

PETROFER U.K. PLC  
FINANCIAL STATEMENTS  
31st DECEMBER 1998

Registered number: 2872607

TRANTER LOWE  
CHARTERED ACCOUNTANTS  
Telford



PETROFER U.K. PLC  
FINANCIAL STATEMENTS  
for the year ended 31st December 1998

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The following pages do not form part of the statutory accounts

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## PETROFER U.K. PLC

## COMPANY INFORMATION

31st December 1998

|                   |                                                                                                     |
|-------------------|-----------------------------------------------------------------------------------------------------|
| INCORPORATED      | England and Wales on 17th November 1993                                                             |
| NUMBER            | 2872607                                                                                             |
| DIRECTORS         | K. Abbott<br>C.H.M. Fischer                                                                         |
| SECRETARY         | T. Abbott                                                                                           |
| REGISTERED OFFICE | Unit D1<br>Hortonpark Industrial Estate<br>Hortonwood 7<br>Telford. Shropshire. TF1 4GX             |
| BANKERS           | Lloyds Bank Plc<br>Birmingham City Centre<br>P O Box 908<br>1 Cornwall Street<br>Birmingham. B3 2DS |
| AUDITORS          | Tranter Lowe<br>Chartered Accountants<br>Bank House<br>66 High Street<br>Dawley<br>Telford          |

## PETROFER U.K. PLC

## DIRECTORS' REPORT

31st December 1998

The directors present their report and the audited financial statements for the year ended 31st December 1998.

**Principal activity**

The principal activity of the company is the distribution of industrial oils and chemicals.

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £5,448.

The parent company has confirmed it's continued support for the development of the U.K. market.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

**Fixed assets**

In the opinion of the directors, there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 8.

**Directors**

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

|                | 31st December 1998 | 1st January 1998   |
|----------------|--------------------|--------------------|
|                | Ordinary<br>shares | Ordinary<br>shares |
| K. Abbott      | 1                  | 1                  |
| C.H.M. Fischer | -                  | -                  |

continued .....

PETROFER U.K. PLC

DIRECTORS' REPORT  
(continued)

31st December 1998

**Policy and practice on payment of creditors**

It is the company's policy to pay trade creditors within the trade terms stipulated by the creditor. Payments for group balances are made on a variable basis.

**Future developments**

The directors expect that the level of profitability will continue to improve as the company increases its turnover.

**Auditors**

Tranter Lowe have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

*T.M. Abbott*

T. Abbott  
Secretary

Unit D1  
Hortonpark Industrial Estate  
Hortonwood 7  
Telford, Shropshire, TF1 4GX

Date: 28 MAY 1999

## PETROFER U.K. PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which 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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

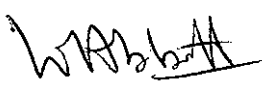
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Date: 28 MAY 1999



C.H.M. Fischer  
Director

On behalf of the board



K. Abbott  
Director

## PETROFER U.K. PLC

## AUDITORS' REPORT

## Auditors' report to the members of

## Petrofer U.K. Plc. .

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis of opinion**

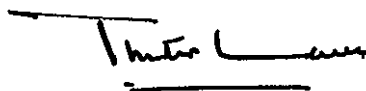
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date: 23<sup>rd</sup> June 1999 .



Tranter Lowe  
Registered Auditors  
Chartered Accountants  
Dawley  
Telford

## PETROFER U.K. PLC

## PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1998

|                                                  | Note | 1998<br>£ | 1997<br>£ |
|--------------------------------------------------|------|-----------|-----------|
| Turnover                                         | 2    | 1,361,884 | 1,191,311 |
| Cost of sales                                    |      | (798,859) | (748,300) |
| Gross profit                                     |      | 563,025   | 443,011   |
| Net operating expenses                           |      |           |           |
| Distribution costs                               |      | (151,515) | (96,984)  |
| Administrative expenses                          |      | (305,551) | (188,838) |
| Other operating income                           |      | 360       | 600       |
| Operating profit                                 | 3    | 106,319   | 157,789   |
| Investment income                                | 5    | 2,518     | 1,558     |
| Interest payable                                 | 6    | (4,679)   | (9,513)   |
| Profit on ordinary activities<br>before taxation |      | 104,158   | 149,834   |
| Taxation                                         | 7    | -         | -         |
| Profit on ordinary activities<br>after taxation  |      | 104,158   | 149,834   |
| retained for the year                            | 15   |           |           |

Movements in reserves are shown in note 15.

