



ARTE BUNKERING

in masterly fashion

**ANNUAL REPORT
2014**

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Management Report

The principal activity of Arte Bunkering OÜ is brokerage of fuel. Brokerage means the broker's actions upon selling petroleum products. Arte Bunkering OÜ brings together shipowners who turn to us with a need to find fuel for refuelling their ships and fuel sellers, thus earning money from brokerage. The ships which require refuelling may be located anywhere in the world. Our experience and knowledge, as well as knowledge of refuelling market and knowing many suppliers of petroleum products helps us in executing the orders and delivering petroleum products all over the world buying goods from suppliers and selling them to shipowners for a higher price that includes our commission.

Our main risks are:

1. Shipowners cannot or refuse to pay for fuel.

Objectives for the accounting period:

1. Development of activities, finding new customers and shipowners, conclusion of contracts.
2. Getting credit limits from/opening of credit limits with the suppliers of petroleum products. Extension of payment term up to 30 days.

All objectives were achieved during the accounting period.

In 2014, brokerage was relatively stable and profitable.

In 2014, there were 9 employees in Arte Bunkering OÜ. A total of 318,306 euros was spent on employee wages together with social tax.

Basic financial indicators concerning the financial year and the preceding financial year and calculation methodology of financial indicators

	2014	2013
Sales revenue growth	148.46%	54.83%
Net profit growth	1605.23%	-91.82%
Net profit margin	1.55%	0.23%
Coverage coefficient of current liabilities	1.65%	1.58%
ROE	559%	100.33%

Calculation methodology of above financial indicators

Sales revenue growth = sales revenue for 2014 - sales revenue for 2013*100

Net profit growth = (net profit for 2014 - net profit for 2013) / net profit for 2013*100

Net profit margin = net profit/ sales revenue*100

Coverage coefficient of current liabilities = current assets/current liabilities

ROE = net profit/ owner's equity * 100

Annual Accounts

Balance sheet (In EUR)

	31.12.2014	31.12.2013	Note
Assets			
Current assets			
Cash	2 351 899	1 190 395	2
Receivables and prepayments	23 276 184	14 497 416	
Total current assets	25 628 083	15 687 811	
Total assets	25 628 083	15 687 811	
Liabilities and owner's equity			
Liabilities			
Current liabilities			
Loan liabilities	3 000	0	6
Payables and prepayments	15 512 354	9 907 312	
Total current liabilities	15 512 354	9 907 312	
Total liabilities	15 512 354	9 907 312	
Owner's equity			
Share capital in nominal value	775 000	775 000	
Statutory reserve capital	20 000	20 000	
Retained profit (loss)	4 985 499	4 731 443	
Profit (loss) for financial year	4 332 230	254 056	
Total owner's equity	10 112 729	5 780 499	
Total liabilities and owner's equity	25 628 083	15 687 811	

Income statement (In EUR)

	2014	2013	Note
Sales revenue	279 659 827	112 558 769	
Costs of goods sold	-275 538 675	-111 501 007	
Gross profit (loss)	4 121 152	1 057 762	
Administrative expense	-711 915	-558 074	9
Other operating income	4 521 457	1 528 895	8
Other operating expenses	-4 159 813	-1 544 590	11
Total operating profit (loss)	3 770 881	483 993	
Other financial income and expenses	561 349	-229 937	12
Profit (loss) before income tax	4 332 230	254 056	
Profit (loss) for financial year	4 332 230	254 056	

Cash flow statement (In EUR)

	2014	2013
Cash flows from operating activities		
Operating profit (loss)	3 770 991	483 993
Change in receivables and prepayments related to operating activities	-7 510 020	-7 012 250
Change in inventories	-1 268 748	-10 503
Change in liabilities and prepayments related to operating activities	5 605 042	6 610 024
Interest received	57 786	7 112
Total cash flows from operating activities	654 941	78 376
Cash flows from financing activities		
Loans received	3 000	0
Repayments of loans received	0	-531 188
Interest paid	-13 327	-557
Other cash outflows from financing activities	0	-10 000
Total cash flows from financing activities	-10 327	-541 745
Total cash flows	644 614	-463 369
Cash and cash equivalents at beginning of period	1 190 395	1 880 256
Change in cash and cash equivalents	644 614	-463 369
Effect on exchange rate changes	516 890	-226 492
Cash and cash equivalents at end of period	2 351 899	1 190 395

