

103904/12

FL 30393

Financial Statements as of December 31, 2014

Apioil Limited, Bermuda

TUESDAY



A4799YU2

A12

12/05/2015

#60

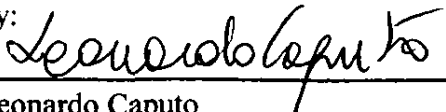
COMPANIES HOUSE

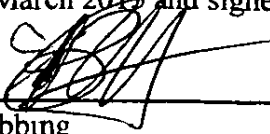
APIOIL LIMITED, BERMUDA
STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2014

	Note	31.12 2014	31.12.2013
		U S.Dollars	U.S.Dollars
ASSETS			
Current assets			
Cash		329,515	882,324
Time deposits		0	0
Trade accounts receivable			
- Third parties		3,324,463	6,079,746
- Related parties	6		
Other accounts receivable			
- Third parties		357,232	6,249
- Related parties	6.	0	9,131,490
Accrued income		0	0
Total current assets		4,011,210	16,099,809
TOTAL ASSETS		4,011,210	16,099,809
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank overdraft			
Trade accounts payable			
- Third parties		3,324,463	6,185,958
- Related parties		6,493	144
Accrued expenses		6,932	31,024
Income tax payable		334,579	53,839
Other liabilities			216,192
Total current liabilities		3,672,467	6,487,157
SHAREHOLDERS' EQUITY			
Share capital	5.	100,000	2,000,000
Interim dividend		-	615,000
Retained earnings		853,743	7,612,652
Total Shareholders' equity		338,743	9,612,652
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		4,011,210	16,099,809
		0	0

The Financial Statements were approved by the Board on 17 March 2015 and signed on its behalf

by:


 Leonardo Caputo
 Director


 Ian Bibbing
 Director

APIOIL LIMITED, BERMUDA

STATEMENT OF COMPREHENSIVE INCOME 2014

	2014	2013
	U S.Dollars	U.S.Dollars
REVENUE	431,822,709	725,804,028
COST OF SALES	- 430,335,921	- 724,697,932
Gross Profit	<u>1,486,788</u>	<u>1,106,096</u>
OPERATING EXPENSES		
Administrative expenses	- 420,834	- 469,281
Bank charges	- 5,596	- 10,147
Net foreign currency exchange differences	- 3,923	- 3,284
Total operating expenses	<u>- 430,353</u>	<u>- 482,712</u>
Operating profit	<u>1,056,435</u>	<u>623,384</u>
Interest income	78,047	127,219
Interest expenses	0	0
PROFIT BEFORE TAX	<u>1,134,482</u>	<u>750,603</u>
Income tax	- 280,739	- 153,231
PROFIT FOR THE YEAR	853,743	597,372
Other comprehensive income	0	0
TOTAL COMPREHENSIVE INCOME	<u>853,743</u>	<u>597,372</u>

Profit for the year and total comprehensive income are fully attributable to the shareholders of the Company

APIOIL LIMITED, BERMUDA

CASH FLOW STATEMENT 2014

	<u>2014</u>	<u>2013</u>
	U.S.Dollars	U.S.Dollars
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,134,482	750,603
Adjustments for		
+ Net foreign exchange differences	3,923	3,284
- Interest income	- 78,047	- 127,219
+ Interest expenses	0	0
- Income tax paid	- 321,145	- 457,236
Operating cash flow before working capital changes	<u>739,213</u>	<u>169,432</u>
WORKING CAPITAL CHANGES		
Decrease / (increase) in trade and other accounts receivable	11,856,936	-3,872,355
(Decrease) / increase in trade accounts payable	-3,071,338	2,094,457
(Decrease) / increase in accrued income / expenses	-24,092	-77,146
Cash flow from operating activities	<u>9,500,719</u>	<u>-1,685,612</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	78,047	127,219
Cash flow from investing activities	<u>78,047</u>	<u>127,219</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend payment/share capital reduction	-9,512,652	0
Interim dividend	-615,000	0
Cash flow from financing activities	<u>-10,127,652</u>	<u>0</u>
Net decrease / increase in cash and time deposits	-548,886	-1,558,393
Net foreign exchange difference on cash	-3,923	-3,284
Net cash and time deposits at beginning of year	882,324	2,444,001
Net cash and time deposits at end of year	<u>329,515</u>	<u>882,324</u>

