	644
LIABILITIES		
Trade and other payables	2,185	1,032

19. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Proteus Petrochemicals Pte Ltd. on 27 April 2011 .



SPIC ELECTRIC POWER CORPORATION PRIVATE LIMITED

(A Subsidiary of Tamilnadu Petroproducts Limited)

SIXTEENTH ANNUAL REPORT

2010-2011

CONTENTS

Contents	Page No.
Board of Directors	2
Notice	3
Directors' Report	4
Auditors' Report	6
Balance Sheet	8
Schedules	9
Notes to the Financial Statements	11
Information pursuant to Part-IV of Schedule VI of the Companies Act, 1956	14

BOARD OF DIRECTORS : **RM. Muthukaruppan**
Director

R. Soundararajan
Director

V. Ramani
Director

N.K. Rawal
Director

L.P. Sashikumar
Director

REGISTERED OFFICE : "TPL House"
3, Cenotaph Road
Teynampet
Chennai-600 018.

AUDITORS : Messrs. Raman Associate
Chartered Accountants
1st Floor, R.E. Apartments,
No. 70 (Old No. 64)
Arya Gowda Road,
West Mambalam,
Chennai-600 033.

BANKERS : State Bank of India (Teynampet Branch)
594, Anna Salai,
Teynampet,
Chennai-600 018.

NOTICE FOR THE 16TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 16th Annual General Meeting of the Members of SPIC Electric Power Corporation Private Limited will be held at 10.25 A.M. on Monday, the 26th September 2011 at the Registered Office of the Company at "TPL House", 3 Cenotaph Road, Teynampet, Chennai – 600 018.

ORDINARY BUSINESS

1. To receive and adopt the Audited Balance Sheet of the Company as at 31st March 2011 and statement of accounts for the year ended 31st March 2011 and reports of Directors and Auditors thereon.
2. To appoint a Director in the place of Thiru R. Soundararajan who retires by rotation and being eligible offers himself for re-election.
3. To consider and if thought fit to pass with or without modifications, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT M/s. Raman Associate, Chartered Accountants the retiring Auditors be and are hereby re-appointed as Statutory Auditors of the Company to hold office until the conclusion of the Seventeenth Annual General Meeting of the Company on a remuneration of ₹ 35,000/- (Rupees Thirty five thousand only) plus reimbursement of out-of-pocket expenses and levies such as service tax etc., in connection with the Audit of Accounts of the Company.

SPECIAL BUSINESS

4. To consider and if thought fit to pass with or without modifications, the following Resolution as an Ordinary Resolution:
"RESOLVED THAT Thiru Naresh Kumar Rawal be and is hereby appointed as Director of the Company, liable to retirement by rotation."

By order of the Board
For SPIC Electric Power Corporation (Private) Limited

R. SOUNDARARAJAN
DIRECTOR

Registered Office:
"TPL House",
3, Cenotaph Road
Chennai – 600 018.

5th September, 2011

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and on a poll to vote instead of himself and a proxy need not be a member of the Company. A Member unable to attend may appoint another person (whether a Member or not) as his proxy in the enclosed form. The instrument appointing the proxy shall be deposited at the principal office of the Company not less than forty-eight hours before the time for holding the Meeting, in default, the instrument of proxy shall not be treated as valid.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Resolution set out against Item No. 4 of the Notice is annexed hereto.
3. All the documents referred to in this Notice including the Memorandum and Articles of Association of the Company will be open for inspection by any Member during the Company's business hours on any working day of the Company upto the date of the Meeting.

Explanatory Statement to the Notice pursuant to Section 173 (2) of the Companies Act, 1956

Item No. 4

In accordance with the Shareholders and Share Subscription Agreement (SSA) dated 28th May 2009 between the Company, M/s. Tamilnadu Petroproducts Limited and M/s. Goldstone Exports Limited [presently known as M/s. Trinity Infraventures Ltd. (TIL)], TIL has nominated Thiru Naresh Kumar Rawal for appointment as Director of the Company under Section 260 of the Companies Act, 1956 (the Act). Thiru Naresh Kumar Rawal who was appointed on 1st March 2011 shall hold office upto the date of the 16th Annual General Meeting. The Company has received a notice under Section 257 of the Act from TIL alongwith a deposit of ₹ 500/- proposing Thiru Naresh Kumar Rawal for appointment as Director liable to retirement by rotation. Hence, the proposed resolution.

