

Company Registration No. 07769255

Freepoint Commodities Services Ltd.

Report and Financial Statements

Year ended 31 December 2013

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Freepoint Commodities Services Ltd.
Company Registration No. 07769255

Report and financial statements 2013

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Freepoint Commodities Services Ltd.
Company Registration No. 07769255

Officers and professional advisers

Directors

Robert Feilbogen
Daniel Hecht
Giuseppe Minichiello

Secretary

Throgmorton Secretaries LLP

Registered Office

4th Floor Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Principal Place of Business

157-197 Buckingham Palace Road
London
SW1W 9SP

Registered Number

07769255 (England and Wales)

Auditor

Deloitte LLP
London

Freepoint Commodities Services Ltd.

Company Registration No. 07769255

Director's report

The directors present their report and the audited financial statements of Freepoint Commodities Services Ltd. (the "Company") for the year ended 31 December 2013.

The Company meets the eligibility criteria to take the Small Companies disclosure exemptions and are exempt from preparing a Strategic Report in the current year.

Principal activities

The company was incorporated on 9 September 2011 to serve as the employing entity in the United Kingdom and to provide administrative services for affiliates within the United Kingdom, in particular Freepoint Commodities Europe LLP and Freepoint Commodities Trading LLP, as well as the in Swiss and Asian subsidiaries of Freepoint Commodities Enterprises Ltd.

The Company, along with Freepoint Commodities Europe LLP and Freepoint Commodities Trading LLP, is fully consolidated by Freepoint Commodities Holdings Ltd., the sole shareholder.

The immediate parent of Freepoint Commodities Holdings Ltd. is Freepoint Commodities LLC (the "Parent Company"). The Company, along with its affiliates, are fully consolidated by the Parent Company (the "Group").

Principal risks and uncertainties

The principal risks of the Company are addressed in Note 4 to the financial statements.

Going concern

The Company operates by recharging costs at a markup to other Group entities. Senior Management continually monitors the basis of the transfer pricing policy and in particular, markup percentages, to ensure the Company is adequately compensated for the services it provides. The Company continues to operate with positive shareholder's equity and forecasts and projections show that this will be maintained in the foreseeable future.

The directors therefore have a reasonable expectation that the Company have adequate resources to continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Share capital

The Company authorised and issued one share on 13 September 2011 for par value of £1. All shares are held by the Freepoint Commodities Holdings Ltd.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2013.

Freepoint Commodities Services Ltd.

Company Registration No. 07769255

Director's report

Business review and results

For the year ended 31 December 2013, the Company reported a net loss of \$0.1 million (compared to \$0.2 million net profit for the period 9 September 2011 to 31 December 2012). The Company recharges administrative personnel costs and certain other overheads to affiliates in United Kingdom, Switzerland and Asia at a mark-up of 8%, which is in accordance with international transfer pricing rules within those jurisdictions. The Company also charges affiliates within the United Kingdom an administration fee for front office personnel but other costs such as depreciation and audit fees are borne directly by the Company.

As a result, given the large purchase of fixed assets towards the later part of 2012, a full year's depreciation of these assets in 2013 has meant that these costs were in excess of the recharge of costs and the administration fee.

Earnings before interest, taxes, depreciation and amortisation ("EBITDA") decreased to \$0.9 million as compared to \$1.0 million for the period 9 September 2011 to 31 December 2012 as certain costs incurred during 2011, which were recharged to affiliates, did not include a markup. If the company had charged this mark up of approximately \$0.2 million, the monthly average EBITDA is comparable to the 2013 monthly average.

Key performance indicators

The Company did not change its policy and continued to charge out a high proportion of its cost base at 8% whilst some of its costs, namely front office personnel and direct front office costs also continued to be allocated to the trading entities at a flat rate. Given the increase in depreciation charges in 2013, the gross profit margin fell from 3% to 1% however funding costs decreased by 9% thus the loss was only \$0.1 million and, as mentioned above, EBITDA actually increased by 3%.

The Company continues to borrow funds from the Parent Company, although these borrowings have decreased from \$2.6 million as of 31 December 2012 to \$0.2 million as of 31 December 2013. This decrease has led to an increase in the current ratio from 0.35 to 0.38. Furthermore, the positive cash balance, as demonstrated in the Cash Flow Statement, means the Company has a solid platform from which to manage future investments and requirements, in particular, its ability to pay back these aforementioned borrowings.

