Company Registration No. 4645184

# D1 OILS TRADING LIMITED

**Report and Financial Statements**

**For the 18 month period ended**

**30 June 2012**

# REPORT AND FINANCIAL STATEMENTS

## CONTENTS

# DIRECTORS' REPORT

The directors present their report and financial statements for the 18 month period ended 30 June 2012

## PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

Historically the company s activity was that of refining and trading of bio-diesel Following the cessation of this activity, the company traded crude Jatropha oil in the UK market This activity was ceased during this period The company no longer trades and its principal activity during the period was that of a holding company for various subsidiaries in the NEOS Resources plc group

## GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operating existence for the foreseeable future and meet its liabilities as they fall due There are material uncertainties that the directors have had to consider in deciding to prepare the financial statements on the going concern basis, which are summarised below

On 22 January 2013, the parent undertaking of the company announced that it does not believe that the company's trading subsidiary in India presents a viable long-term opportunity for the group The directors of the company are working with the management of the Indian business to preserve as much value as possible within that business with a view to repatriating cash to the company as quickly as possible

The directors have received no assurances from the ultimate parent undertaking that it will provide additional funding to the company As a consequence, the directors are also in negotiation with the company's creditor to settle its liability to them at an earlier date than it is due at a lower amount than recorded in the accounts

After making enquiries and considering these uncertainties, the directors conclude that these uncertainties can be managed and mitigated and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future Consequently, the directors believe that it is appropriate to prepare the financial statements on a going concern basis

Should the business strategy not fulfil expectations and not generate sufficient cash for the company to settle its liabilities, this would mean that the going concern basis would be invalid and adjustments may have to be made to reduce the value of the assets to their recoverable amount and reclassify its long-term liability as a current liability

## RESULTS AND DIVIDENDS

The results for the 18 month period ended 30 June 2012 are set out in detail on page 6 No final dividend has been proposed (year ended 31 December 2010 £nil)

## DIRECTORS

The directors of the company who served during the period were

- Martin Jarvis (resigned on 21 December 2011)
- Steven Rudofsky (appointed on 21 December 2011)
- Nicholas Myerson (appointed on 21 December 2011)

## AUDITORS

Grant Thornton UK LLP was appointed during the year to fill a casual vacancy and will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with Section 489 (4) of the Companies Act 2006

Approved by the Board of Directors and signed on behalf of the Board

Steven Rudofsky
Director
13 March 2013

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

## ..DEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D1 OILS TRADING ..IMITED

We have audited the financial statements of D1 Oils Trading Limited for the 18 month period ended 30 June 2012 which comprise the profit and loss account the statement of total recognised gains and losses the balance sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company s members those matters we are required to state to them in an auditor s report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

**Respective responsibilities of director and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

**Opinion on financial statements**

In our opinion, the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

**Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern The company has net liabilities of £101,000 at 30 June 2012 and has received no assurances from its parent undertaking that additional funding will be made available to the company The directors are taking steps to negotiate a settlement of the company's liabilities earlier than due at a lower amount than recorded in the accounts and is also seeking to preserve the value of its investment in India to return cash to the company These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D1 OILS TRADING LIMITED

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion

- adequate accounting records have not been kept by the company or returns adequate for our audit have not been received from branches not visited by us, or
- the company financial statements are not in agreement with the accounting records and returns or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Grant Thornton UK LLP

**Paul Creasey**
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
14 March 2013

## PROFIT AND LOSS ACCOUNT
**for the 18 month period ended 30 June 2012**

| | Note | 2012 (18 months) £000 Discontinued operations | 2012 (18 months) £000 Continuing operations | 2012 (18 months) £000 Total | 2010 (12 months) £000 Total |
|---|---|---|---|---|---|
| **TURNOVER** | 2 | 27 | - | 27 | 32 |
| Cost of sales | | (20) | - | (20) | - |
| **GROSS PROFIT** | | 7 | - | 7 | 32 |
| Administrative expenses | | (54) | - | (54) | 6 |
| Impairment of group investments | | - | (861) | (861) | (4,413) |
| Write off of loans due from group undertakings | | - | - | - | (240) |
| **OPERATING LOSS** | 4 | (47) | (861) | (908) | (4,615) |
| Other income | | | | 57 | 4 |
| Interest payable and similar charges | | | | (81) | - |
| **LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION** | | | | (932) | (4,611) |
| Tax on loss ordinary activities | 5 | | | - | - |
| **LOSS FOR THE FINANCIAL PERIOD** | 11 | | | (932) | (4,611) |

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
**for the 18 month period ended 30 June 2012**

There are no recognised gains or losses other than the loss recognised in the profit and loss account (year ended 31 December 2010 none)

