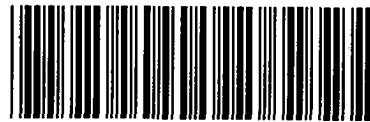


**Report of the Director and
Financial Statements
for the Year Ended 31 December 2013
for
BALTIC PETROLEUM LIMITED**

TUESDAY



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COMPANIES HOUSE

BALTIC PETROLEUM LIMITED

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for the Year Ended 31 December 2013**

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BALTIC PETROLEUM LIMITED

**Company Information
for the Year Ended 31 December 2013**

DIRECTOR:	S Escott
REGISTERED OFFICE:	1-6 Yarmouth Place Mayfair London W1J 7BU
REGISTERED NUMBER:	05303991 (England and Wales)
AUDITORS:	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
BANKERS:	Coutts & Co 440 Strand London WC2R 0QS
SOLICITORS:	Covington & Burling 265 Strand London WC2R 1BH

BALTIC PETROLEUM LIMITED

Report of the Director for the Year Ended 31 December 2013

The director presents his report with the financial statements of the company for the year ended 31 December 2013.

DIRECTOR

S Escott held office during the whole of the period from 1 January 2013 to the date of this report.

RISKS AND KEY PERFORMANCE INDICATORS

A discussion of the significant risks and key performance indicators has been provided in the Pan European Terminals plc group accounts for the year ended 31 December 2013.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director 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 him 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he 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 company's auditors are aware of that information.

AUDITORS

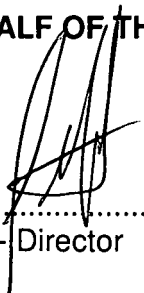
The auditors, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

BALTIC PETROLEUM LIMITED

**Report of the Director
for the Year Ended 31 December 2013**

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
S Escott - Director

Date:

25/09/14

We have audited the financial statements of Baltic Petroleum Limited for the year ended 31 December 2013 on pages six to sixteen. 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is 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 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Director 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 31 December 2013 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Director 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Director.

Grant Thornton UK LLP

Philip Westerman (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Date:25/07/14.....

BALTIC PETROLEUM LIMITED**Profit and Loss Account
for the Year Ended 31 December 2013**

	Notes	31.12.13 £	31.12.12 £
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT and PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	-
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR		<u>-</u>	<u>-</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses for the current year or previous year.

The notes form part of these financial statements

BALTIC PETROLEUM LIMITED (REGISTERED NUMBER: 05303991)

Balance Sheet
31 December 2013

	Notes	31.12.13 <u>£</u>	31.12.12 <u>£</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>-</u>	<u>-</u>
CAPITAL AND RESERVES			
Called up share capital	6	1	1
Share premium	7	4,961	4,961
Profit and loss account	7	<u>(4,962)</u>	<u>(4,962)</u>
SHAREHOLDERS' FUNDS	9	<u>-</u>	<u>-</u>

The financial statements were approved by the director on
signed by:

25/09/14

and were

.....
S Escott Director

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements contain information about Baltic Petroleum Limited as an individual company and do not contain consolidated financial information of its subsidiaries. The Company is exempt under Sections 400 - 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Pan European Terminals plc. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the Terms of FRS 1. The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Pan European Terminals plc group or investees of the Pan European Terminals plc group.

The financial statements have been presented in GBP, the functional currency of the Company.

Accounting convention

The financial statements have been prepared under the historical cost convention.

The company was dormant throughout the current year and previous year.

Investments

Investments are carried at cost less any provision for impairments.

Impairment

The carrying amounts of fixed assets and investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amounts. Such review is undertaken on income generating units.

If the carrying amount of a fixed asset exceeds the recoverable amount, a provision is recorded to reflect the asset at the lower amount. In assessing recoverable amounts for fixed assets, the relevant future cash flows expected to arise from the continuing use of such assets and from their disposal have been discounted to their present value using a market-determined discount rate.

1. ACCOUNTING POLICIES - continued

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. Subsequent to the year end, the Group was subject to a successful takeover set on in Note 11 to the Financial Statements. The ability of the current Directors to forecast and influence future strategy is clearly affected by this change in ownership; however, the board is confident that the new owners will continue to operate as a going concern and provide adequate finance for the company to achieve its objectives.

Further explanation in respect of the Going Concern basis is set out in Note 12 to the Financial Statements.

2. STAFF COSTS

There were no staff costs for the year ended 31 December 2013 nor for the year ended 31 December 2012.

The Company has no employees other than the director, who did not receive any remuneration during the year.

3. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.13 £	31.12.12 £
Director's remuneration	<u>-</u>	<u>-</u>

4. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2013 nor for the year ended 31 December 2012.