The liabilities/equity ratio is 48.3 compared to 28.4 at the previous period end. This is inflated as a result of the accrual for compensation to be paid to employees. Moreover, the Company has no external borrowings and intercompany borrowing continue to decrease, as mentioned above. Upon further review of the Company's transfer pricing policy, it has been decided that beginning 1 January 2014, the Company will recharge depreciation to its affiliates without a markup. Prior to 1 January 2014, depreciation remained within the Company. Upon formation of the business and the transfer pricing policy, the Company did not anticipate the volume of tangible and intangible assets the Company would acquire. The directors feel this change in policy is still in accordance with UK tax requirements and applicable transfer pricing regulations within the affiliates' jurisdictions. The directors are comfortable that the net worth will increase as a result of future profitability.

Future prospects

Given the comfort derived from the Company's future profitability and current liquidity ratios, and given the nature of the Company's business in providing services to other group companies, at a mark-up, the directors are of the opinion that the Company will trade profitably in the coming year. Management will also undertake a review of the mark-up policy with a view to increasing should that be deemed to be appropriate.

Freepoint Commodities Services Ltd.
Company Registration No. 07769255

Director's report

Directors

The Company is governed by a board of three directors. The directors who served during the period were as follows:

Robert Feilbogen
Daniel Hecht
Giuseppe Minichiello

Directors Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Auditor

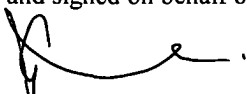
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the 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 company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed.

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



Giuseppe Minichiello
Director

29 September 2014

Freepoint Commodities Services Ltd.
Company Registration No. 07769255

Director's responsibilities statement

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

Company law requires the directors to prepare such financial statements for each financial period. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under the company law the directors must not approve the accounts 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies
- present information, including accounting principles, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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 to 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 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.

Independent auditor's report to the members of Freepoint Commodities Services Ltd.

We have audited the financial statements of Freepoint Commodities Services Ltd for the year ended 31 December 2013 which comprise the Statement of financial position, the Statement of profit or loss and other comprehensive income, the Statement of changes in shareholder's equity and the Cash flow statement, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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 the financial and non-financial information in the annual 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 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

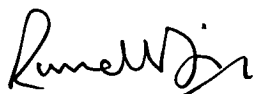
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Freepoint Commodities Services Ltd. (continued)

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:

- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from preparing a Strategic Report; or
- 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Russell Davis FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

29 September 2014

Freepoint Commodities Services Ltd.
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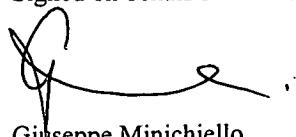
Statement of financial position
As at 31 December 2013

	Note	31 December 2013 \$'000	31 December 2012 \$'000
Assets			
Current assets			
Cash and cash equivalents		961	444
Trade and other receivables	12	260	373
Prepays and other current assets	13	959	991
Total current assets		2,180	1,808
Non-current assets			
Property and equipment - net	14	1,357	1,735
Intangible assets – net	15	1,092	1,269
Other assets	13	1,144	542
Total assets		5,773	5,354
Liabilities and shareholder's equity			
Current liabilities			
Trade and other payables	16	303	215
Due to affiliates	17	239	2,644
Accrued and other liabilities	18	5,116	2,315
Total current liabilities		5,658	5,174
Total liabilities		5,658	5,174
Shareholder's equity			
Share capital, £1 par value per share - authorised 1 share; and outstanding, 1 share		-	-
Accumulated retained earnings		115	180
Total Shareholder's equity		115	180
Total liabilities and shareholder's equity		5,773	5,354

The accompanying notes form an integral part of these financial statements.

The financial statements of Freepoint Commodities Services Ltd, registered number 07769255 were approved by the Board of Directors on 29 September 2014.

Signed on behalf of the Board of Directors



Giuseppe Minichiello
Director

Freepoint Commodities Services Ltd.
Company Registration No. 07769255

Statement of profit or loss and other comprehensive income
For the year ended 31 December 2013

		Year-ended 31 December 2013 \$'000	Period from 9 September 2011 to 31 December 2012 \$'000
	Note		
Management fee revenue	6	25,233	19,047
Operating expenses:			
Staff costs	8	(19,140)	(12,614)
Other general and administrative costs		(5,969)	(6,171)
Depreciation and amortisation		(716)	(455)
Total operating expenses		(25,825)	(19,240)
Other income - net	9	827	703
Finance costs	10	(300)	(330)
Total (loss)/profit before tax		(65)	180
Tax	11	-	-
(Loss)/ profit after tax and total comprehensive (loss)/income for the period		(65)	180

All activities derive from continuing operations.

The accompanying notes form an integral part of these financial statements.