None of the Directors except Tvl. Naresh Kumar Rawal and L.P. Sashikumar is interested in the resolution.

By order of the Board
For SPIC Electric Power Corporation (Private) Limited

R. SOUNDARARAJAN
DIRECTOR

Chennai – 600 018
5th September, 2011

DIRECTORS' REPORT

To
The Members

Your Directors wish to present the Sixteenth Annual Report on the operations of your Company and the audited Accounts for the year ended 31st March 2011.

Power Scenario in Tamilnadu

The Demand for electrical energy continues to outstrip the supply. The gap between supply and demand in Tamilnadu had galloped in the recent years owing to lack of capacity additions in the recent past. This has led to introduction of power cuts for Industrial units and Commercial establishments and additional service load restrictions during lighting peak hours for all of them. In addition there are scheduled load shedding and unscheduled black outs through out the grid. The restricted energy demand is continuing to grow at the rate of about 15% Compound Annual Growth Rate. The State of Tamil Nadu is presently buying power from far away states like J & K, Himachal Pradesh, Delhi etc leading to very high transmission loss. In addition TNEB is resorting to spot buying from power exchanges at exorbitant price.

As per the National Electricity Policy of Government of India, development of Coastal Imported Coal Based power stations are envisaged to meet the capacity addition requirement of the country. The long coastal line of the state facilitates development of imported coal based power plants using seawater as main water resource for both cooling and plant water supply and in line with the National Electricity Policy. In line with this scenario, the state is encouraging private thermal power generation along the long coast of the state and the project developed by your company becomes more relevant.

Project Status

The company has been pursuing with various agencies for moving forward on the project. During the year, Tuticorin Port Trust have communicated to the Company that the Ministry of Shipping / Government of India have approved the proposal of allocation of alternate land for locating SEPC Project. The alternate land is located within TPOT estate and is adjacent to earlier allocation. We have subsequently discussed with TPT and paid the outstanding due to TPT. We are now finalizing the Land Lease Agreement with TPT. Once Land Lease Agreement is executed, we would withdraw the pending arbitration proceedings with TPT and then take the physical possession of the alternate land.

Subsequent to TNEB (presently Tamilnadu Generation and Distribution Corporation Limited or TANGEDCO) expressing its desire that 1X525 MW Tuticorin Thermal Power Project Stage IV should be set up by SEPC early to meet the power requirement of the state, the Company approached the Honourable Tamilnadu Electricity regulatory Commission (TNERC) for suitable direction for implementation of the project. The hearing has been concluded and the orders have been passed subsequently. It may be noted that during the hearing, TANGEDCO have supported the project for implementation and have also furnished their written counter affidavit and comprehensive counter affidavit to stand by the Power Purchase Agreement dated 12th February 1998 signed with the Company.

The Company approached the Ministry of Environment and Forests (MOEF) for grant of Environmental Clearance (EC) to the project to be located at alternate land through transfer of EC Process from TNEB and accordingly obtained the Environment Clearance on 3rd November 2010 including the required amendments on 15th February 2011.

The Company engaged the services for M/s. Fichtner Consulting Engineers (India) Pvt Ltd as the technical consultant. The Consultant submitted their final Detailed Project Report and subsequently are involved in the finalization of the EPC Contract. They have already submitted the draft specifications of equipments and draft terms and conditions of the EPC Contract. We are now awaiting the formal order from TNERC for continuing our efforts for the finalization of EPC Contract.

The Company in 1998 have entered into a Coal Supply Agreement (CSA) with RTCA and in 2010 – 2011, commenced the discussion towards reviving the CSA. The company had several rounds of discussions with RTCA and RT India and the changes to be made to the earlier CSA have been brought down considerably. The pending points such as Liquidated Damages, Penalties, Contracting Party, Guarantee, Termination payments would be firmed up in due course.