The accompanying notes form part of these financial statements

## BALANCE SHEET
## At 30 June 2012

| | Note | At 30 June 2012 £000 | At 31 December 2010 £000 |
|---|---|---|---|
| **FIXED ASSETS** | | | |
| Investments | 6 | 101 | 962 |
| | | 101 | 962 |
| **CURRENT ASSETS** | | | |
| Debtors | | | |
| - amounts fallıng due wıthın one year | 7 | 8 | 53 |
| Cash | | 352 | 108 |
| | | 360 | 161 |
| **CREDITORS· amounts fallıng due wıthın one year** | 8 | - | (481) |
| **NET CURRENT ASSETS / (LIABILITIES)** | | 360 | (320) |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | 461 | 642 |
| **CREDITORS amounts fallıng due after more than one year** | 9 | (562) | - |
| **NET (LIABILITIES) / ASSETS** | | (101) | 642 |
| **CAPITAL AND RESERVES** | | | |
| Called up share capıtal | 10 | 125 | 125 |
| Share premıum account | 11 | 438 | 438 |
| Capıtal contrıbutıon account | 11 | 55,634 | 55,445 |
| Profit and loss account | 11 | (56,298) | (55,366) |
| **TOTAL EQUITY SHAREHOLDERS' (DEFICIT) / FUNDS** | 12 | (101) | 642 |

These financıal statements were approved by the Board of Dırectors on 13 March 2013

Steven Rudofsky
Dırector

# NOTES TO THE FINANCIAL STATEMENTS
## for the 18 month period ended 30 June 2012

## 1. AUTHORISATION OF FINANCIAL STATEMENTS

### Fundamental accounting concept

The financial statements have been prepared on a going concern basis which assumes that the company will continue in existence for the foreseeable future and meet its liabilities as they fall due There are material uncertainties that the directors have had to consider in deciding to prepare the financial statements on the going concern basis, which are summarised below

The parent undertaking of the company has announced that it does not believe that the company's trading subsidiary in India presents a viable long-term opportunity for the group The directors of the company are working with the management of the Indian business to preserve as much value as possible within that business with a view to repatriating cash to the company as quickly as possible

The directors have received no assurances from the ultimate parent undertaking that it will provide additional funding to the company As a consequence, the directors are also in negotiation with the company's creditor to settle its liability to them at an earlier date than it is due at a lower amount than recorded in the accounts

After making enquiries and considering these uncertainties, the directors conclude that these uncertainties can be managed and mitigated and the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and meet its debts as the fall due Consequently, the directors believe that it is appropriate to prepare the financial statements on a going concern basis

Should the business strategy not fulfil expectations and not generate sufficient cash for the company to settle its liabilities, this would mean that the going concern basis would be invalid and adjustments may have to be made to reduce the value of the assets to their recoverable amount and reclassify its long-term liability as a current liability

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The company's financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards The particular accounting policies adopted are described below and have been applied consistently in both the current and previous financial year

Under s398 and s399 of Companies Act 2006, the company is exempt from preparing consolidated financial statements and the financial statements show information about the company as an individual entity

The company is a wholly owned subsidiary of NEOS Resources plc and has therefore taken advantage of the exemption within FRS1 'Cash flow Statements' from preparing a cash flow statement

### Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes

### Investments

Investments held as fixed assets are stated at cost less provision for any impairment

### Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date

# NOTES TO THE FINANCIAL STATEMENTS
## for the 18 month period ended 30 June 2012

**Deferred tax**

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements with the following exceptions

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither the accounting nor taxable profit or loss,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date Tax is charged or credited directly to equity if it relates to items that are credited or charged to equity Otherwise tax is recognised in the income statement

## 3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No directors received remuneration in respect of their services to the company for the 18 month period ended 30 June 2012 (2010 £nil)

The company had no employees (2010 nil)

## 4. OPERATING LOSS

Auditors' remuneration in the current and prior year was borne by NEOS Resources plc

## 5. TAX ON LOSS ON ORDINARY ACTIVITIES

i) Analysis of tax on loss on ordinary activities

| | 2012 (18 months) £'000 | 2010 (12 months) £'000 |
|---|---|---|
| United Kingdom corporation tax at effective rate of 26% (2010 28%) based on the loss for the period | - | - |
| Deferred tax | - | - |
| Tax on loss on ordinary activities | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
## for the 18 month period ended 30 June 2012

### 5 TAX ON LOSS ON ORDINARY ACTIVITIES (CONTINUED)

ii) Factors affecting the tax charge for the current period

The tax assessed for the period is lower than that resulting from applying the effective standard rate of corporation tax in the UK 26% (2010 28%) The differences are explained below

| | 2012 (18 months) £'000 | 2010 (12 months) £'000 |
|---|---|---|
| Loss on ordinary activities before tax | (932) | (4,611) |
| Tax credit at 26% (2010 28%) thereon | 242 | 1,291 |
| Expenses not deductible for tax purposes | (224) | (1,303) |
| Utilisation of tax losses | - | 12 |
| Unrecognised tax losses | (18) | - |
| | - | - |