Freepoint Commodities Services Ltd.
Company Registration No. 07769255

Statement of changes in shareholder's equity
For the year ended 31 December 2013

	Share Capital \$'000	Accumulated retained earnings \$'000	Total Shareholder's equity \$'000
At 9 September 2011 (Date of inception)	-	-	-
Net profit for the period	-	180	180
Issuance of Ordinary shares	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2012	-	180	180
Net loss for the year	-	(65)	(65)
	<hr/>	<hr/>	<hr/>
At 31 December 2013	-	115	115
	<hr/>	<hr/>	<hr/>

The accompanying notes form an integral part of these financial statements.

Freepoint Commodities Services Ltd.
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Cash flow statement
For the year ended 31 December 2013

	Year-ended 31 December 2013 \$'000	Period from 9 September 2011 to 31 December 2012 \$'000
Cash flows from operating activities		
Net (loss)/profit for the period	(65)	180
Adjustments for:		
Depreciation and amortisation	716	455
Financing costs recognised in profit or loss	300	330
Net foreign exchange loss/(gain)	71	(34)
	1,087	751
Movements in working capital:		
Due to affiliates	(2,405)	2,602
Prepays and other assets	588	(1,519)
Trade and other receivables	113	(373)
Trade and other payables	88	215
Accrued and other liabilities	2,727	2,241
	2,198	3,917
Net cash provided by operating activities	2,133	4,097
Cash flows from investing activities		
Payments for property and equipment	(70)	(1,873)
Payments for intangible assets	(17)	(1,512)
Loans made to related parties	(1,250)	-
	(1,337)	(3,385)
Net cash used in investing activities		
Cash flows from financing activities		
Financing costs	(300)	(288)
	(300)	(288)
Net cash used in financing activities		
Net increase in cash and cash equivalents	496	424
Cash and cash equivalents - Beginning of the period	444	-
Effect of exchange rate fluctuations on cash held	21	20
	961	444
Cash and cash equivalents — End of the period		
Non-cash items		
Unvouched receipts for property and equipment	-	19
Unvouched receipts for intangible assets	-	55

The accompanying notes form an integral part of these financial statements.

Freepoint Commodities Services Ltd.
Company Registration No. 07769255

Notes to the financial statements
For the year ended 31 December 2013

1. General information

Freepoint Commodities Services Ltd. (the "Company") is a wholly owned subsidiary of Freepoint Commodities Holdings Ltd, domiciled in the United Kingdom. Freepoint Commodities Holding Ltd. is a wholly owned subsidiary of Freepoint Commodities LLC (the "Parent Company"), which is domiciled in the United States of America. The Company is incorporated in the United Kingdom under the Companies Act 2006 and began operations on 9 September 2011. The registered office is located at 4th Floor, Reading Bridge House, George Street, Reading RG1 8LS. The Company was established to serve as the central employing and administrative entity for business within the United Kingdom. It also performs an administrative function for other businesses in Europe and Asia.

2. Adoption of new and revised standards

In the current period, the following new and revised standard has been adopted in these financial statements:

International Financial Reporting Standard (IFRS) 13 — Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)

The Company has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payments transactions that are within the scope of IFRS 2, *Share-based Payment*, and measurements that have some similarities to fair value, but are not fair value. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. The application of this standard has resulted in more extensive disclosures in the financial statements.

At the date of authorisation of these financial statements, the following standards and interpretations, which are effective, have no impact on the Company:

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendment requires entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting or similar arrangement.

New and Revised Standards on Joint Arrangements, Associates and Disclosures

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, *Consolidated Financial Statements*, IFRS 11, *Joint Arrangements*, IFRS 12, *Disclosure of Interests in Other Entities*, IAS 27 (as revised in 2011), *Separate Financial Statements*, and IAS 28 (as revised in 2011), *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance in the first-time application of the standards.

Notes to the financial statements
For the year ended 31 December 2013

2. Adoption of new and revised standards (continued)

IAS 19 — Employee Benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits, with the most significant change relating to accounting for changes in defined benefit obligations and plan assets.