APIOIL LIMITED, BERMUDA

STATEMENT OF CHANGES IN EQUITY 2014

	Share Capital	Retained Earnings	Total
	U.S.Dollars	U.S.Dollars	U S.Dollars
Balance, January 1, 2013	2,000,000	7,015,280	9,015,280
Profit / Comprehensive Income 2013	-	597,372	597,372
Dividend	-		0
Balance, January 1, 2014	2,000,000	7,612,652	9,612,652
Equity decrease	- 1,900,000		- 1,900,000
Dividend/Reserves		- 7,612,652	- 7,612,652
Interim dividend		- 615,000	- 615,000
Profit / Comprehensive Income 2014	-	853,743	853,743
Balance, December 31, 2014	100,000	238,743	338,743

APIOIL LIMITED, BERMUDA

NOTES TO THE FINANCIAL STATEMENTS AS PER DECEMBER 31, 2014

1. General

Apioil Limited ('the Company') was incorporated on January 23, 1985 in Bermuda. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

Effective June 2011 the Company registered a UK Establishment at Sixth Floor (North), Kingsway House, 103, Kingsway, London WC2B 6QX and became UK tax resident. The Company is exempted for Bermuda tax purposes until March 28, 2016

On June 25, 2014, the Board of Directors approved a Business Sale, outlined in the Intra Group Business Transfer Agreement, whereby, effective August 1, 2014, Apioil UK Limited (formerly Api Services Ltd), a Company fully owned by the same parent company api anonima petroli italiana S p A – Rome, acquired the business of Apioil Limited in order to promote the Group commercial interests and success. It was noted that the consideration payable by the Company for the Acquisition was to be the book value of all assets and liabilities related to the Business to be transferred as resulting in Financial Statements of the Company at 31 July 2014. Pursuant to the Acquisition, the Company transferred to Apioil UK Limited, by way of Deeds of Novation, certain obligations to third parties in relation to various commercial contracts and Apioil UK Limited replaced the Company as a party to the contracts.

The Company's purpose is to trade in the international petroleum markets. In the years reported, the Company conducted mainly physical transactions, generally made on a back-to-back basis, meaning that buying and selling is made at the same terms and conditions regarding quantity, quality as well as delivery, payment and base price terms with the exception that a premium shall apply. Third party sales are based on purchase price plus a margin.

The Company's books are maintained in U.S. Dollars, the functional currency of Apioil Limited. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements as of December 31, 2014 have been authorized for issuance by the Board of Directors on March 17, 2015. They are subject to the approval of the ordinary shareholder's meeting.

2. Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

For the financial statements as at December 31, 2014 there are no significant judgments and estimates that should be further outlined in here.

3. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following changes:

APIOIL LIMITED, BERMUDA

NOTES TO THE FINANCIAL STATEMENTS AS PER DECEMBER 31, 2014

Apioil Limited has adopted the following new standards and amended IFRS became effective as of January 2014.

Recently released Standards/ Interpretations	Effective date
Improvements to IFRSs – 2010 – 2012 Cycle Amendments to IFRS 13 – Short-term receivables and payables	Annual periods beginnings on or after 1 January 2014
Improvements to IFRSs – 2010 – 2012 Cycle: Amendments to IFRS 1 – Meaning of ‘effective IFRS’s’	Annual periods beginning on or after 1 January 2014
IFRIC 21 Levies	Annual periods beginning on or after 1 January 2014

Adoption of these revised standards and interpretations did not have an impact on the financial performance or position of the Company

IFRIC 21 Levies

IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. This interpretation has no impact on the Company as it has applied the recognition principles under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements 2010-2012 Cycle

In the 2010-2012 annual improvements cycle, the IASB issued seven amendments to six standards, which included an amendment to IFRS 13 Fair Value Measurement. The amendment to IFRS 13 is effective immediately and, thus, for periods beginning at 1 January 2014, and it clarifies in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment to IFRS 13 has no impact on the Company.