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains and losses in 1998 or 1997 other than the profit for the year.

## PETROFER U.K. PLC

## BALANCE SHEET

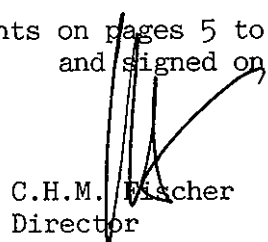
at 31st December 1998

|                                                       | Note | 1998<br>£        | 1997<br>£        |
|-------------------------------------------------------|------|------------------|------------------|
| <b>Fixed assets</b>                                   |      |                  |                  |
| Tangible assets                                       | 8    | 36,220           | 38,218           |
| <b>Current assets</b>                                 |      |                  |                  |
| Stocks                                                | 9    | 143,344          | 111,803          |
| Debtors                                               | 10   | 339,077          | 271,226          |
| Cash at bank and in hand                              |      | 48,985           | 59,199           |
|                                                       |      | <u>531,406</u>   | <u>442,228</u>   |
| <b>Creditors: amounts falling due within one year</b> | 11   | <u>(562,178)</u> | <u>(579,156)</u> |
| <b>Net current liabilities</b>                        |      | <u>(30,772)</u>  | <u>(136,928)</u> |
| <b>Total assets less current liabilities</b>          |      | <u>5,448</u>     | <u>(98,710)</u>  |
| <b>Capital and reserves</b>                           |      |                  |                  |
| Called up share capital                               | 13   | 50,000           | 50,000           |
| Profit and loss account                               | 15   | (44,552)         | (148,710)        |
| <b>Total shareholders' funds</b>                      | 14   | <u>5,448</u>     | <u>(98,710)</u>  |

The financial statements on pages 5 to 16 were approved by the board of directors on **28 MAY 1999** and signed on its behalf by:



K. Abbott  
Director



C.H.M. Fischer  
Director

## PETROFER U.K. PLC

## CASH FLOW STATEMENT

for the year ended 31st December 1998

|                                                        | Note | 1998<br>£ | 1997<br>£ |
|--------------------------------------------------------|------|-----------|-----------|
| Net cash (outflow)/inflow<br>from operating activities | 19   | (3,035)   | 21,109    |
| Returns on investments and servicing<br>of finance     |      |           |           |
| Interest received                                      |      | 2,518     | 1,558     |
| Interest paid                                          |      | (4,679)   | (9,513)   |
|                                                        |      | (2,161)   | (7,955)   |
| Capital expenditure<br>and financial investment        |      |           |           |
| Purchase of tangible fixed assets                      |      | (5,018)   | (2,734)   |
| (Decrease)/increase in cash                            |      | (10,214)  | 10,420    |

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

**1 Accounting policies****Basis of accounting**

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

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Tangible fixed assets**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

|                      |                      |
|----------------------|----------------------|
| Premises alterations | 15% reducing balance |
| Computer equipment   | 25% straight line    |
| Laboratory equipment | 15% reducing balance |
| Office equipment     | 15% reducing balance |

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Foreign currencies**

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date.

All differences are taken to the profit and loss account.

**Pension costs**

The company does not operate a pension scheme but makes payments to individual schemes held by the employees. The pension cost represents the payments made to these schemes.

**Operating leases**

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 2 Turnover

The turnover for the year was derived from the company's principal activity.