The Company submitted its application seeking Financial Assistance of Debt to M/s. Power Finance Corporation Limited (PFC) – A Wholly owned Government of India undertaking under Ministry of Power during May 2010. M/s. PFC have taken up entity appraisal. However, for want of additional details such as TNERC direction, Equipment finalization and CSA confirmation, substantial progress has not been made in the Financial Appraisal of the project for debt financing.

Initially the Principal Chief Conservator of Forests (PCCF) did not consider our request for grant of NOC for establishing our project at alternate site. However, TANGEDCO have obtained NOC in 2007 for the same site. In view of the same, TANGEDCO agreed to transfer its clearance obtained in 2007 to the Company and accordingly intimated PCCF for the said transfer of NOC.

The Company also issued the Tender for finalization for supply of Secondary Fuel Oil. The tender has been issued to all the public and private sector oil companies. We would be receiving the Bids and then finalise the Fuel Oil Supply Agreement with the selected supplier.

In the coming year, the company is continuing with its efforts so that project work can commence.

Partners

In continuation of the Shareholders and Share Subscription Agreement (SSA) executed with Tamilnadu Petroproducts Limited (TPL) and Trinity Infraventures Limited (TIL), TIL continues to meet the complete current expenses of the Company. TIL have so far contributed in aggregate an amount of ₹ 1191.455 Lakhs as on 31.3.2011. Against this amount, 1,19,14,550 equity shares of ₹ 10/- each at par in aggregate amounting to ₹ 11,91,45,500 has been allotted to TIL's nominee M/s Goldstone Power Private Limited.

Financing & Escrow

Indian Financial Institutions led by Industrial Development Bank of India have completed the appraisal of the project. They have laid down Escrow allocation as a pre-condition for their commitment. The Company has complied with all the conditions stipulated by TNEB for allocation of Escrow.

Shifting of Registered Office

As your Company is having all the Project related records in TPL House and are carrying out the activities there-from, the Registered Office of the Company was shifted from "SPIC House", 88, Mount Road, Guindy, Chennai – 600 032 to "TPL House", 3 Cenotaph Road, Teynampet, Chennai – 600 018 with effect from 1st March 2011.

Directors

The Board of Directors on 1st March 2011 had appointed Mr. Naresh Kumar Rawal as Director of the Company representing TIL. The term of Mr. Naresh Kumar Rawal shall be upto the date of 16th Annual General Meeting. Notice in writing has been received from TIL proposing his candidature for appointment of Director of the Company.

In accordance with the provisions of the Companies Act, 1956 Mr.R. Soundararajan, Director retires by rotation and is eligible for re-appointment.

Audit Committee

Your Company has an Audit Committee of the Board of Directors, the composition, role, functions, and powers of which are in accordance with the requirement of the Companies Act, 1956. The Committee consists of Mr. R. Soundararajan, Mr. V. Ramani and Mr. L.P. Sashikumar as Members.

Directors' Responsibility Statement

In compliance with the provisions of section 217 (2AA) of the Companies act, 1956 (the Act), your Directors hereby confirm that:-

- (i) in preparing the Annual Accounts for the year ended 31st March 2011 all the applicable accounting standards have been followed.
- (ii) accounting policies were adopted and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2011.
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/detecting fraud and irregularities have been taken, and
- (iv) the Annual Accounts have been prepared on a "going concern" basis.

Auditors

M/s. Raman Associate, Chartered Accountants, Chennai appointed as Statutory Auditors at the 15th Annual General Meeting held on 23rd August 2010 retire at the conclusion of the 16th Annual General Meeting and are eligible for re-appointment.

Particulars of Employees

During the year, no employee of your Company was in receipt of remuneration exceeding the sum prescribed under Section 217 (2A) of the Companies Act, 1956. Hence, furnishing of particulars under the Companies (Particulars of Employees) Rules, 1975 does not arise.

Conservation of Energy, Technology Absorption

Disclosure of these particulars is not applicable at this stage.