At the date of authorisation of these financial statements, the following standard and interpretation, were in issue, have no impact on the Company:

IFRS 9 — Financial Instruments

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and again in July 2014 to introduce a new impairment model for financial assets and modify the classification and measurement guidance for financial assets. The mandatory effective date for the standard is 1 January 2018. Key requirements of IFRS 9:

- All recognized financial assets that are within the scope of IAS 39, Financial instruments: Recognition and Measurement, are subsequently measured at amortized cost, at fair value through profit or loss (FVTPL), or at fair value through other comprehensive income (FVTOCI). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the financial assets, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at FVTOCI; any cumulative gain or loss recorded in OCI is reclassified as profit or loss on derecognition, or potentially earlier if the asset is reclassified because of a change in business model. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. All other debt investments and equity investments are measured at FVTPL.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of changes in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- Financial assets measured at amortized cost and mandatorily measured at FVTOCI are subject to the new impairment guidance. IFRS 9 introduces an impairment model that is based on expected losses rather than incurred losses, on which the impairment model in IAS 39 is based. The new expected loss model is accompanied by new disclosure requirements, designed to enable users to understand the effect of credit risk on the amount, timing, and uncertainty of future cash flows.

Freepoint Commodities Services Ltd.
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Notes to the financial statements
For the year ended 31 December 2013

2. Adoption of new and revised standards (continued)

IFRS 15 — Revenue From Contracts With Customers

IFRS 15, issued in May 2014, introduced new guidance which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 introduces both quantitative and qualitative disclosure requirements to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The mandatory effective date for the standard is 1 January 2017.

3. Summary of significant accounting policies

3.1 Basis of preparation and accounting policies

The financial statements of the Company have been prepared in accordance with IFRS as adopted by the EU.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

3.2 Going concern

Given the Company recharges costs at a markup the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 Revenue recognition

The Company was established to serve as the central employing and administrative entity for affiliates within the United Kingdom and serve an administrative function for other affiliates within Europe and Asia.

Revenue is earned by allocating the expenses of the Company as a management fee based on trader headcount and time apportionment. To ensure the expenses are recharged at arm's length the Company recharges with an 8% mark-up on costs. These mark-ups are presented separately from the management fee revenue in profit or loss within 'Other income.'

3.4 Financial instruments and fair value

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Financial assets and financial liabilities expected to settle within the next 12 months are classified as current, and those expected to be settled beyond 12 months are classified as noncurrent.

Notes to the financial statements
For the year ended 31 December 2013

3. Summary of significant accounting policies (continued)

3.5 Financial assets

Financial assets are classified as loans and receivables. Trade and other receivables that have fixed or determinable payments and that are not quoted in an active market and margin/collateral balances are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment, except for short-term receivables when recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating interest expense over the relevant period.

3.5.1 Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been adversely impacted.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

As at 31 December 2013 and 31 December 2012, no impairment indicators existed for financial assets carried at amortised cost.

3.5.2 Derecognition of Financial Assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company retains substantially all the risks and rewards of ownership of a transferred asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.6 Financial Liabilities

Financial liabilities are classified as other financial liabilities. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis, except for short-term liabilities when recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period.

3.6.1 Derecognition of Financial Liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Freepoint Commodities Services Ltd.
Company Registration No. 07769255

Notes to the financial statements
For the year ended 31 December 2013

3. Summary of significant accounting policies (continued)

3.7 Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.8 Foreign currencies

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in U.S. dollar (USD), which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency transaction gains and losses are presented in profit or loss within 'Other income.'

3.9 Cash and cash equivalents

At 31 December 2013 and 31 December 2012, cash at bank and in hand are composed of cash held at several financial institutions. The carrying amount of these assets is approximately equal to fair value.

3.10 Trade and other receivables

Trade and other receivables are composed of indirect tax receivables and loans to related parties.

3.11 Property and equipment

Property and equipment are valued at cost, less accumulated depreciation and any recognised impairment loss. Depreciation expense is recognised using the straight-line method over the estimated useful lives of property and equipment, beginning on the date the assets are available for use. The following useful lives are assumed:

Furniture and fixtures	7 years
Office equipment	2 to 5 years
Leasehold improvements	4 years
Software	5 years

Office equipment represents equipment purchased and used in the daily operation of the business.

Leasehold improvements represent permanent improvements, such as additions, alterations, remodelling, or renovations, made to leased property which increase the value of the leased asset. The useful life for all leasehold improvements will be the lesser of the remaining time on the lease or the asset's useful life.

Software represents computer software integral to the equipment purchased.

Notes to the financial statements
For the year ended 31 December 2013

3. Summary of significant accounting policies (continued)

3.12 Intangible assets

Intangible assets are valued at cost, less accumulated amortisation and impairment. Amortisation expense is recognised using the straight-line method over the estimated useful lives of the intangible assets, beginning on the date the assets are available for use. As at 31 December 2013 and 31 December 2012, intangible assets consist solely of computer software not integral to the operation of equipment purchased and software development costs for add-on functionality to such software. The estimated useful life of intangible software is five to seven years. The Company does not hold any intangible assets with indefinite useful lives.

