

# **Deuxmil Marine Plc**

**Report and Accounts for the year ended 31 December 2006**

# **Deuxmil Marine Plc**

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# Deuxmil Marine Plc

## Chairman's Statement

### HIGHLIGHTS

The main highlights of our performance are:

- **Turnover** up by 16.6% to £12,903,451 (full year 2005: £11,068,368)
- **Gross Profit** up by 25.4% to £ 661,592 (full year 2005: £527,592)
- **Fuel tonnage sold** up by 5.8% to 27,366 (full year 2005: 25,855)
- **Number of yachts fuelled** up by 18.3% to 271 (full year 2005: 229)

### Results

I am pleased to be able to report the Group's first set of full year figures since the Group's admission to AIM in September 2006. Generally I am extremely encouraged by the performance of the Group for the year ended 31 December 2006, especially as overheads have increased as we put into place the foundations for growth for the next few years. Moreover, the Group continues to be debt-free with a positive cash-flow.

The increase in turnover was achieved despite a weak dollar against the pound, moving from \$1.72 at the beginning of 2006 to \$1.96 at year-end. However, the Group has a limited exposure to exchange rate fluctuations as it buys and sells in the same currency.

I am also pleased to report that the first quarter of 2007 has been very encouraging and represents a marked improvement over the same period in 2006.

### Outlook

We continue to be one of the world's largest suppliers of fuel to the privately-owned superyacht marketplace, with deliveries in 167 ports worldwide during 2006. Even though the marketplace within which the Group operates has grown some 500% in the last 10 years, and there are some 7,500 metres of superyachts on order at approximately \$1 million per metre, this is still a young marketplace.<sup>1</sup>

With boat yard order books full for the next 5 years, newer and bigger marinas being built around the world, moorings being sold at record levels, and custom-built yachts getting bigger each year, the Board feels very positive about the organic growth prospects for the Group.

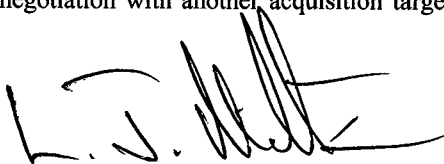
In addition, and as highlighted in my last statement, the Board has actively pursued an acquisition strategy that will fulfil our stated aim of becoming a market consolidator.

As a result of this strategy I am delighted to announce that in April 2007 the Group acquired Yacht Help Group Mallorca S.L. and Yacht Help Group (Gibraltar) Limited, (collectively YHG), for a total consideration of approximately £750,000, satisfied by £450,000 cash and £300,000 in shares. Furthermore, in May 2007 the Group acquired BA Yachts Assistance S.L., another Mallorca based company, for a total consideration of approximately £450,000, satisfied by £300,000 cash and up to £150,000 shares over the next two years dependant on performance. The Group already supplies worldwide over 270 superyachts with fuel through its subsidiary Yacht Fuel Services Ltd., and these acquisitions will allow the Group to:

- Establish a physical presence in Spain with offices in Palma and the prestigious invitation-only MB92 shipyard in Barcelona
- Broaden its range of services to include agency, provisioning, concierge services and crew recruitment
- Gain a strategic foothold in Gibraltar with a highly prized Port Agents licence for the Port of Gibraltar

We are in the final stages of negotiation with another acquisition target and further announcements will be made in due course.

**LAURENCE J MILTON**  
Executive Chairman  
19 June 2007



<sup>1</sup> Source: Annual Yacht Report 2006/7

# **Deuxmil Marine Plc**

## **Directors and Advisers**

**DIRECTORS:** L J Milton  
N Miller  
C A Smith A.C.A  
P Jay (Non- Executive)

**SECRETARY:** C A Smith A.C.A

**COMPANY NUMBER:** 5011189

**REGISTERED OFFICE:** Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

**NOMINATED ADVISER &  
BROKER:** W H Ireland  
11 St. James's Square  
Manchester  
M2 6WH

**SOLICITORS** Beachcroft LLP  
100 Fetter Lane  
London  
EC4A 1BN

**BANKERS** Coutts & Co.  
440 Strand  
London  
WC2R 0QS

**REGISTRARS** Capita  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

**AUDITORS:** Jeffrey's Henry LLP  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

# Deuxmil Marine Plc

## Report of the Directors for the Year to 31 December 2006

The directors present their report with the financial statements of the company and the group for the year to 31 December 2006.

### PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of supply of marine fuel and services to the worlds super yacht.

### REVIEW OF BUSINESS

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

### KEY PERFORMANCE INDICATORS AND FUTURE DEVELOPMENTS

These are noted on the Chairman's statement.

### KEY RISKS AND UNCERTAINTIES

The directors are optimistic about the business development in 2007. However this is dependant upon factors such as oil supply, volatility of the US\$ and Euro exchange rates and global economic stability. The exchange rate risk is partly mitigated by buying and selling in the same currency.

### DIVIDENDS

No dividends will be distributed for the year ended 31 December 2006.

### DIRECTORS

The directors during the year under review were:

L J Milton  
N Miller  
C A Smith ACA  
P Jay (Appointed 30 August 2006)

The beneficial interests of the directors holding office on 31 December 2006 in the issued share capital of the company were as follows:

	<b>31.12.06</b>	<b>31.12.05</b>
	Ordinary shares of 0.05p each	Ordinary share of £1 each
L J Milton	47,500,000	23,750
N Miller	47,500,000	23,750
C A Smith	-	-
P Jay	-	-

## **Deuxmil Marine Plc**

### **Report of the Directors for the Year to 31 December 2006**

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

#### **AUDITORS**

The auditors, Jeffrey's Henry LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

#### **Financial risk management policies**

##### **Financial risk factors and management**

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital and investment funds for the Group's business. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its operations.

##### **Interest rate risk**

The main risk arising from the Group's financial instruments is changes in interest rates. The Board's policy toward cash deposits is to deposit cash short term in interest bearing bank deposit accounts.

##### **Credit risk**

The Group's credit risk is primarily attributed to trade receivables. The maximum credit risk exposure of the Group comprises the amounts presented in the balance sheet that are stated net of provisions, where appropriate. A provision is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of future cash flows. The majority of the Group's other receivables are with public bodies (HM Revenue and Customs). The Group does not consider these counter parties to be a significant credit risk.

#### **CORPORATE GOVERNANCE**

The Company is not required to comply with the Code of Best Practice as set out in section 1 of the Combined Code appended to the listing rules of the Financial Services Authority as it is listed on AIM, all relevant decisions being taken by the full Board.

## Deuxmil Marine Plc

### Report of the Directors for the Year to 31 December 2006

#### EMPLOYEES

The Group has continued to give full and fair consideration to applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from training and career development programmes in common with all employees. The Group has continued its policy of employee involvement by making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

#### SUBSTANTIAL SHAREHOLDINGS

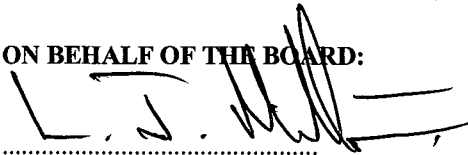
As at 30 March 2007, the following interests in 3% or more of the issued ordinary share capital appear in the register maintained under the provisions of Section 211 of the Companies Act 1985.

Shareholder	Number of shares	Percentage of issued share capital
N Miller	47,500,000	35.6%
L J Milton	47,500,000	35.6%
B Skipwith	5,000,000	3.8%

#### PAYMENT OF CREDITORS

The Group does not follow any published code or statement on payment practice. However, it is the Group's policy to settle all amounts due to its creditors on a timely basis, taking into account the credit period given by each creditor. The average number of days credit taken by the Group as at the 31 December 2006 was 35 days (2005: 34 days).

ON BEHALF OF THE BOARD:



.....  
L J Milton - Director

Date: 19 June 2007

## **Report of the Independent Auditors to the Members of Deuxmil Marine Plc**

We have audited the group and parent company financial statements (the "financial statements") of Deuxmil Marine Plc on pages 9 to 24 for the year ended 31 December 2006. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Report of the Independent Auditors to the Members of  
Deuxmil Marine Plc**

**Opinion**

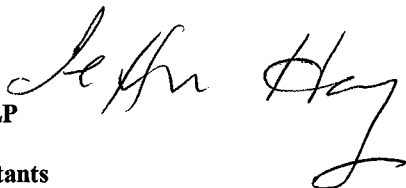
In our opinion:

-the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2006 and of the group's loss for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.

- the information given in the directors' report is consistent with the financial statements.