Foreign Exchange Earnings & Outgo

Earnings	:	NIL
Outgo	:	NIL

Acknowledgement

Your Directors would like to express their thanks for the continued assistance and co-operation received from the Government of India, Government of Tamilnadu, Tamilnadu Electricity Board, V.O. Chidambaranar Port Trust, Ministry of Environment and Forest, Central Electricity Authority, Electricity Regulatory Commissions, Reserve Bank of India, Financial Institutions & Banks.

Your Directors acknowledge the excellent support extended by Promoters namely M/s. Tamilnadu Petroproducts Limited and M/s. Trinity Infraventures Ltd.

Your Directors would also like to thank all the employees of the Company for continuing their unstinted support and dedication.

For and on behalf of the Board of Directors

Place : Chennai
Date : 5th September 2011

R. Soundararajan L.P. Sashikumar
Director Director

AUDIT REPORT TO THE MEMBERS OF SPIC ELECTRIC POWER CORPORATION (PRIVATE) LIMITED

We have audited the attached Balance Sheet of M/s. SPIC Electric Power Corporation (Private) Limited, as at 31st March 2011 and also the annexed Statement of Incidental Expenditure pending Capitalisation / Allocation of the Expenditure for the year ended on that date. The financial statements are responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit .

We conducted our audit in the accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes (a) Examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statement (b) Assessing the accounting principles used in the preparation of financial statements (c) Assessing significant estimates made by the management in the preparation of the financial statements and (d) Evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order .

Further to our comments in the Annexure referred to in paragraph (3) above, we report that:

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of audit;
- (b) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of the books of the Company;
- (c) The Balance Sheet and Statement of Incidental Expenditure pending Capitalisation / Allocation of the Expenditure referred to in this report are in agreement with the books of account of the Company;
- (d) In our opinion, the accounts comply with the accounting standards referred to in subsection 3C of Section 211 of the Companies Act, 1956;
- (e) On the basis of written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as director u/s. 274(1)(g) of the Companies Act, 1956;
- (f) The Company is not covered under section 441 A of the Companies Act, 1956 with regard to payment of cess;
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Statement of Incidental Expenditure pending Capitalisation / Allocation of the Expenditure, together with other notes thereon, give the information required by the Companies Act, 1956 and subject to Note No. B [6] of Notes to Financial Statements, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India : -
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011 and
 - (ii) In so far as it relates to the Statement of Incidental Expenditure pending Capitalisation / Allocation of the Expenditure incurred during the year ended on that date.

For Raman Associates
Chartered Accountants
FR No. 002910S

G. Vasudevan
Partner
M.No.020739

Place : Chennai
Date : 20th April 2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE REPORT OF EVEN DATE OF THE AUDITORS TO THE MEMBERS OF SPIC ELECTRIC POWER CORPORATION (PRIVATE) LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

Fixed Assets

- (i) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. The company has a programme of physical verification of fixed assets in a phased manner over two years. In our opinion, the programme is reasonable, having regard to the size of the company and nature of its assets. In accordance with the programme, the management during the year has physically verified certain fixed assets and no material discrepancies have noticed on such verification.

Inventory and its physical verification

- (ii) There was no stock of inventory as at 31st March 2011.

Loans granted / taken from related Companies

- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act.

Internal Control

- (iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. In our opinion, there is no continuing failure to correct major weaknesses in internal control.

Transactions with parties' u/s. 301

- (v) There were no transactions exceeding the value of five lakh rupees in the financial year in respect of any party.

Public Deposits

- (vi) The Company has not accepted deposits from the public during the year.

Internal Audit

- (vii) The Company has an internal audit system commensurate with the size and nature of its business.

Cost Records

- (viii) The Central Government has not prescribed the maintenance of cost records by the Company under section 209(1) (d) of the Companies Act, 1956 for any of its products.

Statutory Dues

- (ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund and Income tax.
(b) According to the information and explanations given to us, the due of Sales Tax, Income Tax, Wealth Tax, Customs Duty, Excise Duty and Cess and other statutory dues, details of dispute is furnished in Note Number B (5) to the Notes on Accounts.

