

**D1 OILS TRADING LIMITED**

**Report and Financial Statements**

**For the year ended**

**30 June 2015**



**REPORT AND FINANCIAL STATEMENTS**

<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Statement of total recognised gains and losses</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the financial statements</b>	<b>8</b>

## **DIRECTOR'S REPORT**

The director presents his report and financial statements for the year ended 30 June 2015.

### **PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS**

Historically the company's activity was that of refining and trading of bio-diesel. The Company is presently evaluating its future strategic direction and expects to make a decision early in the next financial period. The principal activity during the period was that of a holding company for various subsidiaries in the NEOS Resources plc group.

D1 Oils Trading signed a joint venture Supply of Services agreement in March 2016 with SCB & Associates to provide a market intelligence service by utilising data and knowledge the company has collected over the past years to the current Bio fuel companies operating in Europe, Asia and USA.

### **BASIS OF ACCOUNTING**

The current year's financial statements have been prepared on the going concern basis.

### **RESULTS AND DIVIDENDS**

The results for the year ended 30 June 2015 are set out in detail on page 6. No final dividend has been proposed (period ended 30 June 2014: £nil).

### **DIRECTORS**

The directors of the company who served during the period were:

- Gordon Tainton (appointed on 4 August 2014)
- Nicholas Myerson (resigned on 4 August 2014)

### **STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is 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 director is 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 director is 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. He is 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.

**DIRECTOR'S REPORT**

**DIRECTOR'S STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR**

The director confirms that:

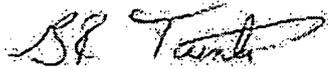
- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor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

**AUDITORS**

KSI (WA) will be proposed for reappointment at the forthcoming Annual General Meeting in accordance with Section 489 (4) of the Companies Act 2006.

The Director's Report has been prepared under the small companies' exemption in accordance with section S415A of the Companies Act 2006 and therefore does not include an enhanced business review.

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



**Gordon Tainton**  
Director  
19 April 2016

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

We have audited the financial statements of D1 Oils Trading Limited for the year ended 30 June 2015 which comprise the profit & 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 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 2, 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2015 and of its loss for the year 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, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements considering the company's ability to continue as a going concern.

We draw attention to Note 1 in the financial statements. For the purposes of going concern, the company has evaluated its status in conjunction with its ultimate holding company, Neos Resources PLC and its subsidiaries (collectively, "the Group"). In its consolidated financial statements prepared for the year ended 30 June 2015, the Group had net current liabilities of £126,500.

Given those noted findings, we believe that the company's ability to continue as a going concern is dependent on the group securing additional funding through shareholder loans, or raising capital via issue of its own equity instruments.

As a result, there is a material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

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

### **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.

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

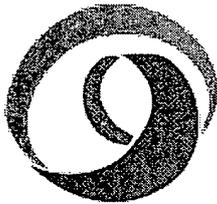
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

*Nicholas Hollens*

Nicholas Hollens – Senior Statutory Auditor  
For and on behalf of KSI (WA) – Statutory Auditors  
35 Outram Street  
West Perth WA 6005  
Australia

19 April 2016



KSI (WA)

**PROFIT AND LOSS ACCOUNT**  
**For the year ended 30 June 2015**

	Note	2015 £000 Total	2014 £000 Total
<b>TURNOVER</b>		-	-
Cost of sales		-	-
		<hr/>	<hr/>
<b>GROSS PROFIT</b>		-	-
Other operating income		1	-
Administrative expenses		(5)	(1)
Impairment of group investments	6	-	(9)
		<hr/>	<hr/>
<b>OPERATING LOSS</b>	4	(4)	(10)
Other income		-	-
Interest payable and similar charges		-	-
		<hr/>	<hr/>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(4)	(10)
Tax on profit/(loss) on ordinary activities	5	-	-
		<hr/>	<hr/>
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD</b>	8, 9	(4)	(10)
		<hr/> <hr/>	<hr/> <hr/>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 30 June 2015**

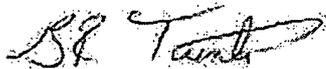
There are no recognised gains or losses other than the loss recognised in the profit and loss account (12 month period ended 30 June 2014: none).

The accompanying notes form part of these financial statements.