**Jeffreys Henry LLP**

**Chartered Accountants  
Registered Auditors**



**19 June 2007**

**Finsgate  
5-7 Cranwood Street  
London EC1V 9EE**

## Deuxmil Marine Plc

### Consolidated Profit and Loss Account for the Year to 31 December 2006

	Notes	Year 31.12.06 £	11 months to 31.12.05 £
<b>TURNOVER</b>	2	12,903,451	10,786,691
Cost of sales		<u>12,241,859</u>	<u>10,267,785</u>
<b>GROSS PROFIT</b>		661,592	518,906
Net operating expenses		<u>465,138</u>	<u>444,686</u>
<b>OPERATING PROFIT</b>	4	196,454	74,220
Interest receivable and similar income		<u>3,705</u>	<u>5,605</u>
		200,159	79,825
Interest payable and similar charges	5	<u>41,667</u>	<u>51,080</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		158,492	28,745
Tax on profit on ordinary activities	6	<u>35,665</u>	<u>5,415</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<u>122,827</u>	<u>23,330</u>
<b>RETAINED PROFIT FOR THE YEAR FOR THE GROUP</b>		<u>122,827</u>	<u>23,330</u>
<b>BASIC EARNINGS PER SHARE</b>	4	<u>0.11 pence</u>	<u>0.03 pence</u>
<b>DILUTED EARNINGS PER SHARE</b>	4	<u>0.11 pence</u>	<u>0.03 pence</u>

#### **TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profit for the current year.

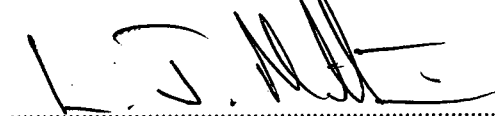
The profit and loss account has been prepared on the basis that all operations were acquired in 2005 and are continuing operations.

## Deuxmil Marine Plc

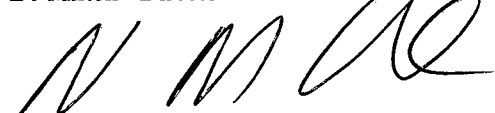
### Consolidated Balance Sheet 31 December 2006

		31.12.06		31.12.05	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	8		1,794,265		1,794,265
Tangible assets	9		<u>2,874</u>		<u>3,832</u>
			<u>1,797,139</u>		<u>1,798,097</u>
 <b>CURRENT ASSETS</b>					
Debtors	11	747,745		720,901	
Cash at bank		<u>363,911</u>		<u>340,480</u>	
			1,111,656		1,061,381
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>1,623,158</u>		<u>1,547,023</u>	
<b>NET CURRENT (LIABILITIES)</b>			<u>(511,502)</u>		<u>(485,642)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,285,637		1,312,455
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		-		<u>1,239,125</u>
<b>NET ASSETS</b>			<u>1,285,637</u>		<u>73,330</u>
 <b>CAPITAL AND RESERVES</b>					
Called up share capital	17		66,667		50,000
Share Premium	17		1,072,813		-
Profit and loss account	18		<u>146,157</u>		<u>23,330</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>1,285,637</u>		<u>73,330</u>

**ON BEHALF OF THE BOARD:**



.....  
L J Milton - Director



.....  
N Miller - Director

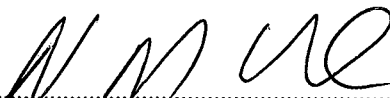
Approved by the Board and authorised for issue on 19 June 2007

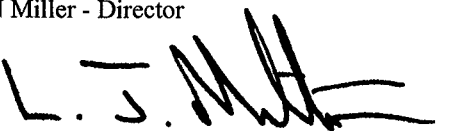
## Deuxmil Marine Plc

### Company Balance Sheet 31 December 2006

		31.12.06		31.12.05	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	8		-		-
Tangible assets	9		-		-
Investments	10		<u>2,307,054</u>		<u>2,307,054</u>
			2,307,054		2,307,054
<b>CURRENT ASSETS</b>					
Debtors	11	17,779		913	
Bank		<u>6,170</u>		<u>-</u>	
		23,949		913	
<b>CREDITORS</b>					
Amounts falling due within one year	12	<u>1,185,349</u>		<u>1,014,704</u>	
<b>NET CURRENT (LIABILITIES)</b>			<u>(1,161,400)</u>		<u>(1,013,791)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,145,654		1,293,263
<b>CREDITORS</b>					
Amounts falling due after more than one year	13		<u>-</u>		<u>1,239,125</u>
<b>NET ASSETS</b>			<u>1,145,654</u>		<u>54,138</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17		66,667		50,000
Share Premium	17		1,072,813		-
Profit and loss account	18		<u>6,174</u>		<u>4,138</u>
<b>SHAREHOLDERS' FUNDS</b>	21		<u>1,145,654</u>		<u>54,138</u>