Sick Company

- (x) The Company has no accumulated losses. As such, the company is not a Sick Company within the meaning of clause (0) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

Default in dues to Bank / Financial Institutions / Debenture holders

- (xi) The Company has not taken any loan from bank or from any other financial institutions.

Loans and advances made by the Company

- (xii) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Nidhi / Mutual Benefit Fund / Chit Funds

- (xiii) The Company is not a chit fund, nidhi or mutual benefit fund /society.

Record of Shares, Securities

- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.

Guarantees given by the Company

- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.

Term Loans and Short-term funds taken

- (xvi) No term loans were taken during the year.
(xvii) No funds were raised during the year to confirm that the funds raised on long-term basis have not been used for short-term investment.

Preferential allotment of shares

- (xiii) The Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Act.

Debenture Security

- (xix) No Securities have been created in respect of debentures as no Debentures have been issued by the Company.

Disclosure of end use of funds raised in public issues

- (xx) The Company has not raised any equity during the year and as such the question of disclosure of end use of such money raised does not arise.

Frauds noticed

- (xxi) During the checks carried out by us and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under review.

For Raman Associate
Chartered Accountants
FR No. 002910S
G. Vasudevan
Patner
M. No. 020739

Place : Chennai
Date : 20th April 2011

BALANCE SHEET AS AT 31ST MARCH 2011

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	Schedule	As at 31.03.2011	As at 31.3.2010
SOURCE OF FUNDS			
Shareholders' funds			
Share Capital	1	4,00,596	2,96,550
Advance towards share capital	2	1,03,715	1,03,760
		<u>5,04,311</u>	<u>4,00,311</u>
APPLICATION OF FUNDS			
Fixed assets			
Original cost	3	5,695	5,525
Less : Depreciation		3,718	3,925
Net book value		<u>1,977</u>	1,600
Capital work in progress		38,520	38,244
		<u>40,497</u>	39,845
Incidental expenditure during construction period pending allocation	4	4,61,965	4,87,746
Current assets, loans and advances			
Cash and Bank balances	5	1,919	1,949
Loans and advances	6	3,939	12,001
		<u>5,858</u>	<u>13,950</u>
Less : Current liabilities and provisions			
Current liabilities	7	4,358	1,41,547
Provision	8	—	32
		<u>4,358</u>	<u>1,41,579</u>
Net current assets		1,500	(1,27,629)
Miscellaneous expenditure (To the extent not written off or adjusted)			
Preliminary expenses		349	349
		<u>5,04,311</u>	<u>4,00,311</u>
Notes to the financial statements	9		

The schedules referred to above form an integral part of the financial statements

This is the balance sheet referred to in our report.
For M/s. Raman Associate
Chartered Accountants

G. Vasudevan
Partner

Place : Chennai
Date : 20th April 2011

For and on behalf of the Board

R. Soundararajan
Director

V. Ramani
Director

Place : Chennai
Date : 12th April 2011

RM. Muthukaruppan
Director

N.K. Rawal
Director

SCHEDULES TO BALANCE SHEET

(Rs. in 000's)

	As at March 31, 2011	As at March 31, 2010
1. SHARE CAPITAL		
Authorised (100,000,000 equity shares of Rs. 10 each)	10,00,000	10,00,000
Issued, subscribed and paid-up (40059595 equity shares of Rs. 10 each)	4,00,596	2,96,550
	<u>4,00,596</u>	<u>2,96,550</u>
2. ADVANCE TOWARDS SHARE CAPITAL		
Tamilnadu Petroproducts Limited	3,391	3,391
Others	1,00,324	1,00,324
Trinity Infraventures Limited	-	46
	<u>1,03,715</u>	<u>1,03,760</u>
3. Schedule of fixed assets is set out in the following sheet		
4. Schedule of Expenditure during construction period pending allocation is set out in the following sheet	4,61,965	4,87,746
5. CASH AND BANK BALANCES		
Cash in hand	9	10
Bank balances with scheduled banks in current accounts	1,910.57	1,939.17
in deposit account	-	-
	<u>1,911</u>	<u>1,939</u>
	<u>1,919</u>	<u>1,949</u>
6. LOANS AND ADVANCES		
Unsecured, considered recoverable		
Prepaid expenses	-	8
IT Refund due	4	1
Advance rent	751	11,784
Other advance	3,184	208
	<u>3,939</u>	<u>12,001</u>
7. CURRENT LIABILITY		
Sundry creditors	2,575	3,002
Other liabilities	1,784	1,38,545
	<u>4,358</u>	<u>1,41,547</u>
8. PROVISIONS		
Provision for taxation (net of advance tax)	-	-
Leave encashment	-	32
	<u>-</u>	<u>32</u>