At 30 June 2012 the company had net trading tax losses of £16 1 million (2010 £16 1 million) available to set off against future trading profits of the company from the same trade A deferred tax asset has not been recognised in respect of these losses as there is insufficient evidence that the asset will be recovered The amount of the asset not recognised in the year is £4 2 million (2010 £4 6 million)

### 6. FIXED ASSET INVESTMENTS

Fixed asset investments comprise shares in group undertakings

| | At 30 June 2012 £'000 | At 31 December 2010 £'000 |
|---|---|---|
| **Cost and Net Book Value** | | |
| Cost at 31 December 2010 and 30 June 2012 | 962 | 962 |
| Provision for impairment | (861) | - |
| Net Book Value | 101 | 962 |

The directors are of the opinion that there is doubt about the ability of its indirect subsidiary company, D1 Oils Fuel Crops Private Ltd, to generate profits Accordingly, its direct investment in D1 Oils Fuel Crops Limited has been impaired during the period to its expected recoverable amount

# NOTES TO THE FINANCIAL STATEMENTS
## for the 18 month period ended 30 June 2012

### 6 FIXED ASSET INVESTMENTS (CONTINUED)

At 30 June 2012 the company owns more than 10% of the share capital of the following trading companies

| | Country of registration | Holding % | Nature of business | Shareholder Class |
|---|---|---|---|---|
| D1 Oils Fuel Crops Limited | UK | 100% Direct | Holding company | Ordinary |
| Middlesbrough Oils UK Limited | UK | 100% Indirect | Holding company | Ordinary |
| D1 Oils Fuel Crops Private Limited | India | 100% Indirect | Oil processing & trading | Ordinary |

The directors are of the opinion that there is doubt about the ability of its indirect subsidiary company, D1 Oils Fuel Crops Private Ltd, to generate profits and therefore its direct investment in D1 Oils Fuel Crops Limited has been impaired during the period

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

| | At 30 June 2012 £000 | At 31 December 2010 £000 |
|---|---|---|
| Amounts owed by group undertakings | 8 | 31 |
| Other debtors | - | 22 |
| | 8 | 53 |

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

| | At 30 June 2012 £000 | At 31 December 2010 £000 |
|---|---|---|
| Other creditors (note 9) | - | 481 |
| | - | 481 |

# NOTES TO THE FINANCIAL STATEMENTS
## for the 18 month period ended 30 June 2012

### 9 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | At 30 June 2012 £000 | At 31 December 2010 £000 |
|---|---|---|
| Other creditors | 562 | - |
| | 562 | - |

Other creditors represent discounted deferred consideration of £600,000 payable to BP International Limited for the acquisition of 50% of D1 Oils Fuel Crops Limited in 2009 Payments are due based on sales of crude Jatropha Oil with the balance due by 31 December 2014 No payments have been made to date The outstanding balance has been reclassified as a long-term liability as, in the opinion of the directors, no payments are due until 31 December 2014

### 10. SHARE CAPITAL

| | At 30 June 2012 £ | At 31 December 2010 £ |
|---|---|---|
| **Authorised, called up, allotted and fully paid** | | |
| 74,250 Ordinary 'A' shares of £1 each | 74,250 | 74,250 |
| 50,750 Ordinary 'B' shares of £1 each | 50,750 | 50,750 |
| | 125,000 | 125,000 |

### 11. MOVEMENTS ON RESERVES

| | Capital contribution account £'000 | Share premium account £'000 | Profit and loss account £'000 |
|---|---|---|---|
| At 1 January 2011 | 55,445 | 438 | (55,366) |
| Loss for the financial period | - | - | (932) |
| Capital contribution | 189 | - | - |
| At 30 June 2012 | 55,634 | 438 | (56,298) |

The capital contribution during the period represents inter-company liabilities which were extinguished

# NOTES TO THE FINANCIAL STATEMENTS
## for the 18 month period ended 30 June 2012

### 12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

| | At 30 June 2012 £'000 | At 31 December 2010 £'000 |
|---|---|---|
| Opening equity shareholders funds | 642 | 6,605 |
| Loss for the financial period | (932) | (4,611) |
| Capital contribution / (repayment) | 189 | (1,352) |
| Closing equity shareholders' (deficit) / funds | (101) | 642 |

### 13. RELATED PARTY TRANSACTIONS

In accordance with Financial Reporting Standard No 8, the company has taken advantage of the exemption from the requirement to disclose related party transactions with certain Group companies, as the consolidated financial statements in which the company is included are publicly available

### 13. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The company's immediate and ultimate parent undertaking is NEOS Resources plc, a company incorporated in the United Kingdom The ultimate parent undertaking has included the company's financial statements in its consolidated financial statements, copies of which are available from the company at Fifth Floor, 22 Arlington Street, London, SW1A 1RD