Statement of changes in owner's equity (In EUR)

				Total
	Share capital in nominal value	Statutory reserve capital	Retained profit (loss)	
31.12.2012	2 556	256	5 523 631	5 526 443
Profit (loss) for financial year			254 056	254 056
Changes in reserves		19 744	-19 744	0
Other changes in owner's equity	772 444		-772 444	0
31.12.2013	775 000	20 000	4 985 499	5 780 499
Profit (loss) for financial year			4 332 230	4 332 230
31.12.2014	775 000	20 000	9 317 729	10 112 729

Notes to Annual Accounts

Note 1. Accounting Principles

General information

The 2014 annual accounts of Arte Bunkering OÜ have been prepared in accordance with accounting principles generally accepted in the Republic of Estonia. Main requirements of generally accepted accounting principles have been prescribed by the Accounting Act of the Republic of Estonia and supplemented by guidelines issued by the Accounting Standards Board.

The annual accounts have been prepared on the basis of the acquisition cost principle, except in the cases which have been described by the following accounting principles.

The annual accounts have been prepared in euros (EUR).

Cash

Cash in hand, on-demand deposits in banks, up-to-three-month term deposits and money market fund shares are reported as cash and cash equivalents in the cash flow statement.

Foreign currency transactions and financial assets and liabilities denominated in foreign currency

Upon reflecting the transactions in fixed foreign currency, the exchange rates of the Bank of Estonia effective on the date when the transaction was performed have served as a basis. Financial assets and liabilities in fixed foreign currency which are reported using fair value method are translated on the balance sheet date into euros on the basis of the exchange rates of the Bank of Estonia effective on the balance sheet date. Income received from foreign currency transactions is reported in the income statement as profit and loss for the period.

Receivables and prepayments

Accounts receivable

Short-term receivables that have arisen in the conduct of ordinary business of the company are reported as accounts receivable except claims against other companies and associates of the group. Accounts receivable are reported at adjusted acquisition cost (i.e. nominal value minus discounts made if necessary).

The probability of receipt of receivables is assessed separately for each buyer, if possible. The receipt of previously discounted doubtful receivables is reported as decrease of doubtful receivable expenses.

Other receivables

All other receivables (accrued income, loans granted and other current and long-term receivables) are reported at adjusted acquisition cost.

Inventories

Inventories are initially recorded at their acquisition cost that is comprised of the purchase expenses and other expenditure necessary for bringing the inventories into their existing location and condition.

The purchase expenses of inventories also contain the customs duties related to purchase, other non-refundable taxes and transportation costs directly connected with the purchase less trade discounts and subsidies.

The weighted average cost method is used in reporting the inventories as expenses and calculating the balance sheet value of inventories.

Inventories are reported in the balance sheet based on which is the lowest – acquisition cost or net realisable value. The write-offs of inventories to their net realisable value are reported during the write-off period as cost of goods sold.

Financial liabilities

All financial liabilities (accounts payable to suppliers, loans taken, accrued expenses and other short-term and long-term debt obligations) are initially recorded at their acquisition cost that also includes all expenses directly related to acquisition. Further reporting shall take place by adjusted acquisition cost method.

In general, the adjusted acquisition cost of short-term financial liabilities equals to their nominal value, wherefore short-term financial liabilities are reflected in the balance sheet in the amount subject to payment. The adjusted acquisition cost of long-term financial liabilities is calculated using the effective interest method.

Taxation

Pursuant to applicable legislation, corporate profit is not taxed in Estonia wherefore there are no claims or liabilities of deferred income tax. In Estonia, the tax is charged instead of income on the dividends subject to payment from the income at the rate of 21/79 on the amount of net dividends distributed. Corporate income tax related to the payment of dividends is reported as income tax expense in the income statement for the dividend announcement period, irrespective of the period for which the dividends are announced or when they are actually paid.

