



ARTE BUNKERING

in masterly fashion

**ANNUAL REPORT
2011**

ACTIVITIES REPORT

The main activity of Arte Bunkering OÜ is fuel-related intermediary activities. Intermediary activities constitute the intermediary's activities related to the sale of oil products. Arte Bunkering OÜ brings together the ship owners who turn to us when they need to find fuel for fuelling their ships up and the sellers of fuel, earning money from intermediary activities. The ships that need fuelling up can be located at any place in the world. Our experience and expertise, knowledge of the bunker market and many physical suppliers of oil products helps us to fulfil orders and supply oil products all over the world, by purchasing the goods from the supplier at a good price, and selling them to the ship owner at a higher price including our intermediary services fee.

Our main risks:

1. Inability or refusal of the ship owner to pay for the fuel. How we protect ourselves from the risks:

1. Before performance of the transaction every ship owner undergoes solvency control performed on our behalf by the international organization specialising in this field on our behalf: Lloyds MIU Report. We order Credit Report that shows the economic situation of the company/ship owner and all the aspects related to it.

Goals of the reporting period:

1. Development of activity, finding new customer and ship owners, conclusion of contracts.

2. Obtaining/opening credit limits from the physical suppliers of oil products. Prolonging the payment deadline to 30 days.

All the goals were achieved during the reporting period.

Activity of the intermediary during this period was relatively stable and profitable.

During the reporting period there was 1 person working in Arte Bunkering OÜ, who is also the only member of the Management Board.

ANNUAL ACCOUNTING REPORT

Balance sheet (in euros)

	31.12.2011	06.11.2010	Annex no
Assets			
Current assets			
Cash	786 891	15 044	2
Receivables and prepayments	1 995 988	961 168	3,5
Inventories	0	42 103	6
Total current assets	2 782 879	1 018 315	
Total assets	2 782 879	1 018 315	
Liabilities and equity			
Liabilities			
Short-term liabilities			
Loan liabilities	0	99 479	7
Debts and prepayments	368 582	494 634	8,4
Total short-term liabilities	368 582	594 113	
Long-term liabilities			
Loan liabilities	0	347 035	7
Total long-term liabilities	0	347 035	
Total liabilities	368 582	941 148	
Equity			
Equity at the nominal value	2 556	2 556	
Mandatory reserve capital	256	0	
Retained profit (loss) for the previous periods	74 355	0	
Profit (loss) for the financial year	2 337 130	74 611	
Total equity	2 414 297	77 167	
Total liabilities and equity	2 782 879	1 018 315	

Profit Statement (in euros)

	2011	2010	Annex no
Sales revenue	19 590 985	5 132 803	
Expenses on sold products (goods, services)	-17 350 536	-4 976 834	
Gross profit (loss)	2 240 449	155 969	
General administrative expenses	-16 162	-75 606	10
Other operating income	53 973	0	9
Other operating expenses	0	-24 440	12
Operating profit (loss)	2 278 260	55 923	
Finance income and expenses	58 870	18 687	13
Profit (loss) before income tax	2 337 130	74 610	
Profit (loss) for the financial year	2 337 130	74 610	

Cash Flows Statement (in euros)

	2011	2010	Annex no
Cash flows from business operations			
Business profit (loss)	2 278 260	55 923	
Change of receivables and prepayments related to business operations	-1 034 820	-961 168	3,5
Change of inventories	42 103	-42 103	6
Change of liabilities and prepayments related to business operations	-126 052	494 634	4,8
Interests received	520	0	
Total cash flows from business operations	1 160 011	-452 714	
Cash flows from financing activities			
Loans received	0	446 514	7
Repayments of the loans received	-446 514	0	7
Paid interests	-5 394	-4 511	
Total cash flows from financing activities	-451 908	442 003	
Total cash flows	708 103	-10 711	
Cash and cash equivalents at the beginning of the period	15 044	2 556	
Change of cash and cash equivalents	708 103	-10 711	
Impact of changes of currency rates	63 744	23 199	
Cash and cash equivalents at the end of the period	786 891	15 044	

