

Company Registration No. 00026281

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Financial statements for
the year ended 31 December 2012

Cepsa UK Limited

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Company information

Directors

F Iturrieta
S Bonacasa
J I Sanchez Lambas

Secretary

I Pinilla Rodriguez

Company number

00026281

Registered office

Audrey House
16 - 20 Ely Place
London
EC1N 6SN

Auditor

Mazars LLP
Tower Bridge House
St Katharine's Way
London
E1W 1DD

Bankers

Banco Santander Central Hispano, S A
Santander House
100 Ludgate Hill
London
EC4M 7NJ

National Westminster Bank Plc
P O Box 333
Silbury House
300 Silbury Boulevard
Milton Keynes
MK9 2ZF

**Directors' report
For the year ended 31 December 2012**

The directors present their report and audited financial statements for the year ended 31 December 2012

Directors' responsibilities statement

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

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

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

Directors

The following directors have held office since 1 January 2012 up to the date of this report, unless otherwise stated:

F Iturrieta
J L Romero Garces (resigned 5 December 2012)
S Bonacasa
J I Sanchez Lambas

Principal activities review of the business

The principal activity of the company continues to be a supplier of petrochemical products to the UK and European market.

Review of the business and future developments

The results of Cepsa UK Limited continue to be consolidated into the financial statements of International Petroleum Investment Company (IPIC) for the year ended 31 December 2012. The company's immediate parent is Cepsa Quimica S A, a company incorporated in Spain.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

The company's turnover has increased by £12.6m in the year (2011 increased by £18.1m), representing an increase of 10.5% (2011 17.9%). This has been due to both an increase in sales volumes and higher prices of the raw materials.

**Directors' report
For the year ended 31 December 2012**

Review of the business and future developments (continued)

We are also conscious of our environmental responsibilities and train our staff accordingly. In summary we use sales turnover growth, operating profit margin and staff turnover ratios to monitor our business performance. In 2012, these ratios were all in line with our expectations.

We are seeking to expand our customer base within the industry in the near future following the restructure in the prior year and hope this will enable us to grow further. We do not believe there are any significant risks and uncertainties facing our business, other than those normally encountered within our industry.

Financial instruments**a. Treasury operations**

The company's finance function is responsible for managing the liquidity and interest risks associated with its activities. It currently has no borrowings and so its principal instruments are cash balances. In addition the company has various other financial assets and liabilities such as trade debtors and trade creditors arising directly from the operations of the business.

b. Liquidity risk

The company's finance function manages liquidity risk to maximise interest income and minimise interest expense, whilst ensuring that the company has sufficient liquid resources to meet the operating needs of its business.

c. Interest rate risk

The company's exposure to fair value interest rate risk is low given the positive cash balances held this year and in previous years.

d. Foreign currency risk

The company trades with other EU companies. To mitigate against foreign currency risk the company has both Euro and US Dollar bank accounts.

e. Credit risk

Investments of cash surpluses are made with the company's main bankers. Receivable balances are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Results and dividends

The results for the year are set out on page 6.

During the year, the directors paid an ordinary dividend of £36 per share (2011 £25 per share) amounting to £3,600,000 (2011 £2,500,000).

Creditor payment policy

The company does not have a written policy on the payment of creditors. However, the company intends to pay all trade creditors promptly within the terms agreed with them.

Employment of disabled persons

The company's policy is to give full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitude and abilities. Disabled employees receive appropriate training to promote their career development within the company. Employees who become disabled are retained in their existing posts where applicable or retrained for suitable alternative posts.

**Directors' report
For the year ended 31 December 2012**

Disclosure of information to auditor

So far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information, and taken such other steps for that purpose, as were required by their duty as directors of the company to exercise due care, skill and diligence

Auditor

It is proposed that Mazars LLP will continue in office in accordance with the Companies Act 2006 section 487(2)

Approved by the Board on *26/3/13*
and signed on its behalf by



F. Iturrieta
Director

Cepsa UK Limited

Independent auditor's report To the members of Cepsa UK Limited

We have audited the financial statements of Cepsa UK Limited (company number 00026281) for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet, 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 1 the directors are responsible for the preparation of 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. This report, including our opinion, has been prepared for and only for 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the 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 2012 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 the other matters 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.

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Registered by the Institute of Chartered Accountants in England and Wales to carry out audit work.