BALTIC PETROLEUM LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

5. FIXED ASSET INVESTMENTS

The company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries

Pan European Oil Terminals Limited

Country of incorporation: UK

Nature of business: Intermediate Holding Company

	%
Class of shares:	holding
Ordinary	100.00

Baltic Petroleum (E & P) Limited

Country of incorporation: UK

Nature of business: Intermediate holding company

	%
Class of shares:	holding
Ordinary	100.00

Caspian Finance Limited

Country of incorporation: UK

Nature of business: Finance company

	%
Class of shares:	holding
Ordinary	100.00

Baltic Hydrocarbons Limited

Country of incorporation: UK

Nature of business: Oil services

	%
Class of shares:	holding
Ordinary	100.00

Zauralneftegaz Limited

Country of incorporation: UK

Nature of business: Oil E & P

	%
Class of shares:	holding
Ordinary	50.00

BALTIC PETROLEUM LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

5. FIXED ASSET INVESTMENTS - continued

Tetoil Limited

Country of incorporation: UK

Nature of business: Oil services

	%
Class of shares:	holding
Ordinary	100.00

Tetoil Baltic Limited

Country of incorporation: UK

Nature of business: Oil services

	%
Class of shares:	holding
Ordinary	100.00

OOO Zauralneftegaz

Country of incorporation: Russia

Nature of business: Oil E & P

	%
Class of shares:	holding
Ordinary	50.00

OJSC Tetoil

Country of incorporation: Russia

Nature of business: Oil services

	%
Class of shares:	holding
Ordinary	100.00

OJSC Tetoil Baltic

Country of incorporation: Russia

Nature of business: Oil services

	%
Class of shares:	holding
Ordinary	100.00

Pazega Limited

Country of incorporation: Cyprus

Nature of business: Intermediate holding company

	%
Class of shares:	holding
Ordinary	100.00

BALTIC PETROLEUM LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

5. FIXED ASSET INVESTMENTS - continued**OOO Baltic Top**

Country of incorporation: Russia

Nature of business: Oil services

	%
Class of shares:	holding
Ordinary	100.00

OOO Otelbiznesstroy

Country of incorporation: Russia

Nature of business: Oil services

	%
Class of shares:	holding
Ordinary	100.00

Yuri Trading Limited

Country of incorporation: Cyprus

Nature of business: Intermediate holding company

	%
Class of shares:	holding
Ordinary	100.00

OOO TDKN

Country of incorporation: Russia

Nature of business: Oil services

	%
Class of shares:	holding
Ordinary	65.00

Associated companies**Arblade Holdings Limited**

Country of incorporation: Cyprus

Nature of business: Intermediate holding company

	%
Class of shares:	holding
Ordinary	100.00

BALTIC PETROLEUM LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

5. FIXED ASSET INVESTMENTS - continued

OOO Polex Service

Country of incorporation: Russia

Nature of business: Oil services

Class of shares:	%
Ordinary	holding 50.00

Investments at Cost

OOO Agroprom

Country of incorporation: Russia

Nature of business: Intermediate holding company

Class of shares:	%
Ordinary	holding 50.00

ZAO Rosbunker

Country of incorporation: Russia

Nature of business: Oil services

Class of shares:	%
Ordinary	holding 50.00

Edgeview Ventures Limited

Country of incorporation: British Virgin Islands

Nature of business: Finance company

Class of shares:	%
Ordinary	holding 50.00

North Oil Bunker Limited

Country of incorporation: British Virgin Islands

Nature of business: Oil services

Class of shares:	%
Ordinary	holding 50.00

BALTIC PETROLEUM LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

5. FIXED ASSET INVESTMENTS - continued**North Oil Trading Limited**

Country of incorporation: Panama

Nature of business: Oil trading

Class of shares:

Ordinary

%
holding
50.00

Petro Broker International B.V.

Country of incorporation: Netherlands

Nature of business: Oil services

Class of shares:

Ordinary

%
holding
100.00

Haahr Tank-Lager A/S

Country of incorporation: Denmark

Nature of business: Oil services

Class of shares:

Ordinary

%
holding
100.00

BALTIC PETROLEUM LIMITED**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013****6. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.13 £	31.12.12 £
108,077	Ordinary	£0.01	<u>1</u>	<u>1</u>

7. RESERVES

	Profit and loss account £	Share premium £	Totals £
At 1 January 2013	(4,962)	4,961	(1)
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2013	<u>(4,962)</u>	<u>4,961</u>	<u>(1)</u>

8. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling party is Belphar Limited, a company incorporated in the UK.

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.12.13	31.12.12
	£	£
Profit for the financial year	-	-
Opening shareholders' funds	<u>-</u>	<u>-</u>
Closing shareholders' funds	<u><u>-</u></u>	<u><u>-</u></u>

10. RELATED PARTY TRANSACTIONS

The Company is exempt from disclosing related party transactions with the group headed by Pan European Terminals plc as it is a wholly owned subsidiary of this entity, whose consolidated accounts include the Company and are publicly available. There were no other related party transactions in the year.

11. POST BALANCE SHEET EVENTS

On 21st May 2014, a Recommended Offer from Belphar Limited, a Special Purpose Vehicle, solely owned by Mr Khofiz Shakidi, was published on the Pan European Web Page and the Belphar Web Page, at an offer price of 22p. The offer price showed a 37% premium to the three month share price and a 46.67% premium over the market price on 20th May 2014.

On 17th June 2014 the offer was declared unconditional by Belphar with over 90% of Pan European Terminals shares in their hands and control passed to Belphar on that date.

12. GOING CONCERN

The financial statements have been prepared under the Going Concern basis based on public statements made by the new owners. The Belphar Limited Directors have publicly stated that the successful completion of their offer which has now completed will provide a stable and well capitalised future for the Pan Group. Details of offer documents in respect of this transaction are available on the Pan European website and therefore the financial statements do not include adjustments that would be required if this public statement of continuing financial support was not provided by the new owners.