**ON BEHALF OF THE BOARD:**

  
 .....  
 N Miller - Director

  
 .....  
 L J Milton - Director

Approved by the Board and authorised for issue on 19 June 2007

## Deuxmil Marine Plc

### Consolidated Cash Flow Statement for the Year to 31 December 2006

	Notes	Year 31.12.06 £	£	11 months to 31.12.05 £	£
<b>Net cash inflow from operating activities</b>	1		137,543		305,994
<b>Returns on investments and servicing of finance</b>	2		(37,962)		(45,475)
<b>Taxation</b>			(49,662)		
<b>Capital expenditure</b>					
Acquisition	2		<u>-</u>		<u>(1,411,554)</u>
			49,919		(1,151,035)
<b>Financing</b>	2		<u>98,402</u>		<u>1,366,625</u>
<b>Increase in cash in the year</b>			<u>148,321</u>		<u>215,590</u>
 <b>Reconciliation of net cash flow to movement in net debt/funds</b>	 3				
Increase in cash in the year		148,321		215,590	
Cash out/(in) flow from decrease/(increase) in debt		<u>991,078</u>		<u>(1,316,625)</u>	
Change in net debt resulting from cash flows			<u>1,139,399</u>		<u>(1,101,035)</u>
<b>Movement in net debt in the year</b>			1,139,399		(1,101,035)
<b>Net debt brought forward</b>			<u>(1,101,035)</u>		<u>-</u>
<b>Net funds/(debt) at 31 December</b>			<u>38,364</u>		<u>(1,101,035)</u>

## Deuxmil Marine Plc

### Notes to the Consolidated Cash Flow Statement for the Year to 31 December 2006

#### 1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year to 31.12.06 £	11 months to 31.12.05 £
Operating profit	196,454	74,220
Depreciation charges	958	1,224
(Increase) in debtors	(26,844)	(720,809)
(Decrease)/Increase in creditors	<u>(33,025)</u>	<u>951,359</u>
<b>Net cash inflow from operating activities</b>	<u><u>137,543</u></u>	<u><u>305,994</u></u>

#### 2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	Year to 31.12.06 £	Period to 31.12.05 £
<b>Returns on investments and servicing of finance</b>		
Interest received	3,705	5,605
Interest paid	<u>(41,667)</u>	<u>(51,080)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u><u>(37,962)</u></u>	<u><u>(45,475)</u></u>
 <b>Capital expenditure</b>		
Acquisition of subsidiary	-	(1,687,500)
Deal costs capitalised	-	(107,054)
Capitalised legal fees re: acquisition	-	(200,000)
Net Cash acquired	<u>-</u>	<u>583,000</u>
<b>Net cash outflow for capital expenditure</b>	<u><u>-</u></u>	<u><u>(1,411,554)</u></u>
 <b>Financing</b>		
Bank loan (repaid)/received	(768,125)	768,125
Amount (repaid)/ introduced by directors	(222,953)	548,500
Share issue	<u>1,089,480</u>	<u>50,000</u>
<b>Net cash inflow from financing</b>	<u><u>98,402</u></u>	<u><u>1,366,625</u></u>

## Deuxmil Marine Plc

### Notes to the Cash Flow Statement for the Year to 31 December 2006

#### 3. ANALYSIS OF CHANGES IN NET DEBT

	At 31.12.05	Cash flow	At 31.12.06
	£	£	£
<b>Net cash:</b>			
Cash at bank	340,480	23,431	363,911
Bank overdrafts	<u>(124,890)</u>	<u>124,890</u>	<u>-</u>
	<u>215,590</u>	<u>148,321</u>	<u>363,911</u>
<b>Debt:</b>			
Debts falling due within one year	(77,500)	(248,047)	(325,547)
Debts falling due after one year	<u>(1,239,125)</u>	<u>1,239,125</u>	<u>-</u>
	<u>(1,316,625)</u>	<u>991,078</u>	<u>(325,547)</u>
<b>Total</b>	<u>(1,101,035)</u>	<u>1,139,399</u>	<u>38,364</u>

## Deuxmil Marine Plc

### Notes to the Consolidated Financial Statements for the Year to 31 December 2006

#### 1. ACCOUNTING POLICIES

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention and applicable accounting standards

##### **Basis of consolidation**

The Group financial statements include the financial statements of the Company and its subsidiary undertaking up to 31 December 2006.