Related parties

Related parties of the business entity are determined on the basis of IAS 2 requirements.

Revenue

Revenue arising from the sale of goods is reported when all substantial risks related to ownership have transferred from to the buyer, the sales revenue and expenses related to the transactions can be trustworthily assessed and the receipt of payment from the transaction is likely.

Revenue arising from the sale of services is reported after the service has been rendered.

Statutory reserve capital

Pursuant to the Commercial Code, statutory reserve capital has to be formed. Statutory reserve capital is formed from annual net profit provisions. At least 1/20 from net profit has to be allocated to the reserve capital each financial year, until the reserve capital forms 1/10 of the share capital. Reserve capital may be used for covering the loss and also for increasing the share capital. Payments to shareholders from the reserve capital are not allowed.

Note 2. Cash (In EUR)

	31.12.2014	31.12.2013
Cash at hand	1 289	1 579
Bank accounts	2 350 610	1 188 816
Total cash	2 351 899	1 190 395

Note 3. Accounts receivable (In EUR)

	31.12.2014	31.12.2013
Accounts receivables	21 925 210	14 066 572
Total accounts receivable	21 925 210	14 066 572

Note 4. Tax prepayments and liabilities (In EUR)

	31.12.2014		31.12.2013
	Tax prepayments	Tax liabilities	Tax liabilities
Personal income tax		3 904	2 041
Income tax from fringe benefits		1 962	
Social tax		7 030	3 389
Mandatory funded pension		414	
Unemployment insurance premiums		621	341
Other tax prepayments and liabilities			156
Prepayment account balance	11 786		
Total tax prepayments and liabilities	11 786	13 931	5 827

Note 5. Other receivables (In EUR)

	31.12.2014	Within 12 months
Loan receivables	29 640	29 640
Loans	29 640	29 640
Accrued income	1 307 524	1 307 524
Deferred expenses	1 307 524	1 307 524
Total other receivables	1 337 164	1 337 164
	31.12.2013	Within 12 months
Loan receivables	405 263	405 263
Loans	405 263	405 263
Accrued income	25 581	
Deferred expenses	25 581	
Total other receivables	430 844	405 263

Note 6. Loan liabilities (In EUR)

	31.12.2014	Allocation by remaining maturity		
		Within 12 months	Within 1 to 5 years	Within over 5 years
Current loans				
Credit card	3 000	3 000		
Total current loans	3 000	3 000		
Current bonds				
Total current bonds	0	0		
Noncurrent bonds				
Total noncurrent bonds	0	0		
Total loan liabilities	3 000	3 000		
	31.12.2013	Allocation by remaining maturity		
		Within 12 months	Within 1 to 5 years	Within over 5 years
Current loans				
Current portion of noncurrent loans	0	0		
Total current loans	0	0		
Total loan liabilities	0	0		

Note 7. Trade payables (In EUR)

	31.12.2014	31.12.2013
Trade payables in USD	0	0
Trade payables in EUR	15 473 091	9 859 139
Total trade payables	15 473 091	9 859 139

Note 8. Other operating income (In EUR)

	2014	2013
Profit from exchange rate differences	4 521 457	1 528 895
Total other operating income	4 521 457	1 528 895

Note 9. Administrative expense (In EUR)

	2014	2013
Miscellaneous office expense	304 884	207 008
Travel expense	28 485	25 222
Labour expense	318 306	284 074
Other	60 240	41 770
Total administrative expense	711 915	558 074

Note 10. Labour expense (In EUR)

	2014	2013
Wage and salary expense	243 082	214 884
Social security taxes	75 044	66 396
Holiday reserve	180	2 794
Total labour expense	318 306	284 074
Average number of employees in full time equivalent units	9	6

Note 11. Other operating expenses (In EUR)

	2014	2013
Loss from exchange rate differences	4 159 813	1 544 590
Total other operating expense	4 159 813	1 544 590

Note 12. Other financial income and expense (In EUR)

	2014	2013
Profit (loss) from exchange rate differences	516 890	-226 492
Interest income from loans	57 786	7 112
Interest expense from loans	-13 327	-557
Other financial income	0	-10 000
Total other financial income and expense	561 349	-229 937