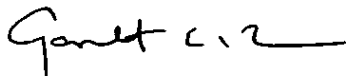
Cepsa UK Limited

Independent auditor's report To the members of Cepsa UK Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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



Gareth Jones (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditors

Tower Bridge House
St Katharine's Way
London
E1W 1DD

Date 26/3/13

Profit and loss account
For the year ended 31 December 2012

	Notes	2012 £	2011 £
Turnover	2	131,823,369	119,267,360
Cost of sales		(122,192,893)	(110,071,878)
Gross profit		9,630,476	9,195,482
Distribution costs		(3,673,297)	(3,547,392)
Administrative expenses		(665,719)	(158,912)
Operating profit	3	5,291,460	5,489,178
Interest receivable and similar income	4	118,545	99,545
Interest payable and similar charges	5	(18,022)	(22,169)
Profit on ordinary activities before taxation		5,391,983	5,566,554
Taxation on profit on ordinary activities	9	(1,320,306)	(1,474,697)
Profit for the financial year	16	4,071,677	4,091,857

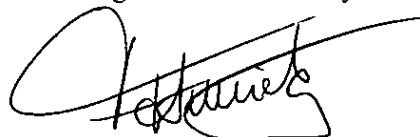
The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains or losses other than those passing through the profit and loss account

Balance sheet
As at 31 December 2012

	Notes	2012 £	2011 £
Fixed assets			
Tangible assets	11	9,814	10,242
Current assets			
Stocks	12	9,962,884	9,279,206
Debtors	13	23,788,398	16,044,381
Cash at bank and in hand		10,916,703	5,849,865
		<u>44,667,985</u>	<u>31,173,452</u>
Creditors: amounts falling due within one year	14	<u>(35,027,841)</u>	<u>(22,005,413)</u>
Net current assets		<u>9,640,144</u>	<u>9,168,039</u>
Total assets less current liabilities		<u><u>9,649,958</u></u>	<u><u>9,178,281</u></u>
Capital and reserves			
Share capital	15	100,000	100,000
Profit and loss account	16	<u>9,549,958</u>	<u>9,078,281</u>
Shareholders' funds	17	<u><u>9,649,958</u></u>	<u><u>9,178,281</u></u>

Approved by the Board on 26/3/13
and signed on its behalf by



F Iturrieta
Director

Cash flow statement
For the year ended 31 December 2012

	Notes	2012		2011	
		£	£	£	£
Net cash inflow from operating activities	18		9,914,132		1,317,694
Returns on investments and servicing of finance					
Interest received		118,545		99,545	
Interest paid		(18,022)		(22,169)	
Net cash inflow for returns on investments and servicing of finance			100,523		77,376
Tax paid			(1,344,697)		(1,336,352)
Capital expenditure					
Receipt on disposal of fixed assets		-		4,075	
Payment to acquire assets		(3,120)		-	
Net cash (outflow)/inflow for capital expenditure			(3,120)		4,075
Equity dividends paid	10		(3,600,000)		(2,500,000)
Increase/(decrease) in cash in the year	19/20		<u>5,066,838</u>		<u>(2,437,207)</u>

Notes to the financial statements

For the year ended 31 December 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and on a going concern basis

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable UK accounting standards

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT Revenue is recognised on receipt of the goods by the customer

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	- over 3 years
Furniture	- 20% reducing balance
Motor vehicles	- 33 $\frac{1}{3}$ % reducing balance

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1.6 Stock

Stock is valued at the lower of cost and net realisable value Cost is calculated using the weighted average cost method and consists of raw materials only

1.7 Pension costs

The company operates a defined contribution scheme providing benefits for employees additional to those from the state The pension cost charges represent contributions payable by the company to the fund in respect of the year

1.8 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements

Deferred tax is not provided on the revaluation of fixed assets Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction All differences are taken to profit and loss account

Notes to the financial statements
For the year ended 31 December 2012

2 Turnover

Geographical analysis	2012 £	2011 £
UK turnover	128,182,231	117,331,599
European turnover	3,641,138	1,935,761
	<u>131,823,369</u>	<u>119,267,360</u>

