

000022/20

In accordance with Regulation 32 of the Overseas Companies Regulations 2009

OS AA01

Statement of details of parent law and other information for an overseas company



Companies House

What this form is for
You may use this form to accompany your accounts disclosed under parent law

What this form is NOT for
You cannot use this form for an alteration of manner with accounting requirements

FRIDAY



A04

A2CFRINE

12/07/2013

#374

COMPANIES HOUSE

Part 1 Corporate company name

Corporate name of overseas company ①

APIOIL LIMITED

UK establishment number

B R 0 1 5 3 2 8

→ Filling in this form
Please complete in typescript or in bold black capitals

All fields are mandatory unless specified or indicated by *

① This is the name of the company in its home state

Part 2 Statement of details of parent law and other information for an overseas company

A1 Legislation

Please give the legislation under which the accounts have been prepared and, if applicable, the legislation under which the accounts have been audited

Legislation ②

International Financial Reporting Standards/ Int Standards Auditing

② This means the relevant rules or legislation which regulates the preparation and, if applicable, the audit of accounts.

A2 Accounting principles

Accounts

Have the accounts been prepared in accordance with a set of generally accepted accounting principles?

Please tick the appropriate box

No Go to Section A3

Yes Please enter the name of the organisation or other body which issued those principles below, and then go to Section A3

③ Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ③

International Accounting Standards Board

A3 Accounts

Accounts

Have the accounts been audited? Please tick the appropriate box

No Go to Section A5

Yes Go to Section A4

OS AA01

Statement of details of parent law and other information for an overseas company

A4 Audited accounts

Audited accounts

Have the accounts been audited in accordance with a set of generally accepted auditing standards?

Please tick the appropriate box

No Go to Part 3 'Signature'

Yes Please enter the name of the organisation or other body which issued those standards below, and then go to Part 3 'Signature'

① Please insert the name of the appropriate accounting organisation or body

Name of organisation or body ①

International Auditing and Assurance Standards Board

A5 Unaudited accounts

Unaudited accounts

Is the company required to have its accounts audited?

Please tick the appropriate box

No

Yes

Part 3 Signature

I am signing this form on behalf of the overseas company

Signature

Signature

X  X

This form may be signed by
Director, Secretary, Permanent representative

OS AA01

Statement of details of parent law and other information for an overseas company

Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form. The contact information you give will be visible to searchers of the public record.

Contact name

Company name **Venthams**

Address **51 Lincolns Inn Fields**

Post town **London**

County/Region

Postcode **W C 2 A 3 N A**

Country

DX

Telephone **020 7440 9300**

Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- The company name and, if appropriate, the registered number, match the information held on the public Register
- You have completed all sections of the form, if appropriate
- You have signed the form

Important information

Please note that all this information will appear on the public record

Where to send

You may return this form to any Companies House address:

England and Wales:
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

Scotland
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

Northern Ireland
The Registrar of Companies, Companies House,
Second Floor, The Linnenhall, 32-38 Linnenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1

Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk

**REPORT OF THE INDEPENDENT AUDITOR
WITH FINANCIAL STATEMENTS AS OF 31 DECEMBER 2012
OF APIOIL LIMITED, BERMUDA**



COMPANIES HOUSE

To the Board of Directors of
Apioil Limited, Bermuda

Zug, April 17, 2013

Report of the independent auditor on the financial statements

In accordance with your instructions, we have audited the accompanying financial statements of Apioil Limited, Bermuda, which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes for the year ended December 31, 2012

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard (IFRS). This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended December 31, 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Ernst & Young Ltd



Edgar Christen
Licensed audit expert
(Auditor in charge)



Beatrice Bieri
Licensed audit expert

Enclosure

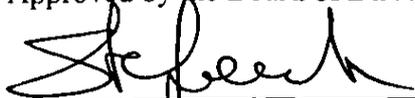
- Financial statements (statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes)

