

Registration number 5525360

Zauralneftegaz Limited
Financial Statements
For the year ended 31 December 2011

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COMPANIES HOUSE

Company information

Directors

Simon Escott

Victor Repin

David Zaikin

Auditors

Grant Thornton

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

Registered Office

1-6 Yarmouth Place

Mayfair

London

W1J 7BU

Zauralneftegaz Limited

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Zauralneftegaz Limited

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2011

Statement of Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

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

Principal activities and review of business

The company did not trade during the year. There has been minimal expenditure incurred and no change has arisen in the position of the company during the year.

Results and dividends

The loss for the year, after taxation, amounted to \$284 (2010: \$494).

The directors do not recommend the payment of a dividend for the year.

Directors

The directors who served during the year and up to the date of this report are as follows:

Simon Escott
Victor Repin
David Zaikin

The directors did not have any interest in the share capital of the Company during the year.

Zauralneftegaz Limited

Statement of disclosure to auditors

The directors who held office at the date of approval of this directors' report confirm that

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

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 2011

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006

This report was approved by the board on 31 January 2013 and signed on its behalf


Simon Escott
Director

Zauralneftegaz Limited

Independent auditors' report to the members of Zauralneftegaz Limited

We have audited the financial statements of Zauralneftegaz Limited for the year ended 31 December 2011 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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.

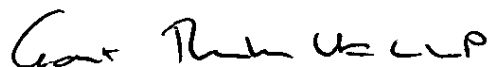
Opinion on other matter prescribed by the Companies Act 2006

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, 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.



Philip Westerman (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
31 January 2013

Zauralneftegaz Limited

Profit and loss account For the year ended 31 December 2011

	notes	2011 \$	2010 \$
Administrative expenses	2	(284)	(494)
Operating loss		(284)	(494)
Interest payable		-	-
Loss on ordinary activities before taxation		(284)	(494)
Tax on loss on ordinary activities	4	-	-
Loss on ordinary activities after taxation	11	(284)	(494)

All amounts relate to continuing operations

There were no recognised gains and losses other than those included in the profit and loss account

Zauralneftegaz Limited

Balance sheet As at 31 December 2011

	notes	2011 \$	2010 \$
Fixed assets			
Intangible fixed assets	5	-	-
Fixed asset investments	6	-	-
		-	-
Current assets			
Debtors	7	13	13
Cash at bank and in hand		-	-
		13	13
Creditors amounts falling due within one year	8	(5,367,092)	(5,366,808)
Net current liabilities		(5,367,079)	(5,366,795)
Total assets less current liabilities		(5,367,079)	(5,366,795)
Creditors amounts falling due after more than one year	9	(7,253,361)	(7,253,361)
Net liabilities		(12,620,440)	(12,620,156)
Capital and reserves			
Called up share capital	10	177	177
Share premium account	11	74,913	74,913
Profit and loss account	11	(12,695,530)	(12,695,246)
		(12,620,440)	(12,620,156)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31 January 2013


Simon Escott
Director

Zauralneftegaz Limited
Company Registered Number: 5525360

Zauralneftegaz Limited

Cash Flow Statement

For the year ended 31 December 2011

		2011	2010
		\$	\$
Net cash flow from operating activities	12	-	(101)
Decrease in cash in the period		-	(101)

Reconciliation of net cash flow to movement in net debt

		2011	2010
		\$	\$
Decrease in cash in the period		-	(101)
Non cash inflow from increase in debt		(284)	(406)
Movement in net debt in the period		(284)	(507)
Net debt at 31 December		(12,620,453)	(12,620,169)

Zauralneftegaz Limited

Notes to the financial statements

1. Accounting policies

Basis of preparation of financial statements

The accounts have been prepared on a going concern basis as the parent company has agreed to provide funds to enable the Company to meet its liabilities as they fall due

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The financial statements contain information about Zauralneftegaz 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

The company has adopted the US Dollar as its reporting currency. The Board believes that through this approach the accounts will give a clearer picture of the performance of the company's business, while minimising the impact of the US Dollar exchange rate fluctuations. The sterling exchange rate at 31 December 2011 is £1 \$1.546 (2010 £1 \$1.561)

Intangible assets - Exploration and evaluation

Geological and geophysical exploration costs are charged against income as incurred. The direct costs associated with exploration wells, exploratory drilling and directly related overheads, are capitalised as intangible assets pending determination of proven reserves. These costs are excluded from depletion until commerciality is determined or impairment occurs. The cost of unsuccessful exploratory wells is expensed upon determination that the well does not justify commercial development.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an entity shall measure, present and disclose any resulting impairment loss in accordance with FRS 11 "Impairment of fixed assets"

Investments

Investments in subsidiaries are valued at cost less provision for impairment

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into US dollars at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into US dollars at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the profit and loss account

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2. Operating loss

The auditors' remuneration has been borne by Pan European Terminals plc, the ultimate parent company of the group, in the years ended 31 December 2011 and 2010