3 Operating profit

	2012 £	2011 £
Operating profit stated after charging/(crediting)		
Depreciation of tangible fixed assets	3,548	6,005
Operating lease rentals - rent	35,888	35,888
- motor vehicles	13,970	11,512
Profit on translation of foreign currency transactions	(24,396)	(529,619)
Profit on disposal of fixed assets	-	(2,115)
Auditor's remuneration	10,000	10,000
Other non-audit fees - taxation services	1,600	1,500
- payroll services	1,106	1,068
	<u>10,000</u>	<u>10,000</u>

Included in auditor's remuneration for the current and prior year is the audit fee for another group company called Ertisa Great Britain Limited

4 Interest receivable and similar income

	2012 £	2011 £
Bank interest	118,545	99,546
	<u>118,545</u>	<u>99,546</u>

5 Interest payable and similar charges

	2012 £	2011 £
Bank interest	18,022	22,169
	<u>18,022</u>	<u>22,169</u>

6 Employee numbers

Number of employees

The average monthly number of employees (including directors) during the year was

	2012 Number	2011 Number
Directors	4	4
Administration	5	5
Sales	3	3
	<u>12</u>	<u>12</u>

Notes to the financial statements
For the year ended 31 December 2012

7	Employment costs	2012	2011
		£	£
	Wages and salaries	429,482	416,975
	Social security costs	50,294	49,581
	Pension costs (note 21)	15,725	14,313
		<u>495,501</u>	<u>480,869</u>
		<u><u>495,501</u></u>	<u><u>480,869</u></u>
8	Directors' emoluments	2012	2011
		£	£
	Directors' emoluments (including benefits-in-kind)	96,439	100,059
		<u>96,439</u>	<u>100,059</u>
		<u><u>96,439</u></u>	<u><u>100,059</u></u>
	None of the directors were accruing benefits under money purchase pension schemes in the current or prior year		
9	Taxation on profit on ordinary activities	2012	2011
		£	£
	UK current year tax		
	UK corporation tax	1,320,490	1,475,608
	Adjustments in respect of prior years	(184)	(911)
		<u>1,320,306</u>	<u>1,474,697</u>
	Current tax charge	1,320,306	1,474,697
	Deferred taxation		
	Deferred tax charge	-	-
		<u>-</u>	<u>-</u>
	Total tax charge for the year	<u>1,320,306</u>	<u>1,474,697</u>
		<u><u>1,320,306</u></u>	<u><u>1,474,697</u></u>
	Factors affecting charge for the year:		
	Profit on ordinary activities before taxation	5,391,983	5,566,554
		<u>5,391,983</u>	<u>5,566,554</u>
		<u><u>5,391,983</u></u>	<u><u>5,566,554</u></u>
	Profit on ordinary activities before taxation multiplied by effective rate of UK corporation tax of 24.5% (2011: 26.5%)	1,321,036	1,475,137
		<u>1,321,036</u>	<u>1,475,137</u>
		<u><u>1,321,036</u></u>	<u><u>1,475,137</u></u>
	Effects of		
	Non deductible expenses for tax purposes	372	165
	Capital allowances in excess of depreciation	(750)	(245)
	Adjustments in respect of prior years	(184)	(911)
	Other short term timing differences	(168)	551
		<u>(730)</u>	<u>(440)</u>
		<u><u>(730)</u></u>	<u><u>(440)</u></u>
	Current tax charge	<u>1,320,306</u>	<u>1,474,697</u>
		<u><u>1,320,306</u></u>	<u><u>1,474,697</u></u>

Notes to the financial statements
For the year ended 31 December 2012

10	Dividends			2012	2011
				£	£
	Ordinary dividend paid of £36 per share (2011 £25 per share)			3,600,000	2,500,000
				<u> </u>	<u> </u>
11	Tangible fixed assets	Computer equipment	Furniture	Motor Vehicles	Total
		£	£	£	£
	Cost				
	At 1 January 2012	21,727	24,347	32,269	78,343
	Additions	-	3,120	-	3,120
	Disposals	-	(1,350)	-	(1,350)
	At 31 December 2012	<u>21,727</u>	<u>26,117</u>	<u>32,269</u>	<u>80,113</u>
	Depreciation				
	At 1 January 2012	21,727	21,413	24,961	68,101
	Charge for the year	-	1,112	2,436	3,548
	Eliminated on disposal	-	(1,350)	-	(1,350)
	At 31 December 2012	<u>21,727</u>	<u>21,175</u>	<u>27,397</u>	<u>70,299</u>
	Net book value				
	At 31 December 2012	<u>-</u>	<u>4,942</u>	<u>4,872</u>	<u>9,814</u>
	At 31 December 2011	<u>-</u>	<u>2,934</u>	<u>7,308</u>	<u>10,242</u>
12	Stocks			2012	2011
				£	£
	Goods for resale			9,962,884	9,279,206
				<u> </u>	<u> </u>
13	Debtors			2012	2011
				£	£
	Trade debtors			23,710,261	16,029,195
	Prepayments and accrued income			15,907	15,186
	Other debtors			62,230	-
				<u>23,788,398</u>	<u>16,044,381</u>