The analysis of turnover by geographical area is as follows:

|                    | 1998<br>£        | 1997<br>£        |
|--------------------|------------------|------------------|
| Geographically     |                  |                  |
| United Kingdom     | 1,352,443        | 1,180,287        |
| Other EC countries | 9,441            | 11,024           |
|                    | <u>1,361,884</u> | <u>1,191,311</u> |

## 3 Operating profit

|                                                 | 1998<br>£         | 1997<br>£         |
|-------------------------------------------------|-------------------|-------------------|
| Operating profit is stated after crediting:     |                   |                   |
| Rental income                                   | 360               | 600               |
| Profit on foreign exchange                      | -                 | 90,047            |
|                                                 | <u>          </u> | <u>          </u> |
| and after charging:                             |                   |                   |
| Staff costs (note 4)                            | 267,690           | 233,600           |
| Auditors' remuneration                          | 2,000             | 2,000             |
| Auditors' remuneration - non-audit work         | 400               | 500               |
| Operating lease rentals                         |                   |                   |
| - Plant and machinery                           | 28,541            | 22,274            |
| - Other                                         | 40,000            | 40,847            |
| Loss on sale of assets                          | 79                | -                 |
| Loss on foreign exchange                        | 13,895            | -                 |
|                                                 | <u>          </u> | <u>          </u> |
| Depreciation of tangible fixed assets (note 8): |                   |                   |
| Owned assets                                    | 6,937             | 10,835            |
|                                                 | <u>          </u> | <u>          </u> |

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 4 Directors and employees

|                                             | 1998<br>£      |
|---------------------------------------------|----------------|
| Staff costs including directors' emoluments |                |
| Wages and salaries                          | 234,647        |
| Social security costs                       | 23,666         |
| Pension costs                               | 9,377          |
|                                             | <u>267,690</u> |

|                                                                | Number   |
|----------------------------------------------------------------|----------|
| Average monthly number employed including executive directors: |          |
| Production staff                                               | 3        |
| Office and management                                          | 3        |
| Administration staff                                           | 2        |
|                                                                | <u>8</u> |

| Directors                                               | £             |
|---------------------------------------------------------|---------------|
| Emoluments                                              | 83,663        |
| Company contributions to money purchase pension schemes | 3,350         |
|                                                         | <u>87,013</u> |

| 1997<br>£      |
|----------------|
| 195,558        |
| 19,962         |
| 18,080         |
| <u>233,600</u> |

| Number   |
|----------|
| 2        |
| 3        |
| 2        |
| <u>7</u> |

£

|               |
|---------------|
| 69,822        |
| 13,250        |
| <u>83,072</u> |

## 5 Investment income

|                     | 1998<br>£    |
|---------------------|--------------|
| Interest receivable | <u>2,518</u> |

1997  
£1,558

## 6 Interest payable

|                                        | 1998<br>£    |
|----------------------------------------|--------------|
| Interest payable to parent undertaking | 4,679        |
|                                        | <u>4,679</u> |

1997  
£9,5139,513

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 7 Taxation

No liability for corporation tax arises on the results for the year.

Subject to Inland Revenue approval, there are tax losses to be carried forward of £277,440.

## 8 Tangible fixed assets

| Cost                   | Plant<br>and<br>Machinery<br>£ | Fixtures<br>and<br>Fittings<br>£ | Premises<br>Alterations<br>£ | Computer<br>Equipment<br>£ | Total<br>£    |
|------------------------|--------------------------------|----------------------------------|------------------------------|----------------------------|---------------|
| 1st January 1998       | 25,468                         | 18,041                           | 25,665                       | 17,177                     | 86,351        |
| Additions              | 3,174                          | 545                              | -                            | 1,299                      | 5,018         |
| Disposals              | (128)                          | -                                | -                            | -                          | (128)         |
| 31st December 1998     | <u>28,514</u>                  | <u>18,586</u>                    | <u>25,665</u>                | <u>18,476</u>              | <u>91,241</u> |
| <b>Depreciation</b>    |                                |                                  |                              |                            |               |
| 1st January 1998       | 11,980                         | 7,855                            | 12,267                       | 16,031                     | 48,133        |
| Charge for the<br>year | 2,499                          | 1,611                            | 2,010                        | 817                        | 6,937         |
| Disposals              | (49)                           | -                                | -                            | -                          | (49)          |
| 31st December 1998     | <u>14,430</u>                  | <u>9,466</u>                     | <u>14,277</u>                | <u>16,848</u>              | <u>55,021</u> |
| <b>Net book amount</b> |                                |                                  |                              |                            |               |
| 31st December 1998     | <u>14,084</u>                  | <u>9,120</u>                     | <u>11,388</u>                | <u>1,628</u>               | <u>36,220</u> |
| 1st January 1998       | <u>13,488</u>                  | <u>10,186</u>                    | <u>13,398</u>                | <u>1,146</u>               | <u>38,218</u> |