APIOIL LIMITED, BERMUDA

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2012

	<u>Note</u>	<u>31 12 2012</u>	<u>31 12 2011</u>
		U S Dollars	U S Dollars
ASSETS			
Current assets			
Cash		194 001	366 760
Time deposits		2 250 000	5 550 000
Trade accounts receivable			
- Third parties		4 055 378	4 243 736
- Related parties	6	273 202	58 863 684
Other accounts receivable			
- Third parties		7 893	40 078
- Related parties	6	7 008 657	0
Accrued income		0	222
Total current assets		13 789 131	69 064 480
TOTAL ASSETS		13 789 131	69 064 480
 LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Trade accounts payable			
- Third parties		4 183 575	61 643 089
- Related parties	6	124 262	318 029
Accrued expenses		108 170	0
Income tax payable		357 844	305 749
Total current liabilities		4 773 851	62 266 867
 SHAREHOLDERS' EQUITY			
Share capital	5	2 000 000	2 000 000
Retained earnings		7 015 280	4 797 613
Total Shareholders' equity		9 015 280	6 797 613
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		13 789 131	69 064 480

Approved by the Board of Directors on 17 April 2013



Signed on behalf of the board by Stefano Asta

APIOIL LIMITED, BERMUDA

STATEMENT OF COMPREHENSIVE INCOME 2012

	2012	2011
	U S Dollars	U S Dollars
REVENUE	1,626,547,789	646,289,502
COST OF SALES	- 1,623,101,403	- 643,789,616
Gross Profit	3,446,386	2,499,886
OPERATING EXPENSES		
Administrative expenses	- 449,771	- 526,186
Bank charges	- 154,673	- 93,390
Net foreign currency exchange differences	2,393	- 41,236
Total operating expenses	- 602,051	- 660,812
Operating profit	2,844,335	1,839,074
Interest income	73,648	16,516
Interest expenses	0	- 6,400
PROFIT BEFORE TAX	2,917,983	1,849,190
Income tax	- 700,316	- 434,296
PROFIT FOR THE YEAR	2,217,667	1,414,894
Other comprehensive income	0	0
TOTAL COMPREHENSIVE INCOME	2,217,667	1,414,894

Profit for the year and total comprehensive income are fully attributable to the shareholders of the Company.

APIOIL LIMITED, BERMUDA

STATEMENT OF CHANGES IN EQUITY 2012

	Share Capital	Retained Earnings	Total
	<u>U S Dollars</u>	<u>U S Dollars</u>	<u>U S Dollars</u>
Balance, January 1, 2011	2,000,000	5,382,719	7,382,719
Profit / Comprehensive Income 2011	-	1,414,894	1,414,894
Dividend	-	- 2,000,000	- 2,000,000
Balance, January 1, 2012	<u>2,000,000</u>	<u>4,797,613</u>	<u>6,797,613</u>
Profit / Comprehensive Income 2012	-	2,217,667	2,217,667
Balance, December 31, 2012	<u><u>2,000,000</u></u>	<u><u>7,015,280</u></u>	<u><u>9,015,280</u></u>

Apioil Limited does not have any income or expenses in 2012 and 2011 which are directly recorded within equity and no other comprehensive income / expense

APIOIL LIMITED, BERMUDA

CASH FLOW STATEMENT 2012

	<u>2012</u>	<u>2011</u>
	U S.Dollars	U.S Dollars
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,917,983	1,849,190
Adjustments for		
+ Net foreign exchange differences	- 2,393	41,236
- Interest income	- 73,648	- 16,516
+ Interest expenses	0	6,400
- Income tax paid	- 648,221	- 128,547
Operating cash flow before working capital changes	<u>2,193,721</u>	<u>1,751,763</u>
WORKING CAPITAL CHANGES		
Decrease / (increase) in trade and other accounts receivable	51,802,368	-3,984,657
(Decrease) / increase in trade accounts payable	-57,653,281	2,552,195
(Decrease) / increase in accrued income / expenses	108,392	-25,000
Cash flow from operating activities	<u>-3,548,800</u>	<u>294,301</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	73,648	16,516
Cash flow from investing activities	<u>73,648</u>	<u>16,516</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend payment	0	-2,000,000
Interest paid	0	-6,400
Cash flow from financing activities	<u>0</u>	<u>-2,006,400</u>
Net decrease / increase in cash and time deposits	-3,475,152	-1,695,583
Net foreign exchange difference on cash	2,393	-41,236
Net cash and time deposits at beginning of year	5,916,760	7,653,579
Net cash and time deposits at end of year	<u><u>2,444,001</u></u>	<u><u>5,916,760</u></u>