Notes to the financial statements
For the year ended 31 December 2012

14	Creditors: amounts falling due within one year	2012	2011
		£	£
	Trade creditors	908,548	458,582
	Amounts owed to group undertakings	29,941,018	18,077,336
	Corporation tax	640,306	664,697
	Other taxes and social security costs	2,944,304	1,370,521
	Other creditors	19,081	19,081
	Accruals and deferred income	574,584	1,415,196
		<u>35,027,841</u>	<u>22,005,413</u>
15	Share capital	2012	2011
		£	£
	Allotted, called up and fully paid		
	100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
16	Statement of movements on profit and loss account		Profit and loss account
			£
	Balance at 1 January 2012		9,078,281
	Profit for the financial year		4,071,677
	Dividends paid (note 10)		(3,600,000)
	Balance at 31 December 2012		<u>9,549,958</u>
17	Reconciliation of movements in shareholders' funds	2012	2011
		£	£
	Profit for the financial year	4,071,677	4,091,857
	Dividends paid (note 10)	(3,600,000)	(2,500,000)
	Net addition to shareholders' funds	<u>471,677</u>	<u>1,591,857</u>
	Opening shareholders' funds	9,178,281	7,586,424
	Closing shareholders' funds	<u>9,649,958</u>	<u>9,178,281</u>

Notes to the financial statements
For the year ended 31 December 2012

18 Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	£	£
Operating profit	5,291,460	5,489,178
Depreciation of tangible assets	3,548	6,005
Profit on disposal of fixed assets	-	(2,155)
Increase in stocks	(683,678)	(4,849,847)
(Increase)/decrease in debtors	(7,744,017)	3,021,026
Increase/(decrease) in creditors	13,046,819	(2,346,513)
Net cash inflow from operating activities	9,914,132	1,317,694

19 Analysis of net funds

	1 January		31 December
	2012	Cash flow	2012
	£	£	£
Net cash			
Cash at bank and in hand	5,849,865	5,066,838	10,916,703
Net funds	5,849,865	5,066,838	10,916,703

20 Reconciliation of net cash flow to movement in net funds

	2012	2011
	£	£
Increase/(decrease) in cash in the year	5,066,838	(2,437,207)
Movements in net funds in the year	5,066,838	(2,437,207)
Opening net funds	5,849,865	8,287,072
Closing net funds	10,916,703	5,849,865

21 Pension costs

Defined contribution	2012	2011
	£	£
Contributions payable by the company for the year	15,725	14,313

There were no outstanding pension contributions at the year end (2011 £nil)

Notes to the financial statements

For the year ended 31 December 2012

22 Financial commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Motor vehicles		Land and buildings	
	2012	2011	2012	2011
	£	£	£	£
Expiry date				
Within one year	360	4,320	-	-
Between two and five years	12,329	12,329	35,888	35,888
	<u>12,689</u>	<u>16,649</u>	<u>35,888</u>	<u>35,888</u>

23 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 8 from the requirement to make disclosures concerning related party transactions within the group, since their transactions are included in the consolidated financial statements of Compania Espanola de Petroleos S A , which are publically available and can be obtained from the head office at Campo de Las Naciones, Avda del Partenon, Number 12, 28042 Madrid, Spain

24 Control

The directors regard International Petroleum Investment Company (IPIC), incorporated in the United Arab Emirates, as the company's ultimate controlling party

The company's immediate parent is Cepsa Quimica S A , a company incorporated in Spain

The parent company of the largest group of which the company is a member and for which group accounts are prepared is International Petroleum Investment Company, a company incorporated in United Arab Emirates Ultimate group accounts can be obtained from PO Box 7528, Abu Dhabi, United Arab Emirates