Statement of Changes in Equity (in euros)

				Total
	Equity at the nominal value	Mandatory reserve capital	Retained profit (loss)	
31.12.2009	2 556			2 556
Profit (loss) for the financial year			74 611	74 611
31.12.2010	2 556		74 611	77 167
Profit (loss) for the financial year			2 337 130	2 337 130
Changes in the reserves		256	-256	0
31.12.2011	2 556	256	2 411 485	2 414 297

ANNEXES TO THE ANNUAL ACCOUNTING REPORT

Annex 1 Accounting Policies

General information

Arte Bunkering OÜ's Annual Accounting Report for 2011 was prepared in accordance with the accepted accounting practices of the Republic of Estonia. The main requirements of the accepted accounting practices are established by the Estonian Accounting Act and supplemented by the regulations issued by the Accounting Standards Board.

The Annual Accounting Report was prepared on the basis of the acquisition cost principle, except for the cases that are described in the following accounting policies.

The Annual Accounting Report is drawn up in euros.

As of 31.12.2011 Arte Bunkering OÜ's Annual Accounting Report for 2011 was re-calculated from Estonian kroons into euros.

Cash

Cash and its equivalents in cash flows statement include cash in hand, deposits held at call with banks, term deposits with maturities of three months or less and units of the money fund.

Transactions performed in foreign currency and financial assets and liabilities fixed in foreign currency

Transactions fixed in foreign currency are shown on the basis of the currency rates of the Bank of Estonia valid on the day of performance of the transaction. Monetary financial assets and liabilities as well as non-monetary financial assets and liabilities fixed in foreign currency that are reflected according to the principle of fair value are re-calculated into Estonian kroons on the balance sheet day on the basis of the currency rates of the Bank of Estonia valid on that day. Profits received from the transactions performed in foreign currency are reflected in the profit statement as income and expenses for the respective period.

Receivables and prepayments

Receivables from buyers.

Short-term requirements to buyers which arise in the course of the Company's customary business transactions are reflected as receivables from buyers, except for the requirements to the other companies and the associated companies. Receivables from buyers are reflected at their adjusted acquisition cost (that is the amount of discounts made when required deducted from the nominal value).

Estimation of reception of receivables is carried out for every individual buyer if possible. Receipts of prior to written-down unlikely receivables are presented as reduction of cost of unlikely receivables.

Other receivables.

All other receivables (accrued income, given loans and other short-term and long-term receivables) are reflected at their adjusted acquisition cost.

Inventories

Inventories are initially recorded at their acquisition cost, which consists of purchase expenses and other expenses required to take inventories to their supposed place and condition.

In addition to the acquisition cost, inventory purchase expenses comprise the customs duty related to the purchase of inventories, as well as other non-refundable fees and transportation costs directly related to the acquisition of inventories after deduction of discounts and grants.

In the course of presentation of inventories in expenses and accounting of carrying amount of inventories, the weighted average acquisition cost method was applied.

Inventories estimation is presented in the Balance Sheet depending on the circumstance of which is lower: whether their acquisition cost or their net realisable value. Write-off of inventories according to their net sale value is reflected as expenses on sold products for the period when write-off was made.

Financial liabilities

All financial liabilities (debts to suppliers, loans received, accrued expenses and other short-term and long-term debts) are initially recorded at their acquisition cost which also includes all the expenses directly related to the acquisition. Consequently they are reflected according to the adjusted acquisition cost method.

Adjusted acquisition cost of short-term financial obligations as a rule is equal to their nominal value, due to which short-term financial liabilities are reflected in the balance sheet in amount due to be paid. Accounting of adjusted acquisition cost of long-term financial liabilities is made using the internal interest rate method.

Taxation

According to the legislation in force in Estonia the company's profit is not subject to tax, and therefore there are no deferred income tax receivables or liabilities. Instead of profit, Estonian taxation system provides for taxation of dividends paid out of retained earnings with the tax rate being 21/79 of the amount of net dividends paid out of re-

tained earnings. The company's income tax arising from payment of dividends is reflected in profit statements as the income tax expenses for the same period when the dividends were announced, irrespective of the period for which they were announced or during which they were actually paid out.