APIOIL LIMITED, BERMUDA

NOTES TO THE FINANCIAL STATEMENTS AS PER DECEMBER 31, 2012

1. General

Apioil Limited ('the Company') was incorporated on January 23, 1985 in Bermuda. The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Effective June 2011 the Company registered a UK Establishment at Sixth Floor (North), Kingsway House, 103, Kingsway, London WC2B 6QX and became UK tax resident. The Company is exempted for Bermuda tax purposes until March 28, 2016.

The Company's purpose is to trade in the international petroleum markets. In the years reported, the Company conducted mainly physical transactions, generally made on a back-to-back basis, meaning that buying and selling is made at the same terms and conditions regarding quantity, quality as well as delivery, payment and base price terms with the exception that a premium shall apply. Third party sales are based on purchase price plus a margin.

The Company's books are maintained in U.S. Dollars, the functional currency of Apioil Limited. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements as of December 31, 2012 have been authorized for issuance by the board of directors on 17 April 2013. They are subject to the approval of the ordinary shareholder's meeting.

2. Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates.

For the financial statements as at December 31, 2012 there are no significant judgments and estimates that should be further outlined in here.

3. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following changes:

Apioil Limited has adopted the following new and amended IFRS and IFRIC interpretations during the year:

Recently released Standards/ Interpretations	Effective date
Disclosures—Transfers of Financial Assets - Amendments to IFRS 7	Annual periods beginning on or after 1 July 2011
Deferred Tax Recovery of Underlying Assets - Amendments to IAS 12	Annual periods beginning on or after 1 January 2012
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters Amendments to IFRS 1	An entity shall apply those amendments for annual periods beginning on or after 1 July 2011

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

Adoption of these revised standards and interpretations did not have an impact on the financial performance or position of the Company

Apioil Limited has resolved not to early adopt new or revised standards and interpretations issued by the IASB and IFRIC with an effective date after the date of these financial statements. The Company intends to adopt these standards as soon as they become effective

Effective 2013

Recently released Standards/ Interpretations	Effective date
IFRS 10 Consolidated Financial Statements	Effective 1 January 2013
IFRS 11 Joint Arrangements	Effective 1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	Effective 1 January 2013
Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) June 2012	Effective 1 January 2013
IFRS 13 Fair Value Measurement	Effective 1 January 2013
IAS 27 Separate Financial Statements	Effective 1 January 2013
IAS 28 Investments in Associates and Joint Ventures	Effective 1 January 2013
IAS 19 – Employee Benefits	Effective 1 January 2013
Presentation of Items of Other Comprehensive Income – Amendment to IAS 1	Effective 1 July 2012
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	Effective 1 January 2013
Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)	Effective 1 January 2013
Annual Improvements to IFRSs, May 2012	Effective 1 January 2013

Effective 2014 or after

Recently released Standards/ Interpretations	Effective date
IFRS 9 Financial instruments	Annual periods beginning on or after 1 January 2015
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	Effective 1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	Effective 1 January 2014

Management does not anticipate that the adoption of new or revised standards and interpretations will have a material impact on the Company's financial statements in the period of initial application

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

4. Principal accounting policies

a) Cash and time deposits

Cash includes current accounts with banks and time deposits. Time deposits include short term investments with banks due within one month. Both items are carried at cost in the balance sheet and approximate fair value due to the short term nature of these financial instruments.

b) Accounts receivables and payables

Trade receivables, which generally have 15 days' terms, are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Provision is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Trade payables are non-interest bearing, carried at original invoice amount and are normally settled on 15 day terms.