Intangible assets are tested for impairment when impairment indicators exist. On derecognition of the asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.13 Prepaids and other assets

Prepaids and other assets primarily consist of prepaid compensation, deposits made to the third parties and expenses paid in advance. These costs and expenses paid in advance are amortised over their related service period.

3.14 Trade and other payables

Trade and other payables are primarily composed of amounts due to suppliers.

3.15 Taxes

The Company is a tax-paying entity, however no provision for income taxes has been reported this period due to losses in Freepoint Commodities Holdings Ltd. that have been surrendered to the Company under UK legislation, for nil consideration.

The Company follows the asset and liability method of accounting for income taxes.

Under this method, future income taxes are recognised based on the expected future tax consequences of differences between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse.

The Company has no deferred tax asset or liability which must be recognised under IFRS.

The Company applies the guidance within IAS 37 — *Provisions, Contingent Liabilities and Contingent Assets* and IAS 12 — *Income Taxes* regarding contingent liabilities and assets. There are no contingent tax liabilities or assets as at and for the period ended 31 December 2013 and 31 December 2012.

4. Critical accounting judgements

The preparation of the financial statements requires that management make estimates and assumptions that will affect the amounts reported in the financial statements and accompanying notes. Although we believe the estimates and assumptions are reasonable, actual amounts ultimately may differ significantly from those estimates.

Estimates and underlying assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and any future periods affected.

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4. Critical accounting judgements (continued)

4.1 Critical judgements in applying the company's accounting policies

The following are critical judgements, apart from those involving estimations (which are dealt with separately below), that the Company has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

4.2 Impairments

Financial assets, property and equipment and finite-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised. For all non-financial assets, future cash flow estimates which are used to calculate the asset's fair value are based on expectations about future operations primarily comprising estimates about operating costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

5. Key sources of estimation uncertainty

The Company does not have any key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, which has a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

6. Management fee revenue

Total management fee revenue earned by recharges to affiliates for the year ended 31 December 2013 and for the period from 9 September 2011 to 31 December 2012, consisted of the following:

	2013 \$'000	2012 \$'000
Personnel costs	19,140	12,614
Other general and administrative costs	5,793	6,121
Depreciation and amortisation	-	25
Finance Costs	300	287
Total	<u>25,233</u>	<u>19,047</u>

7. Auditor's remuneration

The auditor's remuneration for audit work, included in other general and administrative costs, was \$0.1 million and \$0.1 million for the year ended 31 December 2013 and for the period from 9 September 2011 to 31 December 2012, respectively.

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8. Staff costs

The remuneration of directors for the period ended 31 December 2013 and 31 December 2012 was \$0.4 million and \$0.4 million, respectively.

The average monthly number of employees was 46 for the year ended 31 December 2013. The average monthly number of employees was 33 for the period 9 September 2011 to 31 December 2012.

Their aggregate remuneration comprised:

	2013	2012
	\$'000	\$'000
Wages and salaries	16,151	10,207
Social security costs	779	195
Other benefit costs	2,210	2,212
Total	<u>19,140</u>	<u>12,614</u>

9. Other income – net

Other income items as at 31 December 2013 and 31 December 2012 consisted of the following:

	2013	2012
	\$'000	\$'000
Transfer pricing income	811	641
Unrealised foreign exchange (loss)/gain	(93)	34
Realised foreign exchange gain	63	7
Other income	46	21
Total	<u>827</u>	<u>703</u>

10. Finance costs

Finance costs for the year ended 31 December 2013 and the period 9 September 2011 to 31 December 2012 consisted of interest charged on borrowings from the Parent Company and affiliates.

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11. Tax on (loss)/profit on ordinary activities

No current corporation or deferred tax was charged in the financial statements for the periods ended 31 December 2013 and 31 December 2012.

Factors affecting corporation tax charge for the period

The charge for the period can be reconciled to the profit/(loss) in the income statement as follows:

	2013 \$'000	2012 \$'000
(Loss)/Profit on ordinary activities before taxation	(65)	180
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 23.25% (2013); 24.5% (2012)	15	(44)
Effects of:		
Permanent differences	(30)	(29)
Timing differences	(117)	-
Group relief claimed	132	73
Current tax charge for the period	-	-

UK corporation tax is calculated at 23.25% (2012: 24.5%) of the estimated assessable profits for the year. The standard rate of UK corporation tax was reduced from 24% to 23% with effect from 1 April 2013. The Finance Act 2013, which provides for reductions in the main rate of UK corporation tax to 21% effective from 1 April 2014, and 20% effective from 1 April 2015, was enacted on 17 July 2013. As the changes in rates were substantively enacted prior to 31 December 2013, they have been reflected in the disclosed unrecognised deferred tax asset at 31 December 2013.