Note 13. Related parties (In EUR)

Remuneration and significant benefits calculated for members of management and highest supervisory body		
	2014	2013
Remuneration	54 960	0

Note 14. Events after balance sheet date

IN JANUARY 2015, SUBSIDIARY OF OUR COMPANY
ARTE BUNKERING GMBH WAS REGISTERED IN GERMANY
SHARE CAPITAL IS EUR 25 000
ARTE BUNKERING OÜ IS 100% OWNER

Digital signatures to the report

The date of completing the report is: 10 June 2015

The authenticity of the 01.01.2014 – 31.12.2014 financial year report data of Arte Bunkering OÜ (registry code: 11760725) has been electronically confirmed by:

Signatory's name	Signatory's position	Date of signature
ALEKSEI VAIS	Member of the Management Board	10 June 2015

SWORN AUDITOR'S REPORT

To the shareholders of Arte Bunkering OÜ

We have audited the annual accounts of Arte Bunkering OÜ comprising of the balance sheet as of 31 December 2014, the income statement, the statement of changes in owner's equity and the cash flow statement prepared for the financial year ending on the above-mentioned date, the summary of essential accounting principles used in the preparation of the annual report and other explanatory notes. The audited annual accounts which are presented on pages 4-14 have been appended to this report.

Duties of the management concerning the annual accounts

The management is responsible for preparing the annual accounts and presenting these in a fair manner in accordance with the accounting principles generally accepted in Estonia and for such internal audit that the management shall deem necessary in order to prepare the accounts without any material inaccuracies resulting from deception or mistakes.

Duties of the sworn auditor

It is our duty to express our opinion on these annual accounts on the basis of the audit. We have carried out our audit in compliance with international auditing standards (Estonia). According to these standards it is required that we would conform to ethics requirements and would plan and conduct the audit in order to obtain reasonable assurance that the annual accounts are free from any material inaccuracies.

The audit includes the conducting of procedures necessary to collect evidence for the audit on the figures presented and information disclosed in the annual accounts. The selected procedures depend on the sworn auditor's decisions, including the opinions regarding the risks that the annual accounts may contain material inaccuracies resulting from deception or mistakes. Upon making these risk assessments, the sworn auditor will take into consideration the internal audit which is relevant in preparation and fair presentation of annual accounts of the business entity in order to plan relevant audit procedures in the circumstances, however, not in order to express an opinion on the efficiency of internal audit of the business entity. The audit also includes an assessment of relevance of accounting principles used by the management and the justification of accounting opinions made, as well as an assessment of overall presentation of annual accounts.

We believe that the evidence of the audit that we have obtained is sufficient and relevant for expressing our audit opinion.

Opinion

In our opinion the involved annual accounts present for all significant parts a true and fair view of the financial situation of Arte Bunkering OÜ as of 31 December 2014 and the business result and cash flows for the financial year that ended on that date in accordance with the accounting principles generally accepted in Estonia.

/Digitally signed/
Olga Kuznetsova

Sworn Auditor Number 395
Audiitorbüro K&K OÜ
Auditing Firm Licence Number 154
Asula 3
Tallinn 11312
10th June 2015

Auditors' digital signatures

The auditor's report enclosed to the 01.01.2014 – 31.12.2014 financial year report of Arte Bunkering OÜ (registry code: 11760725) has been electronically signed by:

Signatory's name	Signatory's position	Date of signature
OLGA KUZNETSOVA	Sworn auditor	10 June 2015

Proposal for the distribution of profit (In EUR)

	31.12.2014
Retained profit (loss)	4 985 499
Profit (loss) for financial year	4 332 230
Total	9 317 729

The management board decided not to distribute the profit.

Distribution of net sales by operating activities

Operating activity	EMTAK code	Net sales (EUR)	Net sales %	Principal activity
Wholesale of automotive fuels	46712	276,898,343	99.01%	Yes
Wholesale of fish, crustaceans and fish products	46381	2,761,484	0.99%	No

Means of communication

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