3. FIXED ASSETS

(Rs. In 000's)

Categories	ORIGINAL COST			As at 31.3.2011	DEPRECIATION			NET BOOK VALUE		
	As at 1.04.2010	Additions for the year	Deletions for the year		As at 1.4.2010	Charge for the year	Deletion for the year	As at 31.3.2011	As at 31.3.2011	As at 31.3.2010
Land	1,499	-	-	1,499	-	-	-	-	1,499	1,499
Office equipment	2,474	111	-	2,586	2,401	37	190	2,248	338	73
Furnitures and fitting	1,552	59	-	1,610	1,523	100	153	1,470	140	28
	5,525	170	-	5,695	3,925	136	343	3,718	1,977	1,600
Capital work in progress (including capital advances)	-	-	-	-	-	-	-	-	38,520	38,244
Total	5,525	170	-	5,695	3,925	136	343	3,718	40,497	39,845
Previous Year	5,650	44	169	5,525	3,986	28	89	3,925	39,845	35,469

SCHEDULES TO BALANCE SHEET

(All amounts are in thousand Indian Rupees, unless otherwise stated)

	As at March 31, 2011	During the Year	As at March 31, 2010
4. INCIDENTAL EXPENDITURE DURING CONSTRUCTION PERIOD PENDING ALLOCATION			
Payment to and provision for employees			
Salaries and allowance	50,059	1,593	48,467
Contribution to provident and other funds	3,631	17	3,613
Staff welfare	5,385	23	5,363
	<u>59,075</u>	1,632	57,443
Repairs and maintenance - general	3,918	22	3,896
Land Lease Rent	1,26,177	(42,350)	1,68,527
Rent rates and taxes	13,980	397	13,583
Professional fees	1,61,801	33	1,61,768
Travel	27,522	366	27,157
Directors Sitting fees	940	75	865
Miscellaneous Expenditure	59,101	14,251	44,850
Depreciation	14,475	(207)	14,682
Loss on sale of asset	348	-	348
Reversal of expenses payable	(961)	-	(961)
	<u>4,66,376</u>	<u>(25,781)</u>	<u>4,92,157</u>
Less : Income			
Interest on deposits	(4,411)	-	-
(Tax deducted on above Rs. 0.00 thousands, previous year Rs. 0.00 thousands)			
	<u>4,61,965</u>	<u>(25,781)</u>	<u>4,87,746</u>

9. Notes to Financial Statements

A Accounting Policies

The financial statements have been prepared under the historical cost convention in accordance with Indian Generally Accepted Accounting Principles and materially comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Indian Companies Act, 1956.

1. Disclosure of Accounting Policies

The Accounts of the Company are prepared in accrual basis in accordance with normally accepted accounting policies.

2. Depreciation Accounting

Depreciation was hitherto being provided on Written Down Value method (WDV) on prorata basis at the rates prescribed by the management. The Company has decided to provide Depreciation on Straight Line Method (SLM) at the rates and in the manner Specified under Schedule XIV of the Companies Act, 1956 from the financial year 2010-2011.

The Company reworked the Depreciation on SLM basis from the date of inception and upto 31.03.2011. The effect of such reworking has resulted in decrease of Rs. 3,42,812 in both the "Depreciation Reserve" account and the "Incidental expenditure during construction" pending allocation' account.

3. Revenue Recognition

Income and Expenditure are accounted on accrual basis as stated above.

4. Accounting for Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. The cost of a fixed asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use.

5. Accounting for Investments

The Company's policy is to value Investments at cost, which includes interest on borrowing, upfront fees brokerage, etc. Provision for diminution in value is made only if such a decline is other than temporary in the opinion of the management. However, the Company has not made any investments during the year under review.