There are no capital commitments at the year end (1997 - £Nil)

## 9 Stocks

|                | 1998<br>£      | 1997<br>£      |
|----------------|----------------|----------------|
| Finished goods | <u>143,344</u> | <u>111,803</u> |
|                | <u>143,344</u> | <u>111,803</u> |

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 10 Debtors

|                                     | 1998<br>£      |
|-------------------------------------|----------------|
| Amounts falling due within one year |                |
| Trade debtors                       | 316,083        |
| Prepayments and accrued income      | 22,994         |
|                                     | <u>339,077</u> |

| 1997<br>£      |
|----------------|
| 262,510        |
| 8,716          |
| <u>271,226</u> |

## 11 Creditors: amounts falling due within one year

|                                    | 1998<br>£      |
|------------------------------------|----------------|
| Trade creditors                    | 16,663         |
| Amounts owed to group undertakings | 428,816        |
| Other taxation and social security | 53,625         |
| Accruals and deferred income       | 63,074         |
|                                    | <u>562,178</u> |

| 1997<br>£      |
|----------------|
| 31,392         |
| 442,868        |
| 46,636         |
| 58,260         |
| <u>579,156</u> |

Lloyds Bank Plc have an unlimited Debenture dated 23rd March 1998 which includes a right of set off between the company's accounts.

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 12 Deferred taxation

|                                                 | 1998                      |                         | 1997                      |                         |
|-------------------------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
|                                                 | Amount<br>unprovided<br>£ | Amount<br>provided<br>£ | Amount<br>unprovided<br>£ | Amount<br>provided<br>£ |
| Corporation tax deferred by                     |                           |                         |                           |                         |
| Capital allowances in excess<br>of depreciation | 3,700                     | -                       | 5,200                     | -                       |
| Other timing differences                        | -                         | -                       | -                         | -                       |
| Unrelieved taxation losses                      | (3,700)                   | -                       | (5,200)                   | -                       |
| Capital gains rolled over                       | -                         | -                       | -                         | -                       |
|                                                 | <u>-</u>                  | <u>-</u>                | <u>-</u>                  | <u>-</u>                |
| Advance corporation tax                         | -                         | -                       | -                         | -                       |
|                                                 | <u>-</u>                  | <u>-</u>                | <u>-</u>                  | <u>-</u>                |
| Corporation tax on<br>revaluation surplus       | -                         | -                       | -                         | -                       |
|                                                 | <u>-</u>                  | <u>-</u>                | <u>-</u>                  | <u>-</u>                |

Deferred taxation is based on a corporation tax rate of 21% (1997 21%).

## 13 Called up share capital

|                                       | 1998                |                | 1997                |                |
|---------------------------------------|---------------------|----------------|---------------------|----------------|
|                                       | Number of<br>shares | £              | Number of<br>shares | £              |
| Authorised                            |                     |                |                     |                |
| Authorised share capital              | <u>500,000</u>      | <u>500,000</u> | <u>500,000</u>      | <u>500,000</u> |
| Allotted, called up<br>and fully paid |                     |                |                     |                |
| Authorised share capital              | <u>50,000</u>       | <u>50,000</u>  | <u>50,000</u>       | <u>50,000</u>  |

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 14 Reconciliation of movements in shareholders' funds

|                                                                                           | 1998<br>£    | 1997<br>£       |
|-------------------------------------------------------------------------------------------|--------------|-----------------|
| Profit for the financial year<br>representing a<br>Net addition to<br>shareholders' funds | 104,158      | 149,834         |
| Opening shareholders' funds                                                               | (98,710)     | (248,544)       |
| Closing shareholders' funds                                                               | <u>5,448</u> | <u>(98,710)</u> |