Both positions approximate fair value due to the short term nature of these financial instruments.

c) Inventory

Inventory is stated at the lower of cost or net realizable value. Cost is determined using the first-in-first-out method. The net realizable value is the estimated selling price in the ordinary course of business and the estimated costs necessary to make the sale.

d) Revenue recognition

The Company records sales and recognizes the related profits of the physical transactions in its accounts when all significant risks and rewards of ownership of the asset sold are transferred to the customers, it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is generally recognized at invoice amounts with most sales being priced free on board (FOB), cost and freight (CFR), cost insurance freight (CIF) or delivered ex ship (DES).

e) Foreign currency translation

Transactions are mainly concluded in U S Dollars. Transactions in foreign currencies are translated in U S Dollars using the exchange rate as of the transaction date. Realized and unrealized gains and losses up to the balance sheet date resulting from the valuation of receivables and payables in foreign currencies are recognized in the statement of comprehensive income.

f) Related party transactions

Sales to related parties are made at the actual purchase values of the cargo on a back-to-back basis plus a premium.

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

g) Financial assets and liabilities

Financial assets and liabilities comprise cash, time deposits, accounts receivable and accounts payable

The carrying amounts of cash, time deposits, accounts receivable and accounts payable approximate fair values due to their short term nature

In accordance with the applicable principles in IAS 39, Apioil Limited classifies its financial assets and liabilities as follows and measures them uniformly according to the following categories

- financial assets or liabilities held for trading,
- loans and receivables,
- financial assets available for sale and
- other financial liabilities

Financial assets and liabilities held for trading are acquired principally for the purpose of generating a profit from short-term fluctuations in price. There are no such financial assets and liabilities existing at the balance sheet date. Loans and receivables are financial assets created by providing money, goods or services directly to third or related parties. All other investments are classified as financial assets available for sale.

All financial assets and liabilities are initially recognized at fair value, including transaction costs except for instruments held for trading. The purchase or sale of financial assets is recognized on the settlement date.

After initial recognition, financial assets and liabilities held for trading are measured at fair values and changes in the asset value are reported in profit or loss for the year.

Assets originated by the Company are measured at amortized cost using the effective interest rate method, less reductions for impairment.

After initial recognition, financial assets available for sale are measured at their fair value and changes in the values are reported in other comprehensive income / equity.

After initial recognition, financial liabilities, other than liabilities held for trading and derivatives that are liabilities, are measured at amortized cost.

h) Cost of sales

Cost of sales represents product cost plus any other costs directly attributed to the acquisition of materials.

i) Dispatch and demurrage

Dispatch and demurrage are ancillary income and costs that occur when vessels are prevented from the loading or discharging of cargo within the stipulated laytime.

Dispatch and demurrage income respectively expenses are recorded when the amount can be measured reliably, it is probable the economic benefits or costs associated with the transaction will flow and the stage of completion of the transaction at the balance sheet date can be measured reliably.

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

j) Income taxes

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Where items are recognized directly in other comprehensive income / equity, current income tax is also recognized in other comprehensive income / equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Where there exist deferred taxes, such are provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

5 Share capital

The authorized and issued capital as of December 31, 2012 and 2011 consists of 2'000'000 fully paid in shares with a par value of USD 1.00 USD each.

As of December 31, 2012 and 2011, 1'999'998 shares are owned by 'api anonima petrol italiana S p A , Rome', and the remaining shares are held by third parties. The ultimate parent of Apioil Limited is 'api holding S p A , Rome'.

The primary objective of the Company's capital management is to secure operational and financial facilities on the best available terms to cover contractual supply obligations. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2012 and 2011. Capital includes equity attributable to the shareholders as disclosed within the statement of changes in equity being USD 9'015'280 as of December 31, 2012 (USD 6'797'613 as of December 31, 2011).