6. Accounting for retirement benefits

The provident fund is a defined contribution plan for which the contribution accruing during each month as per the scheme is expensed. The gratuity scheme is a defined benefit plan, which has been funded by an annual contribution based on actuarial valuation by the Life Insurance Corporation of India.

7. Related party disclosure

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is required to be made and no amounts have been written off or written back during the year in respect of debts due from or to related parties. There are no other related parties where control exists that need to be disclosed.

Related Party Disclosure under Accounting Standard - 18

(i) The list of related parties as identified by the Company are as under

Promoters	1. M/s. Tamilnadu Petroproducts Limited (TPL)
	2. M/s. Trinity Infraventures Limited (TIL) (Formerly M/s. Goldstone Exports Limited)
Others	1. M/s. Goldstone Power Private Limited (GPPL)

(ii) The following transactions were carried out with the Related Parties:

Promoters	(Rupees 000's)	
Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Advance towards Share Capital		
1. M/s. TPL	3391.00	3391.00
2. M/s. TIL	—	45.45

8. Accounting for taxes on income

Current tax is determined in accordance with the provisions of the Income Tax Act, 1961, as the amount of tax payable to the taxation authorities in respect of taxable income for the year.

Deferred tax is accounted for under the liability method, subject to the consideration of prudence for deferred tax assets, at the current rate of tax, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent years.

9. Contingent Liabilities

All liabilities have been provided for in the accounts except liabilities of a contingent in nature, which have been disclosed at their estimated values in the Notes to the Accounts.

B Balance Sheet

1. Expenditure during construction period

The Company has not commenced commercial operation during the year. Hence no Profit & Loss Account has been prepared. All expenditure incurred prior to commercial operations has been classified as Expenditure during construction period pending allocation and disclosed as a separate component of the Balance Sheet. The expenditure is to be allocated between capital and revenue in accordance with the treatment prescribed by the guidance note on Treatment of Expenditure during Construction Period issued by the Institute of Chartered Accountants of India upon commencement of commercial operations.

2. Preliminary Expenses

The Company intends to write off the preliminary expenses over a period of 5 years on commencement of commercial operations.

3. The details of Managerial Remuneration paid to Whole-time Director is as follows:

(Rs. in '000's)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Salaries and Allowances	Nil	421.55
Perquisites	Nil	97.33
TOTAL	Nil	518.88

4. Details of Auditors' Remuneration:

(Rs. in '000's)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Fees for Statutory Audit (including Service Tax)	33.09	22.06

5. A disputed claim of Rs 1,86,546/- is pending payable to the Regional Provident Fund Commissioner (RPFC), Chennai towards interest and damages against belated payments made in the earlier years. Against the writ petition filed by the Company on 5th December 2005, the Madras High Court in its order dated 27th October 2006 has directed the RPFC, Chennai to pass final orders after giving an opportunity to the Company for personal hearing. The Company have also written a letter dated December 02, 2010 to the RPFC, Chennai informing that the above amount is not payable by the Company by furnishing all related information.

6. Contingent Liability

M/s. Tuticorin Port Trust (Now renamed as VO Chidambaranar Port Trust or VOCPT) have earlier allotted land on lease to the extent of 36.81 hectares to the Company in 1999 for locating the Company's Project. The Company has taken over the land after payment of stipulated premium and rental advances. However, the Project implementation has been delayed due to reasons beyond the control of the Company. In the meanwhile, VOCPT cancelled the allotment of land in 2003.

The Company filed a petition against VOCPT before the Madras High Court to appoint an Arbitrator. The Hon'ble High Court of Madras on accepting the Company's contention that there exists a dispute, passed orders on 18th July 2008 appointing Mr. Justice K.P.Sivasubramaniam as sole Arbitrator to settle the dispute that has arisen between the Company and VOCPT. The Sole Arbitrator had commenced the Arbitral proceedings and the same is in progress.