Annual Improvements 2011-2013 Cycle

In the 2011-2013 annual improvements cycle, the IASB issued four amendments to four standards, which included an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment to IFRS 1 is effective immediately and, thus, for periods beginning at 1 January 2014, and clarifies in the Basis for Conclusions that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity’s first IFRS financial statements. This amendment to IFRS 1 has no impact on the Company, since the Company is an existing IFRS preparer.

4. Principal accounting policies

a) Cash and time deposits

Cash includes current accounts with banks and time deposits. Time deposits include short term investments with banks due within one month. Both positions items are carried at cost in the balance sheet and approximate fair value due to the short term nature of these financial instruments.

b) Accounts receivables and payables

Trade receivables, which generally have 15 days’ terms, are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2014**

is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Trade payables are non-interest bearing, carried at original invoice amount and are normally settled on 15 day terms.

Both positions approximate fair value due to the short term nature of these financial instruments.

c) Revenue recognition

The Company records sales and recognizes the related profits of the physical transactions in its accounts when all significant risks and rewards of ownership of the asset sold are transferred to the customers, it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is generally recognized at invoice amounts with most sales being priced free on board (FOB), cost and freight (CFR), cost insurance freight (CIF) or delivered ex ship (DES).

d) Foreign currency translation

Transactions are mainly concluded in U.S. Dollars. Transactions in foreign currencies are translated in U.S. Dollars using the exchange rate as of the transaction date. Realized and unrealized gains and losses up to the balance sheet date resulting from the valuation of receivables and payables in foreign currencies are recognized in the statement of comprehensive income.

f) Related party transactions

Sales to related parties are made at the actual purchase values of the cargo on a back-to-back basis plus a premium.

g) Financial assets and liabilities

Financial assets and liabilities comprise cash, time deposits, accounts receivable and accounts payable.

The carrying amounts of cash, time deposits, accounts receivable and accounts payable approximate fair values due to their short term nature.

In accordance with the applicable principles in IAS 39, financial assets and liabilities are classified as follows and measured uniformly according to the following categories:

- financial assets at fair value through profit or loss
- investments held to maturity,
- loans and receivables,
- financial assets available for sale and

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designed upon initial recognition at fair value through profit or loss. There are no such financial assets and liabilities existing at the balance sheet date nor were there any investments held to maturity, which would be fixed maturity financial assets that the Company intends to hold to maturity. Loans and receivables are financial assets created by providing money, goods or services directly to third or related parties. All other investments are classified as financial assets available for sale.

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2014**

All financial assets and liabilities are initially recognized at fair value, including transaction costs. The purchase or sale of financial assets is recognized on the settlement date.

After initial recognition, financial assets and liabilities held for trading are measured at fair values and changes in the asset value are reported in profit or loss for the year.

Investments held to maturity and assets originated by the Company are measured at amortized cost using the effective interest rate method, less reductions for impairment.

After initial recognition, financial assets available for sale are measured at their fair value and changes in the values are reported in other comprehensive income / equity.

After initial recognition, financial liabilities, other than liabilities held for trading and derivatives that are liabilities, are measured at amortized cost.

h) Cost of sales

Cost of sales represents product cost plus any other costs directly attributed to the acquisition of materials.

i) Dispatch and demurrage

Dispatch and demurrage are ancillary income and costs that occur when vessels are prevented from the loading or discharging of cargo within the stipulated laytime.

Dispatch and demurrage income respectively expenses are recorded when the amount can be measured reliably, it is probable the economic benefits or costs associated with the transaction will flow and the stage of completion of the transaction at the balance sheet date can be measured reliably.

j) Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Where items are recognized directly in other comprehensive income / equity, current income tax is also recognized in other comprehensive income / equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Where there exist deferred taxes, such are provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

5. Share capital

After the general meeting of the members of the company of July 29, 2014, the share capital of the company is reduced from USD 2'000'000, divided into 2'000'000 shares with a par value of USD 1.00 USD each, to USD 100'000 divided into 100'000 shares of USD 1.00 each fully paid.