Yacht Fuel Services Limited has been accounted for using the acquisition method of accounting. Goodwill arising on consolidation of Yacht Fuel Services Limited represents the difference between the fair value of the consideration given over the fair value of the identifiable net assets acquired.

##### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings                      - 25% on reducing balance

##### **Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Goodwill**

Goodwill is capitalised and classified as an asset on the balance sheet. Where goodwill has been impaired the amount of impaired goodwill is charged through the profit and loss account. The directors have concluded that goodwill arising on acquisitions should not be amortised as it has an indefinite useful economic life. The goodwill is considered to have indefinite durability that can be demonstrated and its value can be readily measured.

The acquired business operated in a long standing and profitable market sector. The non-amortisation of Goodwill constitutes a departure from the Companies Act 1985 4 Sch 21, for the over-riding purpose of giving a true and fair view of the group's results. If goodwill arising on acquisitions had been written off over a 20 year year, the operating profit would have decreased by £89,700 in the year to 31 December 2006. The total amortisation to date would have been £171,700.

##### **Leases**

Rental paid under operating leases are charged to the profit and loss account as incurred.

## Deuxmil Marine Plc

### Notes to the Consolidated Financial Statements - continued for the Year to 31 December 2006

#### 2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity during the year. 99% (2005- 99%) of turnover was attributable to markets outside the United Kingdom.

#### 3. STAFF COSTS

	£
Wages and salaries	97,170
Social security costs	<u>11,395</u>
	<u>108,565</u>

The average monthly number of employees, including directors, during the year was as follows:

Administration	<u>5</u>
----------------	----------

#### 4. OPERATING PROFIT

The operating profit is stated after charging:

	Year to 31.12.06	11 months to 31.12.05
	£	£
Depreciation - owned assets	958	1,224
Auditors' remuneration	12,350	7,650
Operating leases	<u>35,196</u>	<u>13,824</u>

The earnings per share have been calculated on the profit attributed to shareholders for the financial year of £122,827 (2005 -£23,330) and the weighted average number of shares in issue during the 12 months of 110,246,575 (2005 – 91,506,849). The diluted earnings per share have been calculated on the profit attributed to shareholders for the financial year of £122,827 (2005 -£23,330) and the weighted average number of shares in issue during the 12 months of 110,893,607 (2005 – 91,506,849).

#### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31.12.06	11 months to 31.12.05
	£	£
Bank interest	1,591	2,644
Other interest	6,793	-
Bank loan interest	<u>33,283</u>	<u>48,436</u>
	<u>41,667</u>	<u>51,080</u>

## Deuxmil Marine Plc

### Notes to the Consolidated Financial Statements - continued for the Year to 31 December 2006

#### 6. TAXATION

##### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	Year to 31.12.06 £	11 months to 31.12.05 £
Current tax:		
UK corporation tax – current year	35,670	5,415
UK corporation tax – prior year	(205)	-
Deferred tax	<u>200</u>	<u>-</u>
 Tax on profit on ordinary activities	 <u><u>35,665</u></u>	 <u><u>5,415</u></u>

##### Factors affecting the tax charge for the period

Profit before tax	158,492	28,745
 Profit on ordinary items multiplied by the expected rate of tax of 30%	 <u>47,548</u>	 <u>8,624</u>
Effect of:		
Non- deductible expenses	4,263	340
Depreciation	287	-
Capital allowances	(221)	-
Other tax adjustments – marginal relief	<u>(16,207)</u>	<u>(3,549)</u>
 Tax on profit on ordinary activities	 <u><u>35,670</u></u>	 <u><u>5,415</u></u>

Deferred taxation is provided in full on all material timing differences at 30%.