In 2012 there was no dividend payment. In 2011 a dividend of USD 2'000'000 was paid to 'api anonima petrol italiana S p A , Rome' and third party shareholders. The dividend paid represented USD 1.00 per share.

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

6. Related party transactions

Apioil Limited enters into related party transactions in the normal course of business

In 2012 the Company sold a total of Metric Tons ("M T ") 2'110'703 (2011 M T 829'262) of crude oil and products. Out of this, M T 1'733'890 (2011 M T 391'982), amounting to USD 1'378'134'292 (2011 USD 290'996'797), were sold to 'api anonima petroli italiana S p A ' (parent company) at the actual purchase cost of each cargo plus a premium

Additionally, there is an agreement for an indefinite period for the supply of services with Api Services Limited. The agreement covers the provision of information and conditions prevailing in the oil markets, liaison with suppliers and customers, provision of transportation, storage, insurance, operational and managerial support for the loading and delivery of crude oil and oil products together with the provision of related financial instruments. Api Services Limited invoices a sum which represents the total cost of providing the services described above amounting to USD 193'754 for 2012 (2011 USD 295'464)

The balance sheet includes the following amounts resulting from transactions with related parties

	<u>2012</u> U S Dollar	<u>2011</u> U S Dollar
Trade accounts receivable		
- api anonima petroli italiana S p A	273'202	58'863'684
	273'202	58'863'684
Other accounts receivable		
- api anonima petroli italiana S p A	7'008'657	0
	7'008'657	0
Trade accounts payable		
- api anonima petroli italiana S p A	124'117	180'468
- api raffineria di ancona S p A	0	96'098
- Api Services Ltd	145	41'463
	124'262	318'029

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

7. Income tax

The major components of income tax expense for the years ended 31 December 2012 and 2011 are

	<u>2012</u> U S Dollar	<u>2011</u> U S Dollar
Current income tax		
- Current income tax charge	<u>700'316</u>	<u>434'296</u>
Deferred tax		
- Relating to origination and reversal of temporary differences	<u>0</u>	<u>0</u>
Income tax expense reported in the income statement	<u>700'316</u>	<u>434'296</u>

A reconciliation between tax expense and the product of accounting profit multiplied by United Kingdom domestic tax rate for the years ended 31 December 2012 and 2011 is as follows

	<u>2012</u> U S Dollar	<u>2011</u> U S Dollar
Accounting profit before income tax	2'917'983	1'849'190
Non taxable profit	<u>0</u>	<u>-178'820</u>
UK taxable profit	<u>2'917'983</u>	<u>1'670'370</u>
- At UK statutory income tax rate of 24% (2011 26%)	<u>700'316</u>	<u>434'296</u>

Non taxable profit represents primarily profit incurred pre tax registration in the UK

8. Credit lines

As of the balance sheet date, the Company had credit lines with various banks. Some of these credit lines are supported by a letter of comfort issued by the parent company. Uncommitted credit lines as of December 31, 2012 are EUR 55 million and variable credit lines are CHF 85 million (2011 EUR 60 million and CHF 75 million). Additionally, the Company has access to the global facilities available to the parent Company.

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

The Company has signed general pledge agreements with some of the banks covering the commercial operations with these banks. Therefore, all trade accounts receivables and goods financed directly or indirectly by these banks are assigned / pledged as collateral for the granted facilities. As of the balance sheet date, the Company had no outstanding liabilities with these banks.

As of the balance sheet date, Apioil Limited had no outstanding letters of credit with banks (2011 USD 67.9 million). The banks are issuing letters of credit on behalf of Apioil Limited in the normal course of business.

9. Financial risk management objectives and policies

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, commodity price risk, foreign currency risk and interest rate risk. These risks arise from exposures that occur in the normal course of business.

The Company's significant financial instruments comprise cash and short-term deposits, accounts receivables and accounts payables, which arise directly from its operations. The Company does not hold derivatives, neither for hedging nor for trading or speculative purposes.

a) Credit risk

Credit risk on cash and time deposits is limited as the Company only selects highly reputable banks for placing its cash and time deposits.