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2014**

The amount equivalent to the reduction in capital (USD 1'900'000) was paid to parent company "api" anonima petroli italiana S p A , Rome on September 9, 2014

As of December 31, 2014, 100'000 shares are owned by "api" anonima petroli italiana S.p A , Rome

During 2014 the Board of Directors approved two separate dividend payments to the parent company "api" anonima petroli italiana S p.A, with details as follows

- USD 7,015,280, equal to the previous retained earnings as resulting from the Financial Statements at 31 12 2013, paid on July 25
- USD 597,372, equal to year-end profit for 2013 as resulting from the Financial Statements at 31.12.2013 , paid on July 29

In addition, based on a review of the Company's Financial Statements for the period 1 January 2014-30 June 2014 the Board of Directors confirmed that the Company had sufficient funds available, after taking into account the criteria set out in Section 54 of the Companies Act 1981, to pay and interim dividend of USD 615,000, which was settled on August 12

6. Related party transactions

Apioil Limited enters into related party transactions in the normal course of business

There was an agreement, terminated in July, for the supply of services with Api Services Limited (now Apioil Uk Ltd) The agreement covered the provision of information and conditions prevailing in the oil markets, liaison with suppliers and customers, provision of transportation, storage, insurance, operational and managerial support for the loading and delivery of crude oil and oil products together with the provision of related financial instruments Api Services Limited (now Apioil Uk Ltd) invoiced a sum which represented the total cost of providing the services described above amounting to USD 204,436 for 2014 (2013 USD 247'383)

On February 20, 2014 an inter-company loan of Usd 9,000,000 was raised between Apioil Limited and "api" anonima petroli italiana S p A The loan was repaid along with interest (USD 63,471) in two instalments - Usd 7,000,000 on July 23 and Usd 2,000,000 on September 5, 2014.

APIOIL LIMITED, BERMUDA
NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2014

The balance sheet includes the following amounts resulting from transactions with related parties.

	<u>2014</u> U S Dollar	<u>2013</u> U S Dollar
Other accounts receivable		
- api anomina petroli italiana S p A	0	9'131'490
	0	9'131'490
Trade accounts payable		
- Apioil Uk Ltd (formerly Api Services Ltd)	0	144
	0	144

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2014**

7. Income tax

The major components of income tax expense for the years ended 31 December 2014 and 2013 are

	<u>2014</u> U S. Dollar	<u>2013</u> U S. Dollar
Current income tax		
- Current income tax charge	280,739	174,841
- Current income tax credit prior periods	<u>0</u>	<u>-21,610</u>
	0	153,231
Deferred tax		
- Relating to origination and reversal of temporary differences	<u>0</u>	<u>0</u>
Income tax expense reported in the income statement	<u>280,739</u>	<u>153,231</u>

A reconciliation between tax expense and the product of accounting profit multiplied by United Kingdom domestic tax rate for the years ended 31 December 2014 and 2013 is as follows

	<u>2014</u> U S. Dollar	<u>2013</u> U S. Dollar
Accounting profit before income tax	1,134,483	750,603
UK taxable profit	<u>1,134,483</u>	<u>750,603</u>
At statutory income tax rate of 21% (2013 23%)	<u>280,739</u>	<u>174,841</u>

8. Credit lines

The company, before the intra-group business transfer, had access to the global facilities at some of the banks available to the parent

In order to minimize the commercial and financial risk, the Company is also operating under a specific scheme, whereby it is using its existing framework agreement with oil companies in order to facilitate commercial transactions with other counter-parties. In this framework the counter-parties provide bank letter of credit facilities to the benefit of the oil companies, those facilities are assisted by pledge agreements for receivables whereby all trade account receivables financed directly by these banks are assigned/pledged as collateral for the granted facilities. As of the balance sheet date, the Company had no outstanding liabilities with these banks.

As of the balance sheet date, the Company had no outstanding letters credit lines with banks

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2014**

The long standing claim between GALAXY/APIOIL/STIR was resolved by arbitration in September and as of December 31, 2014 the amount of USD 2,161,400.21 was due to be reimbursed together with interest and tribunal expenses. The separate claim for cargo rejection costs for the amount of USD 1,136,047.33 was refused by the tribunal. Galaxy will cancel the invoice for USD 1,136,047.33 upon receipt of payment of above mentioned USD 2,161,400.21.