#### 7. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £2,036 (2005-£4,343)

## Deuxmil Marine Plc

### Notes to the Consolidated Financial Statements - continued for the Year to 31 December 2006

#### 8. INTANGIBLE FIXED ASSETS

##### Group

	Goodwill £
<b>COST</b>	
At 1 January 2006	<u>1,794,265</u>
At 31 December 2006	<u>1,794,265</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006 and 2005	<u>1,794,265</u>

Goodwill arose from the purchase of total share capital of Yacht Fuel Services Limited by Deuxmil Marine Plc.

#### 9. TANGIBLE FIXED ASSETS

##### Group

	Fixtures and fittings £
<b>COST</b>	
At 1 January 2006 and 31 December 2006	<u>38,991</u>
<b>DEPRECIATION</b>	
At 1 January 2006	35,159
Charge for year	<u>958</u>
At 31 December 2006	<u>36,117</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006	<u>2,874</u>
At 31 January 2006	<u>3,832</u>

#### 10. FIXED ASSET INVESTMENTS

##### Company

	Subsidiary undertaking £
<b>COST</b>	
At 1 January 2006	<u>2,307,054</u>
At 31 December 2006	<u>2,307,054</u>
<b>NET BOOK VALUE</b>	
At 31 December 2006 and 2005	<u>2,307,054</u>

The Company holds a 100% interest in the ordinary share capital of Yacht Fuel Services Limited

## Deuxmil Marine Plc

### Notes to the Consolidated Financial Statements - continued for the Year to 31 December 2006

#### 11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.06	31.12.05	31.12.06	31.12.05
	£	£	£	£
Trade debtors	665,224	677,172	-	-
Other debtors	53,260	29,418	979	913
Prepayments and accrued income	<u>29,261</u>	<u>14,311</u>	<u>16,800</u>	<u>-</u>
	<u>747,745</u>	<u>720,901</u>	<u>17,779</u>	<u>913</u>

#### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	31.12.06	31.12.05	31.12.06	31.12.06
	£	£	£	£
Bank loans and overdrafts (see note 14)	-	201,890	-	89,556
Trade creditors	1,186,406	954,921	46,145	3,154
Social security and other taxes	3,176	3,494	-	-
Other creditors	-	314,372	-	312,500
Corporation Tax	34,641	48,638	-	-
Amts owed to Grp Undertakings	-	-	809,659	606,994
Directors' current accounts	325,547	500	325,547	-
Accrued expenses	<u>73,388</u>	<u>23,208</u>	<u>4,000</u>	<u>2,500</u>
	<u>1,623,158</u>	<u>1,547,023</u>	<u>1,185,349</u>	<u>1,014,704</u>

#### 13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	31.12.06	31.12.05	31.12.06	31.12.05
	£	£	£	£
Bank loans (see note 14)	-	691,125	-	691,125
Directors current account	<u>-</u>	<u>548,000</u>	<u>-</u>	<u>548,000</u>
	<u>-</u>	<u>1,239,125</u>	<u>-</u>	<u>1,239,125</u>

#### 14. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	31.12.06	31.12.05	31.12.06	31.12.05
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	-	124,890	-	12,556
Bank loans	<u>-</u>	<u>77,000</u>	<u>-</u>	<u>77,000</u>
	<u>-</u>	<u>201,890</u>	<u>-</u>	<u>89,556</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>-</u>	<u>77,000</u>	<u>-</u>	<u>77,000</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	<u>-</u>	<u>614,125</u>	<u>-</u>	<u>614,125</u>

## Deuxmil Marine Plc

### Notes to the Consolidated Financial Statements - continued for the Year to 31 December 2006

#### 15. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

**Group**

	Other operating leases	
	31.12.06	31.12.05
	£	£
Expiring:		
Between one and five years	<u>38,500</u>	<u>38,500</u>

#### 16. SECURED DEBTS

The following secured debts are included within creditors:

	Group	
	31.12.06	31.12.05
	£	£
Bank loans	<u>-</u>	<u>768,125</u>

The loan was repaid during the year and was secured by a mortgage debenture incorporating a specific charge over book debts; a composite cross guarantee between Deuxmil Marine Plc & Yacht Fuel Services Limited and joint and several guarantees given by certain directors.