12. Trade and other receivables

Trade and other receivables as at 31 December 2013 and 31 December 2012 consisted of the following:

	2013 \$'000	2012 \$'000
Loans to related parties	260	
Indirect tax receivables	-	373
Total	260	373

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13. Prepaids and other assets

Prepaids and other assets as at 31 December 2013 and 31 December 2012 consisted of the following:

	2013 \$'000	2012 \$'000
Current:		
Prepaid personnel costs	730	838
Deposits	4	6
Other prepaid operating costs	225	147
	<u>959</u>	<u>991</u>
Non-current:		
Prepaid personnel costs	109	497
Loans to related parties	990	-
Deposits	41	37
Other prepaid operating costs	4	8
	<u>1,144</u>	<u>542</u>
Total prepaids and other assets	<u>2,103</u>	<u>1,533</u>

14. Property and equipment

Property and equipment as at 31 December 2013 and 31 December 2012 consisted of the following:

	Leasehold improvements \$'000	Office equipment \$'000	Software \$'000	Furniture and fixtures \$'000	Total \$'000
Cost					
At 9 September 2011	-	-	-	-	-
Additions	273	1,693	14	54	2,034
At 31 December 2012	273	1,693	14	54	2,034
Additions	8	117	-	-	125
At 31 December 2013	<u>281</u>	<u>1,810</u>	<u>14</u>	<u>54</u>	<u>2,159</u>
Accumulated depreciation					
At 9 September 2011	-	-	-	-	-
Depreciation expense	(55)	(233)	(4)	(7)	(299)
At 31 December 2012	(55)	(233)	(4)	(7)	(299)
Depreciation expense	(69)	(423)	(3)	(8)	(503)
At 31 December 2013	<u>(124)</u>	<u>(656)</u>	<u>(7)</u>	<u>(15)</u>	<u>(802)</u>
Net property and equipment					
At 31 December 2012	<u>218</u>	<u>1,460</u>	<u>10</u>	<u>47</u>	<u>1,735</u>
At 31 December 2013	<u>157</u>	<u>1,154</u>	<u>7</u>	<u>39</u>	<u>1,357</u>

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15. Intangible assets

Intangible assets at 31 December 2013 and 31 December 2012 consisted of the following:

	\$'000
Cost	
At 9 September 2011	-
Additions	1,426
	<hr/>
At 31 December 2012	1,426
Additions	36
	<hr/>
At 31 December 2013	<u>1,462</u>
 Accumulated amortisation	
At 9 September 2011	-
Amortisation expense	(157)
	<hr/>
At 31 December 2012	(157)
Amortisation expense	(213)
	<hr/>
At 31 December 2013	<u>(370)</u>
 Net intangible assets	
at 31 December 2012	<u>1,269</u>
at 31 December 2013	<u>1,092</u>

16. Trade and other payables

Trade and other payables as at 31 December 2013 and 31 December 2012 consisted of the following:

	2013	2012
	\$'000	\$'000
Indirect tax payables	14	-
Other payables	289	215
	<hr/>	<hr/>
Total	<u>303</u>	<u>215</u>

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17. Related parties

At 31 December 2013 and 31 December 2012, key management personnel of the Parent Company controlled 21.4% and 20%, respectively, of the voting shares of Freepoint Commodities Holdings LLC, the Parent of Freepoint Commodities LLC. At 31 December 2013 and 31 December 2012, the Parent Company controlled 100% and 100%, respectively, of the voting shares of Freepoint Commodities Holdings Ltd.

The immediate parent of Freepoint Commodities Holdings Ltd. is Freepoint Commodities LLC. The ultimate parent and controlling party is Freepoint Commodities Holdings LLC, a company incorporated in the United States of America. The smallest and largest groups into which the Company's results are included are the group accounts of Freepoint Commodities Holdings Ltd and Freepoint Commodities LLC, respectively. A copy of the accounts of Freepoint Commodities LLC may be obtained from 58 Commerce Road, Stamford, CT 06902, United States of America.

The remuneration of officers and other members of key management personnel for the year ended 31 December 2013 and for the period ended 31 December 2012, was \$0.4 million and \$0.4 million, respectively. This remuneration represents short-term benefits provided to key management.