Related parties

Related parties to the business entity are designated on the basis of IAS 24 requirements.

Income

Income from sale of goods is reflected if all significant risks related to ownership have been transferred to the buyer, reliable designation of sales revenue and expenses related to the transaction can be made and reception of the payment arising from the transaction is likely.

Income from sale of service is reflected after provision of the service.

Mandatory reserve capital

According to the Commercial Code the company is obliged to form mandatory reserve capital. Reserve capital is formed from annual net profit allocations. Every financial year the company is required to transfer at least 1/20 of its net profit to the reserve capital until the reserve capital reaches 1/10 of the share capital. The reserve capital may be used to cover a loss, or to increase share capital. Payments shall not be made to shareholders from the reserve capital

Annex 2 Cash (in euros)

	31.12.2011	31.12.2010
Cash in hand	2 320	2 040
Demand deposits	784 571	13 004
Total cash	786 891	15 044

Annex 3 Receivables and Prepayments (in euros)

	31.12.2011	31.12.2010
Buyers' requirements	1 973 017	961 168
Receivables from buyers	1 973 017	961 168
Total receivables and prepayments	1 973 017	961 168

Annex 4 Taxes Prepaid and Taxes Payable (in euros)

	31.12.2011	31.12.2010
	Tax arrears	Tax arrears
Personal income tax	57	68
Social tax	183	175
Unemployment insurance premiums	0	38
Total tax prepayments and arrears	240	281

Annex 5 Prepayments (in euros)

	31.12.2011	Division by remaining term		
		Within 12 months	Within 1 - 5 years	Over 5 years
Deferred expenses	22 850			
Other prepayments paid	121			
Total prepayments	22 971			

Annex 6 Inventories (in euros)

	31.12.2011	31.12.2010
Prepayments for inventories	0	42 103
Total inventories	0	42 103
Total cash	786 891	15 044

Annex 7 Borrowings (in euros)

	31.12.2011	Division by remaining term			Interest rate	Base currency	Deadline
		Within 12 months	Within 1 - 5 years	Over 5 years			
Short-term loans							
Short-term part of long-term loans	0	0					
Total short-term loans	0	0					
Long-term loans							
Long-term part of long-term loans	0	0					
Total borrowings	0	0					

	31.12.2010	Division by remaining term			Interest rate	Base currency	Deadline
		Within 12 months	Within 1 - 5 years	Over 5 years			
Short-term loans							
Short-term part of long-term loans	99 479	99 479			3	USD	31.12.2011
Total short-term loans	99 479	99 479					
Long-term loans							
Long-term part of long-term loans	347 035		258 104	88 931	3	USD	04.05.2017
Total long-term loans	347 035		258 104	88 931			
Total borrowings	446 514	99 479	258 104	88 931			

Annex 8 Debts to Suppliers (in euros)

	31.12.2011	31.12.2010
Debts to suppliers in USD	358 185	487 176
Total debts to suppliers	358 185	487 176

Annex 9 Other Operating Income (in euros)

	2011	2010
Profit from changes of currency rate	53 973	0
Total other operating income	53 973	0

Annex 10 General Administrative Expenses (in euros)

	2011	2010
Logistics expenses	7 293	58 347
Various office expenses	2 906	8 220
Business trips expenses	0	3 026
Staff expenses	4 276	4 229
Other	1 687	1 784
Total general administrative expenses	16 162	75 606

Annex 11 Staff Expenses (in euros)

	2011	2010
Wage expenses	3 178	3 146
Social tax	1 098	1 039
Other	0	44
Total staff expenses	4 276	4 229
Average number of staff expressed in full-time equivalent	1	1

Annex 12 Other Expenses (in euros)

	2011	2010
Loss from changes of currency rate	0	-24 440
Total other expenses	0	-24 440

Annex 13 Finance Income and Expenses (in euros)