#### 17. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.12.06	31.12.05
			£	£
1,000,000,000/500,000	Ordinary	0.05p/£1	<u>500,000</u>	<u>500,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.06	31.12.05
			£	£
133,333,333/50,000	Ordinary	0.05p/£1	<u>66,667</u>	<u>50,000</u>

On 2 August 2006, the authorised and issued ordinary shares of £1 were subdivided into ordinary shares of 0.05p each.

On 29 August 2006, the Company allotted 6,666,667 ordinary shares of 0.05p each at par.

On 14 September 2006, the convertible loan note of £1,350,000 was converted into 26,666,666 ordinary shares of 0.05p each.

On 14 September 2006 the company issued options to three suppliers on 4,333,333 ordinary shares at an exercise price of 5p per share over an exercise period of five years.

## Deuxmil Marine Plc

### Notes to the Consolidated Financial Statements - continued for the Year to 31 December 2006

#### 17. SHARE PREMIUM

	£
Arising on shares allotted during the period AIM admission and fund raising expenses	1,336,667 <u>(263,854)</u>
Balance at 31 December 2006	<u>1,072,813</u>

#### 18. RESERVES

##### Group

	Profit and loss account £
Retained Profit b/fwd 1 January 2006	23,330
Retained profit for the year	<u>122,827</u>
At 31 December 2006	<u>146,157</u>

##### Company

	Profit and loss account £
Retained Profit b/fwd 1 January 2006 4,138	
Retained profit for the year	<u>2,036</u>
At 31 December 2006	<u>6,174</u>

#### 19. Control

The Company is quoted on the Alternative Investment Market of the London Stock Exchange. At the date of the Annual Report in the Directors opinion there is no one controlling party. In total N Miller and L J Milton own 71.2% of the share capital of the Company at the date of this report.

## Deuxmil Marine Plc

### Notes to the Consolidated Financial Statements - continued for the Year to 31 December 2006

#### 20. DIRECTORS EMOULMENTS

	31.12.06	31.12.05
	£	£
Directors emoluments	6,029	-
Directors fees	<u>15,734</u>	<u>5,343</u>
	<u>21,763</u>	<u>5,343</u>

P Jay , N Miller and L J Milton waived their entitlement to fees and remuneration due to 31 December 2006 under their service contracts .

#### TRANSACTIONS WITH DIRECTORS

During the year the Group paid consultancy fees of £nil (2005-£77,475), finance arrangement fees of £nil (2005-£100,000) and acquisition fees of £nil (2005-£100,000) to Grass Roots Management Limited controlled by L J Milton and N Miller. There was no balance due at the end of the year.

At 31 December 2006 the directors had advanced loans of £325,547 (2005-£548,500) on an interest free unsecured basis.

During the year the Group paid legal fees of £65,330 to Beachcroft LLP , a firm in which P. Jay is a Partner.

#### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

##### Group

	31.12.06	31.12.05
	£	£
Profit for the financial period	122,827	23,330
Shares issued in the year net of expenses	<u>1,089,480</u>	<u>50,000</u>
<b>Net addition to shareholders' funds</b>	<b>1,212,307</b>	<b>73,330</b>
Opening shareholders' funds	<u>73,332</u>	<u>2</u>
<b>Closing shareholders' funds</b>	<b><u>1,285,637</u></b>	<b><u>73,332</u></b>

##### Company

	31.12.06	31.12.05
	£	£
Profit for the financial period	2,036	4,138
Shares issued in the year net of expenses	<u>1,089,480</u>	<u>49,998</u>
<b>Net addition to shareholders' funds</b>	<b>1,091,516</b>	<b>54,136</b>
Opening shareholders' funds	<u>54,138</u>	<u>2</u>
<b>Closing shareholders' funds</b>	<b><u>1,145,654</u></b>	<b><u>54,138</u></b>

## **Deuxmil Marine Plc**

### **Notes to the Consolidated Financial Statements - continued for the Year to 31 December 2006**

#### **22. Financial instruments**

The Company's financial instruments comprise trade debtors, creditors, cash, and equity shares.

The Company has taken advantage of the exemption under FRS13 to exclude short term debtors and short term creditors from the disclosure of financial assets and liabilities.

The Company has cash at bank. This is placed on short term deposit to maximise the group's liquid resources and no interest rate hedging is undertaken. During the year a weighted average of 1% was achieved.