For the year ended 31 December 2013 and for the period from 9 September 2011 to 31 December 2012, the Company charged certain affiliates \$25.2 million and \$19 million in management fees, respectively, and \$0.8 million and \$0.6 million in transfer pricing mark-ups, respectively.

18. Accrued and other liabilities

Accrued and other liabilities as at 31 December 2013 and 31 December 2012 consisted of the following:

	2013 \$'000	2012 \$'000
Accrued compensation	4,631	1,887
Unpaid professional services	242	235
Other	243	193
	<hr/>	<hr/>
Total	5,116	2,315
	<hr/>	<hr/>

19. Commitments and contingencies

The Company has entered into employment agreements and is committed to pay sign-on bonuses and guaranteed minimum bonuses to certain employees. Employees who receive sign-on bonuses are required to reimburse the Company if they leave within a specific time frame. The Company amortises these bonuses on a straight-line basis over the related retention period. Furthermore, employees must be actively employed at the time of payment to receive bonuses. As at 31 December 2013 and 31 December 2012, unpaid sign-on bonuses were \$ 2.0 million and \$1.5 million, of which \$1.6 million and \$0.7 million, respectively, were included in accrued compensation expense.

As at 31 December 2013 and 31 December 2012, total guaranteed minimum bonuses of \$ 1.0 million and \$0.2 million, respectively, which are included in accrued compensation. Total discretionary bonuses for 2013 and 2012 were \$0.5 million and \$0.6 million, respectively, which are included in accrued compensation.

As at 31 December 2013 and 31 December 2012, the Company has not been involved in any legal claims or unresolved disputes which could result in a contingent liability.

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Notes to the financial statements
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20. Operating lease arrangements

The Company has entered into a building lease, the payments under which are treated as rent and charged to profit or loss on the straight-line basis over the term of the lease. Total minimum lease payments for the year ended 31 December 2013 and for the period from 9 September 2011 to 31 December 2012, were \$0.4 million and \$0.4 million, respectively.

Minimum lease payments, at 31 December 2013 and 31 December 2012, under non-cancellable operating leases were as follows:

	2013 \$'000	2012 \$'000
Not later than 1 year	367	360
Later than 1 year and not longer than 5 years	273	627
Later than 5 years	-	-
Total	<u>640</u>	<u>987</u>

21. Financial risk management

The Company derives its revenue by allocating expenses of the Company to certain affiliates within the United Kingdom, Europe and Asia. To ensure the expenses are recharged at arm's length the Company recharges with an 8% mark-up on costs.

21.1 Financial risk management objectives

The Company enters into employment and administrative agreements which expose it to credit, foreign exchange and liquidity risks. These risks are managed by management at the Group level. The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by senior management.

The Group regards the monitoring and controlling of risk as a fundamental part of the management process. The Parent Company's finance, credit and risk professionals, monitor, manage and report regularly to senior management of the Parent Company on the approach and effectiveness in managing financial risks along with exposures facing the Group. Also, before the Company transacts in any new business, it is required to obtain approval as appropriate.

21.2 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed at the Group level within approved policy parameters utilising forward exchange contracts.

21.2.1 Forward Foreign Exchange Contracts

It is the policy of the Group to enter into forward exchange contracts to cover foreign currency payments and receipts for the total exposure generated by the Group.

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Notes to the financial statements
For the year ended 31 December 2013

21. Financial risk management (continued)

21.3 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the liquidity risk committee, which monitors forecasts and actual operating cash flows and reports to senior management of the Parent Company. The Parent Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

The following tables detail the Company's remaining expected maturity for its non derivative financial assets and the contractual maturity for its non derivative financial liabilities. The tables are based on the undiscounted cash flows of financial assets and liabilities as follows.

Financial Assets — Based on the undiscounted contractual maturities of the financial assets, except where the Company anticipates that the cash flow will occur in a different period.

Financial Liabilities — Based on the earliest date on which the Company can be required to pay

	1 year or less \$'000	1–5 years \$'000	Greater than 5 years \$'000	Total \$'000
2013				
Non-Derivative Financial Assets				
Cash	961	-	-	961
Trade and other receivables	260	-	-	260
Prepays and other current assets	729	-	-	729
Other assets	-	1,140	-	1,140
Total	1,950	1,140	-	3,090
Non-Derivative Financial Liabilities				
Trade and other payables	303	-	-	303
Due to affiliates	237	-	-	237
Accrued and other liabilities	5,064	-	-	5,064
Total	5,604	-	-	5,604

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21. Financial risk management (continued)