In the meantime, the Parties to the dispute namely, the Company and VOCPT accepted for resolving the issue amicably and hence the arbitration proceedings were put on hold. In continuation of the efforts made in resolving the land issue by mutual discussions, VOCPT after obtaining approval from Ministry of Shipping, Government of India, allocated alternate land to the Company for locating the Project in 2010. The alternate land is adjacent to earlier allocation in 1999 and located within VOCPT estate. Subsequently, the Company has obtained various site specific approvals required for locating the project in alternate land and accordingly paid the outstanding due to VOCPT for taking physical possession of the alternate land. The alternate land would be taken over and occupied by us shortly after executing the Land Lease Agreement with VOCPT.

The Company has earlier provided a sum of Rs 4,16,37,246/- representing lease rentals together with other charges up to 31st March 2010 as calculated by VOCPT, as contingent Liability. In view of the settlement of dues to VOCPT based on 15% interest against 18% demanded by VOCPT, a contingent liability of Rs 1,58,48,100/- towards the 3% interest difference is provided.

C General

1. 525 MW Tuticorin Power Project

(i) The Company is engaged in the development of Tuticorin Thermal Power Project Stage IV 1 X 525 MW at Tuticorin (Project), Tamilnadu. The Company has obtained required statutory and non-statutory clearances for establishment of the Project including the Techno-Economic Clearance (TEC) from the Central Electricity Authority (CEA), No Objection Certificate from Aviation Authority of India for the Chimney height at the alternate land, Environmental Clearance from the Ministry from the Environment & Forest (MoEF) for the project to be located at the alternate land. TNEB (presently Tamilnadu Generation and Distribution Corporation

Limited or TANGEDCO) has earlier informed that TANGEDCO is desirous that the Project be set up by the Company early. The Company subsequently, approached the Honourable Tamilnadu Electricity Regulatory Commission (TNERC) for a suitable direction for implementation of the project. The hearing has been concluded and the order of the Honourable TNERC is expected during April 2011. It may be noted that during the hearing, TANGEDCO have supported the project for implementation and have also furnished their written affidavit that TANGEDCO would stand by the terms contained in the Power Purchase Agreement dated 12.2.1998 signed with the Company.

- (ii) In continuation of the Shareholders and Share Subscription Agreement (SSA) executed with Tamilnadu Petroproducts Limited (TPL) and Trinity Infraventures Limited (TIL), TIL continues to meet the complete current expenses of the Company. TIL have so far contributed in aggregate an amount of Rs. 1191.455 Lakhs as on 31.3.2011. Against this amount, 1,19,14,550 equity shares of Rs 10/- each at par cumulating to Rs 11,91,45,500/- has been allotted to TIL's nominee M/s Goldstone Power Private Limited.

2. Provisions and Reversals

- (i) The Company has provided for Service Tax at 10.3% on Lease Rent of Rs.1,49,48,743 for the financial year 2010-2011 amounting to Rs 15,39,720/- even though the Service tax on Rent is under Dispute.
- (ii) Due to the change in the depreciation working based on Straight Line Method, there is a reduction of Rs 2,06,730/- in Depreciation reserve account and Incidental expenditure pending allocation account.
- (iii) There is a reduction in expenses due to reversal of Rs 4,38,89,847/- (Excess provision of Rs 5,88,38,590/- MINUS current year (2010 - 2011) lease of Rs 1,49,48,743/-).
- (iv) Loans and advances have been reduced by Rs 1,10,33,676/- due to the adjustment of Lease Rent Advance in our account by VOCPT against outstanding amount due to them as on 05/05/2003.

3. None of the employees were in receipt of remuneration in excess of the amount prescribed in Section 217(2A) of the Companies Act, 1956.

4. Other items not specifically mentioned above are done as per the generally accepted accounting policies.

5. Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year's classification.

6. Figures have been rounded off to the nearest thousands of rupees.

For M/s. Raman Associate
Chartered Accountants

G. Vasudevan
Partner

Place : Chennai
Date : 20th April 2011

For and on behalf of the Board of Directors

R. Soundararajan
Director

RM. Muthukaruppan
Director

V. Ramani
Director

N.K. Rawal
Director

Place : Chennai
Date : 12th April 2011