## 15 Profit and loss account

|                              | 1998<br>£       |
|------------------------------|-----------------|
| 1st January 1998             | (148,710)       |
| Retained profit for the year | 104,158         |
| 31st December 1998           | <u>(44,552)</u> |

## 16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st December 1999

|                          | 1998<br>Land and<br>Buildings<br>£ | 1998<br>Plant &<br>Other<br>£ | 1997<br>Land and<br>Buildings<br>£ | 1997<br>Plant &<br>Other<br>£ |
|--------------------------|------------------------------------|-------------------------------|------------------------------------|-------------------------------|
| Expiring                 |                                    |                               |                                    |                               |
| Within one year          | -                                  | 8,200                         | -                                  | 2,895                         |
| Within two to five years | 40,000                             | 22,377                        | 40,000                             | 14,445                        |
|                          | <u>40,000</u>                      | <u>30,577</u>                 | <u>40,000</u>                      | <u>17,340</u>                 |

## 17 Ultimate parent undertaking

The parent undertaking is Petrofer GmbH, a company registered in Germany. Petrofer GmbH is ultimately controlled by C Fischer.

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 18 Related parties

During the year the company made sales and purchases to its immediate parent, Petrofer GmbH. It also recharged expenses to Petrofer Chemie H R Fischer GmbH, a related company by virtue of the fact that C Fischer, a director, owns 80% of the issued share capital of both Petrofer Chemie H R Fischer GmbH & Co KG and Petrofer GmbH. C Fischer therefore has a material interest in transactions between these companies.

The value of trading transactions undertaken in the normal course of business was as follows:

|                                   | 1998<br>£ | 1997<br>£ |
|-----------------------------------|-----------|-----------|
| Sales to Petrofer Chemie          | -         | -         |
| Sales to parent undertaking       | -         | -         |
| Purchases from Petrofer Chemie    | -         | -         |
| Purchases from parent undertaking | 720,184   | 676,841   |

The company also recharges advertising expenditure to the related undertaking. The value of these recharges was £7,022 (1997 - £6,354).

The amounts owed to the parent and related undertaking are shown in note 11.

## 19 Notes to the cash flow statement

Reconciliation of operating profit  
to operating cash flows

|                                                        | 1998<br>£ | 1997<br>£ |
|--------------------------------------------------------|-----------|-----------|
| Operating profit                                       | 106,319   | 157,789   |
| Depreciation charges                                   | 6,937     | 10,835    |
| Loss on sale of fixed assets                           | 79        | -         |
| Increase in stocks                                     | (31,541)  | (47,013)  |
| Increase in debtors                                    | (67,851)  | (56,753)  |
| Decrease in creditors                                  | (16,978)  | (43,749)  |
| Net cash (outflow)/inflow<br>from operating activities | (3,035)   | 21,109    |

## PETROFER U.K. PLC

## NOTES ON FINANCIAL STATEMENTS

31st December 1998

## 19 Notes to the cash flow statement (continued)

## Analysis of changes in net debt

|                          | At start<br>of year<br>£ | Cash<br>flows<br>£ | At end<br>of year<br>£ |
|--------------------------|--------------------------|--------------------|------------------------|
| Cash at bank and in hand | 59,199                   | (10,214)           | 48,985                 |
| Bank overdrafts          | -                        | -                  | -                      |
|                          |                          | <u>(10,214)</u>    |                        |
| <b>Total</b>             | <u>59,199</u>            | <u>(10,214)</u>    | <u>48,985</u>          |

## Reconciliation of net cash flow to movement in net debt

|                                              | 1998<br>£            |
|----------------------------------------------|----------------------|
| (Decrease)/increase in cash in the year      | <u>(10,214)</u>      |
| Change in net debt resulting from cash flows | <u>(10,214)</u>      |
| Net debt at 1st January 1998                 | <u>59,199</u>        |
| Net debt at 31st December 1998               | <u><u>48,985</u></u> |

| 1997<br>£            |
|----------------------|
| <u>10,420</u>        |
| <u>10,420</u>        |
| <u>48,779</u>        |
| <u><u>59,199</u></u> |