	2011
Interest expenses	-4 874
Other interest expenses	-4 874
Profit (loss) from changes of currency rate	63 744
Total finance income and expenses	58 870

Annex 14 Related Parties (in euros)

Remuneration and other significant benefits of executive and top management		
	2011	2010
Remuneration	3 178	3 146
Total finance income and expenses	58 870	

DIGITAL SIGNATURES OF THE REPORT

Accuracy of the data of the Annual Accounting Report of Arte Bunkering 00 (business register code:11760725) for 01.01.2011 - 31.12.2011 is digitally confirmed by:

Name of the signer: GYUZEL SABITOVA

Role of the signer: Member of the Management Board

Time of signing: 15.03.2012

INDEPENDENT SWORN AUDITOR'S REPORT

To Arte Bunkering OÜ shareholders

We have audited Arte Bunkering OÜ's Annual Accounting Report which includes Balance Sheet as of 31.12.2011, Profit Statement, Change in Equity Statement and Cash Flows Statement for the financial year that ended on the date stated above, overview of the main accounting policies used during preparation of the Annual Report, and the Annexes explaining other aspects. The audited Annual Accounting Report that is presented on pages 3 – 12 is attached to the present report.

Obligation of the Management related to the accounting reports

The Management is responsible for preparation and fair presentation of the annual accounting reports in accordance with the accepted accounting practices of Estonia and for ensuring internal control that the management considers necessary in order to make it possible to prepare the annual accounting reports without significant misstatements arising from fraud or mistakes.

Obligation of the sworn auditor

Our obligation is to present the opinion concerning the given Annual Accounting Report on the basis of our audit. We conducted our audit in accordance with the international auditing standards (Estonia). These standards require that we should act in accordance with the ethics requirements and that we plan and carry out the audit in order to get justified confidence that the Annual Accounting Report contains no significant misstatements.

The audit includes performance of necessary procedures for obtaining proving material concerning figures and public information stated in the Annual Accounting Report. The choice of procedures depends on decisions by the sworn auditor, including his assessment of the risks that the Annual Accounting Report may contain significant misstatements arising from fraud or mistakes. When performing such risk estimates the sworn auditor takes into consideration internal control that is relevant with regards to preparation and fair presentation of the Annual Accounting Report of the business entity, in order to plan due auditing procedures, however not for the purpose of delivering his opinions concerning results of the internal control of the business entity. The audit also includes assessment of adequacy of accounting policy used and justification of accounting estimates made by the management, as well as assessment of general way of presentation of the Annual Accounting Report.

We believe that the audit proving material that we have obtained is sufficient and relevant for the purpose of providing us with a basis for giving the auditor's opinion.

Opinion

It is our opinion that the attached Annual Accounting Report presents fair reflection with respect to all significant parts concerning financial situation of Arte Bunkering OÜ as of 31.12.2011, as well as its financial results and cash flows for the financial year ending on that date, in accordance with the accepted accounting practices of Estonia.

/digitally signed/

Olga Kuznetsova

Sworn auditor's number 395

Audit Bureau K&K OÜ

Auditing undertaking activity license number 154

Asula 3, Tallinn

11312

15.03.2012

DIGITAL SIGNATURES OF THE AUDITORS

The Auditor's Report attached to the Annual Accounting Report of Arte Bunkering OÜ (business register code:11760725) for 01.01.2011 - 31.12.2011 is digitally signed by:

Name of the signer: OLGA KUZNETSOVA

Role of the signer: Sworn auditor

Time of signing: 15.03.2012

Profit Allocation Proposal (in euros)

	31.12.2011
Retained profit (loss) for previous periods	74 355
Profit (loss) for financial year	2 337 130
Total	2 411 485
Allocation	
Increase (reduction) of mandatory reserve capital	
Total	2 411 485

Profit Allocation Proposal (in euros)

Field of activity	EMTAK code	Sales revenue (EUR)	Sales revenue %	Main field of activity
Wholesale sale of motor fuel	46712	19590985	100.00%	Yes