Only for major oil or state companies sales are made against open account. For the other third party sales, the receivables are secured by a letter of credit issued by an international bank. For the sales to related parties (or the parent company, as applicable) the credit risk is assessed periodically by evaluating their (or its) financial position and cash flows. As per December 31, 2012 the Company's credit risk exposure to related parties amounted to USD 7'281'859 or 64.2% of total accounts receivable (December 31, 2011 USD 58'863'684 or 93.3%). Management considers the credit risk on related party receivables as remote. This is also based on the fact that the Company has not been exposed to significant unrecoverable amounts in the past and therefore does not believe that such transactions expose it to unacceptable credit risks. The maximum credit risk exposure of the Company is currently limited to the carrying amounts of these assets.

Trade accounts receivables are considered of high credit quality and are therefore not impaired as at 31 December 2012 and 2011. No collateral is held in respect of assets that are past due but not impaired.

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

The following table summarizes the maturity profile of the Company's trade receivables as at 31 December based on contractual undiscounted payments

USD '000	Neither impaired nor past the due date	Past the due date but not impaired					Total
		Between 15 and 30 days	Between 30 and 90 days	Between 90 and 180 days	Between 180 and 360 days	Older than 360 days	
Trade accounts receivable							
2012	273	0	95	0	335	3'626	4'329
2011	59'053	96	439	0	0	3'519	63'107

Trade accounts receivable are non-interest bearing and no bad debt allowance is recorded by the Company, since the company considers these receivables to be recoverable. On the other hand, the Company also has trade payables outstanding in regard to these receivables which will be disputed in case the corresponding receivables cannot be collected.

b) Liquidity risk

Management considers the Company's liquidity risk to be limited as it is not exposed to any financial liabilities except for such originating during ordinary business transactions. The Company monitors its risk of a shortage of funds by considering the maturity of both its financial assets (i.e. cash, time deposits and accounts receivables), its financial liabilities (i.e. trade accounts payables) and projected cash flows from operations. In order to minimize liquidity risk and to ensure the ongoing solvency the Company also maintains various credit lines with banks as further outlined in Note 8. As at December 31, 2012 there were no other financial liabilities than trade accounts payables (see table below).

The following table shows the Company's expected undiscounted cash flows from repayments of financial liabilities:

USD '000	Within 15 days	Between 15 and 30 days	Between 30 and 90 days	Between 90 and 180 days	Between 180 and 360 days	After 360 days	Total
Trade accounts payable							
2012	37	140	143	2	1	3'985	4'308
2011	57'413	61	480	345	0	3'662	61'961

Trade accounts payables are non-interest bearing. There are no significant risk concentrations on single suppliers outside the Group.

APIOIL LIMITED, BERMUDA

**NOTES TO THE FINANCIAL STATEMENTS
AS PER DECEMBER 31, 2012**

c) Commodity price risk

The Company conducts the transactions on a back-to-back basis where both purchase and sales are based on equal terms and conditions as mentioned in Note 1. As the margin resulting from third party sales is known before the related contracts are signed, the commodity price risk is remote.

The Company is only entering into fixed price sales and purchase contracts. As these prices do not fluctuate with movements in commodity prices there is no impact of commodity price movements on the balances of financial assets and liabilities at December 31, 2012 and December 31, 2011.

d) Foreign currency risk

Most of the transactions are made in USD which is the functional and reporting currency and hence the foreign currency risk is limited.

A reasonably possible change in the USD exchange rate, with all other variables held constant, would not have a significant impact on the Company's equity and net income in 2012 and 2011.

e) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's cash resources as it does not have any current or non-current interest bearing liabilities.

A reasonably possible change in interest rates, with all other variables held constant, would not have a significant impact on the Company's equity and net income in 2012 and 2011. Therefore, the interest rate risk is considered to be limited.

No gains and losses from revaluations of financial assets and liabilities resulted in 2012 and 2011.