3. Staff costs

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

4. Taxation

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below

	2011	2010
	\$	\$
Loss on ordinary activities before tax	(284)	(494)
Loss on ordinary activities before tax multiplied by the standard rate of corporation tax of 26% (2010 28%)	(74)	(138)
Effects of UK tax losses not recognised	74	138
Current tax charge for the period	-	-

The Company has tax losses of \$5,759,945 (2010 \$5,759,871) that are available indefinitely for offset against future taxable profits. Deferred tax assets have not been recognised in respect of these losses due to uncertainty as to whether such amounts will be realised

5. Intangible fixed assets

	Exploration costs
	\$
Cost	
At 1 January 2011 and 31 December 2011	2,313,071
Accumulated depreciation and impairment	
At 1 January 2011 and 31 December 2011	2,313,071
Net book value	
At 1 January 2011 and 31 December 2011	-

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6 Fixed asset investments

	Investments in subsidiaries \$
Cost	
At 1 January 2011 and 31 December 2011	75,090
Impairment provisions	
At 1 January 2011 and 31 December 2011	(75,090)
Net book value	
At 1 January 2011 and 31 December 2011	-

The following is a subsidiary undertaking of the Company

Principal subsidiaries	Country of incorporation	Principal activity	% of ordinary shares held & voting rights
OOO Zauralneftegaz	Russia	Oil and gas exploration	100

7. Debtors

	2011 \$	2010 \$
Other debtors	13	13

8. Creditors – amounts falling due within one year

	2011 \$	2010 \$
Bank overdraft	67	67
Amounts owed to group undertakings	5,367,025	5,366,741
	5,367,092	5,366,808

9. Creditors – amounts falling due after more than one year

	2011 \$	2010 \$
Amounts due to group undertakings	7,253,361	7,253,361

10 Share capital

	2011 \$	2010 \$
Authorised, allotted, called up and fully paid		
50 Ordinary class A shares of £1 each	88.50	88.50
50 Ordinary class B shares of £1 each	88.50	88.50
	177	177

The A and B ordinary shares of £1 rank pari passu other than the A ordinary shares have an additional vote at general meeting thereby giving the A ordinary shareholder control of the company

Zauralneftegaz Limited

11. Reconciliation of movements in shareholders' deficit

	Share capital \$	Share premium \$	Profit and loss account \$	Total 2011 \$	Total 2010
At 1 January	177	74,913	(12,695,246)	(12,620,156)	(12,619,662)
Loss for the year	-	-	(284)	(284)	(494)
At 31 December	177	74,913	(12,695,530)	(12,620,440)	(12,620,156)

12. Net cash flow from operating activities

	2011 \$	2010 \$
Operating loss	(284)	(494)
Increase in debtors	-	(13)
Increase in creditors	284	406
	-	(101)

13. Analysis of changes in net debt

	As at 1 January 2011 \$	Cash flow \$	Other non cash changes \$	As at 31 December 2011 \$
Cash at bank and in hand	(67)	-	-	(67)
Debt:				
Debts falling due after more than one year	(7,253,361)	-	-	(7,253,361)
Debts falling due within one year	(5,366,741)	-	(284)	(5,367,025)
Net debt	(12,620,169)	-	(284)	(12,620,453)

14. Related party transactions

No transactions occurred between the company and related parties to the company during the years ended 31 December 2011 and 31 December 2010

The following balances were outstanding as at 31 December 2011

	Amount \$	Nature of transaction
Caspian Finance Ltd	(5,493,179)	Loans payable
Caspian Finance Ltd	(1,760,182)	Accrued interest payable
Pan European Oil Terminals Ltd	49,828	General trading balances
Pan European Terminals plc	(5,416,854)	Loans payable

The following balances were outstanding as at 31 December 2010

	Amount \$	Nature of transaction
Caspian Finance Ltd	(5,493,179)	Loans payable
Caspian Finance Ltd	(1,760,182)	Accrued interest payable
Pan European Oil Terminals Ltd	49,828	General trading balances
Pan European Terminals plc	(5,416,595)	Loans payable

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14. Related party transactions (continued)

Pan European Terminals plc is the ultimate parent of the group which holds a 50% interest in Zauralneftegaz Ltd. Caspian Finance Ltd and Pan European Oil Terminals Ltd are subsidiaries of Pan European Terminals plc. Siberian Energy Group is a 50% shareholder of Zauralneftegaz Ltd.

15. Ultimate parent undertaking

The immediate parent undertaking is Baltic Petroleum Limited.

The ultimate parent undertaking and controlling party is Pan European Terminals plc (formerly Baltic Oil Terminals plc), a public company incorporated in the UK. Copies of Pan European Terminals plc (formerly Baltic Oil Terminals plc) consolidated financial statements can be obtained from the Company's website www.balticoilterminals.com.