**BALANCE SHEET**  
**At 30 June 2015**

	Note	At 30 June 2015 £000	At 30 June 2014 £000
<b>FIXED ASSETS</b>			
Investments	6	-	-
		-	-
<b>CURRENT ASSETS</b>			
Debtors		-	-
- amounts falling due within one year		-	2
Cash		-	2
		2	-
<b>CREDITORS: amounts falling due within one year</b>		(2)	2
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		(2)	2
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(2)	2
<b>CREDITORS: amounts falling due after more than one year</b>		-	-
<b>NET (LIABILITIES)/ASSETS</b>		(2)	2
<b>CAPITAL AND RESERVES</b>			
Called up share capital	7	125	125
Share premium account	8	238	238
Capital contribution account	8	55,634	55,634
Profit and loss account	8	(55,999)	(55,995)
<b>TOTAL EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS</b>	9	(2)	2

These financial statements were approved by the Board of Directors on 19 April 2016.



**Gordon Tainton**  
 Director

**NOTES TO THE FINANCIAL STATEMENTS  
for the 12 month period ended 30 June 2015****1. 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 in below and in Note 2 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.

**Going concern**

This report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

D1 Oils Trading Limited is a subsidiary of Neos Resources PLC and its controlled entities (hereafter "the Group"). The consolidated financial statements for the year ended 30 June 2015 for the Group show a net liability position of £126,500. Financial requirements are evaluated collectively for the Group, but the Directors of both the Company and the Group remain confident that there will be sufficient funds to meet the Company and the Group's financial working capital requirements for the coming year.

However, the Directors recognise that the ability of the Company and the Group to continue as a going concern and to pay its debts as and when they fall due may be dependent on the ability of the Company and the Group to secure additional funding through shareholder loans, or issue of equity instruments to raise capital.

Given the current cash position, there is significant uncertainty about whether the Company and the Group can continue as a going concern. Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

**2. SIGNIFICANT ACCOUNTING POLICIES****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 12 month period ended 30 June 2015

**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 year ended 30 June 2015 (2014: £nil).

The company had no employees (2015: nil).

**4. OPERATING LOSS**

The operating profit is arrived at after recognising as other operating income.

Auditor's remuneration in respect of this financial report was £1,500.

**5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

i) Analysis of tax on loss on ordinary activities:

	2015 £'000	2014 £'000
United Kingdom corporation tax at effective rate of 21% (2014: 21%) based on the loss for the period	-	(2)
Deferred tax	-	2
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

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: 21% (2014: 21%). The differences are explained below:

	2015 £'000	2014 £'000
Profit / (Loss) on ordinary activities before tax	(4)	(10)
Tax credit at 21% (2013: 21%) thereon	(1)	(2)
Utilisation of tax losses	1	2
Unrecognised tax losses	-	-
	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 12 month period ended 30 June 2015

**5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (continued)**

At 30 June 2015 the company had net trading tax losses of £16.1 million (2014: £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 £3.38 million (2014: £3.38 million).

**6. FIXED ASSET INVESTMENTS**

Fixed asset investments comprise shares in group undertakings.

	At 30 June 2015 £'000	At 30 June 2014 £'000
<b>Cost and Net Book Value</b>		
Cost at 30 June 2014 and 30 June 2015	-	-
Provision for impairment	-	-
	<u>          </u>	<u>          </u>
Net Book Value	<u>          </u>	<u>          </u>

At 30 June 2015, 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.

**7. SHARE CAPITAL**

<b>Authorised, called up, allotted and fully paid</b>	At 30 June 2015 £000	At 30 June 2014 £000
74,250 Ordinary 'A' shares of £1 each	74,250	74,250
50,750 Ordinary 'B' shares of £1 each	50,750	50,750
	<u>          </u>	<u>          </u>
Net Book Value	<u>125,000</u>	<u>125,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
for the 12 month period ended 30 June 2015

**8. MOVEMENTS ON RESERVES**

	Capital contribution account £'000	Share premium account £'000	Profit and loss account £'000
At 1 July 2014	55,634	238	(55,995)
Profit for the financial year	-	-	(4)
Capital contribution	-	-	-
At 30 June 2015	<u>55,634</u>	<u>238</u>	<u>(55,999)</u>

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

**9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	At 30 June 2015 £'000	At 30 June 2014 £'000
Opening equity shareholders' funds	2	212
Profit/(Loss) for the financial period	(4)	(10)
Capital contribution / (repayment)	-	(200)
Closing equity shareholders' (deficit) / funds	<u>(2)</u>	<u>2</u>

**10. 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.

**11. 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 55 Gower Street, London, WC1E 6HQ.