21.3 Liquidity risk management (continued)

2012	1 year or less \$'000	1–5 years \$'000	Greater than 5 years \$'000	Total \$'000
Non-Derivative Financial Assets				
Cash	444	-	-	444
Prepays and other current assets	844			844
Other assets	-	534	-	534
Total	1,288	534	-	1,822
Non-Derivative Financial Liabilities				
Trade and other payables	215	-	-	215
Due to affiliates	2,642			2,642
Accrued and other liabilities	2,255	-	-	2,255
Total	5,112	-	-	5,112

21.4 Capital Management

The Parent Company manages its capital to ensure its subsidiaries, including the Company, will be able to continue as a going concern while maximising the return to Members of the Parent Company through the optimisation of the debt and equity balance. The Company is not subject to any externally imposed capital requirements. Responsibility for capital management rests with the liquidity risk committee.

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22. Financial instruments and fair value

The following table provides an analysis of financial instruments by category as at 31 December 2013 and 31 December 2012:

	Fair value through profit or loss \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Non financial assets/ liabilities \$'000	Total \$'000
2013					
Assets					
Cash and cash equivalents (i)	961	-	-	-	961
Trade and other receivables	-	260	-	-	260
Prepays and other current assets	-	729	-	230	959
Property and equipment	-	-	-	1,357	1,357
Intangible assets	-	-	-	1,092	1,092
Other assets	-	1,140	-	4	1,144
	<u>961</u>	<u>2,129</u>	<u>-</u>	<u>2,683</u>	<u>5,773</u>
Liabilities					
Trade and other payables	-	-	303	-	303
Due to affiliates	-	-	237	-	237
Accrued and other liabilities	-	-	5,064	52	5,116
	<u>-</u>	<u>-</u>	<u>5,604</u>	<u>52</u>	<u>5,656</u>

(i) Cash and cash equivalents represented cash held at banks.

	Fair value through profit or loss \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	Non financial assets/ liabilities \$'000	Total \$'000
2012					
Assets					
Cash and cash equivalents (i)	444	-	-	-	444
Prepays and other current assets	-	844	-	147	991
Property and equipment	-	-	-	1,735	1,735
Intangible assets	-	-	-	1,269	1,269
Other assets	-	534	-	8	542
	<u>444</u>	<u>1,378</u>	<u>-</u>	<u>3,159</u>	<u>4,981</u>
Liabilities					
Trade and other payables	-	-	215	-	215
Due to affiliates	-	-	2,642	-	2,642
Accrued and other liabilities	-	-	2,255	60	2,315
	<u>-</u>	<u>-</u>	<u>5,112</u>	<u>60</u>	<u>5,172</u>

(i) Cash and cash equivalents represented cash held at banks.

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22. Financial instruments and fair value (continued)

The carrying amounts of Level 2 financial instruments such as certain prepaid and other assets, trade and other payables, due to affiliates and accrued and other liabilities approximate fair value because of the short-term nature of such instruments. The carrying amount of Level 2 financial instruments, such as prepaid and other assets, trade and other payables, due to affiliates and accrued and other liabilities do not materially differ from fair value due to their relatively recent issuance and the fact that there has been no significant change in the credit standing.

23. Offsetting financial assets and liabilities

In accordance with IAS 32, the Company reports financial assets and liabilities on a net basis in the statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table provides an analysis of amounts that have been offset in the statement of financial position, as at 31 December 2013 and 2012:

		Amounts subject to enforceable netting arrangements	
		Effects of offsetting on balance sheet	
			Net amounts reported on the balance sheet
	Gross amount \$'000	Amounts offset \$'000	\$'000
31 December 2013			
Due from affiliates	5,086	(5,086)	-
Total assets	<u>5,086</u>	<u>(5,086)</u>	<u>-</u>
Due to affiliates	5,323	(5,086)	237
Total liabilities	<u>5,323</u>	<u>(5,086)</u>	<u>237</u>

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23. Offsetting financial assets and liabilities (continued)

	Amounts subject to enforceable netting arrangements		
	Effects of offsetting on balance sheet		Net amounts reported on the balance sheet
31 December 2012	Gross amount \$'000	Amounts offset \$'000	\$'000
Due from affiliates	16,991	(16,991)	-
Total assets	16,991	(16,991)	-
Due to affiliates	19,633	(16,991)	2,642
Total liabilities	19,633	(16,991)	2,642

All transactions between affiliates are subject to master netting agreements which allows for net settlement of the relevant receivables and payables between affiliates.

24. Subsequent events

The Company has evaluated the period after the balance sheet date up through 29 September, 2014, the date the financial statements were issued and determined there were no subsequent events or transactions that required recognition or disclosure in the financial statements.