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Registration number 02872607

PETROFER U.K. PLC

Directors' report and financial statements

for the year ended 31 December 2002



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PETROFER U.K. PLC

Company information

Directors	K. Abbott C.H.M. Fischer
Secretary	Mrs T.M Abbott
Company number	02872607
Registered office	Harcourt Business Park Halesfield 17 Telford TF7 4PW
Auditors	Tranter Lowe Bank House 66 High Street Dawley Telford
Business address	Harcourt Business Park Halesfield 17 Telford TF7 4PW
Bankers	Lloyds Bank Plc Birmingham City Centre P O Box 908 1 Cornwall Street Birmingham

PETROFER U.K. PLC

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PETROFER U.K. PLC

Directors' report for the year ended 31 December 2002

The directors present their report and the financial statements for the year ended 31 December 2002.

Principal activity and review of the business

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

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a final dividend.

Payments 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.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/12/02	01/01/02

K. Abbott	1	1
C.H.M. Fischer	-	-

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Tranter Lowe be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 07 APR 2003 and signed on its behalf by



Mrs T.M Abbott
Secretary

PETROFER U.K. PLC

Independent auditors' report to the shareholders of PETROFER U.K. PLC

We have audited the financial statements of PETROFER U.K. PLC for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

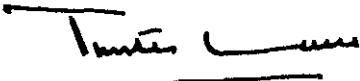
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

PETROFER U.K. PLC

Independent auditors' report to the shareholders of PETROFER U.K. PLC continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Tranter Lowe
Registered Auditor

Bank House
66 High Street
Dawley
Telford

Date: 30th April 2003

PETROFER U.K. PLC

Profit and loss account for the year ended 31 December 2002

		Continuing operations	
		2002	2001
	Notes	£	£
Turnover	2	2,357,858	2,160,480
Cost of sales		(1,418,615)	(1,181,244)
Gross profit		939,243	979,236
Distribution costs		(336,535)	(302,732)
Administrative expenses		(472,246)	(447,908)
Operating profit	3	130,462	228,596
Other interest receivable and similar income	4	551	2,614
Interest payable and similar charges	5	(2,472)	-
Profit on ordinary activities before taxation		128,541	231,210
Tax on profit on ordinary activities	8	(40,319)	(72,477)
Retained profit for the year		88,222	158,733
Retained profit brought forward		519,561	360,828
Retained profit carried forward		607,783	519,561

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 15 form an integral part of these financial statements.

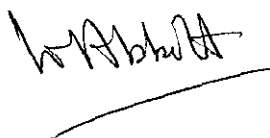
PETROFER U.K. PLC

**Balance sheet
as at 31 December 2002**

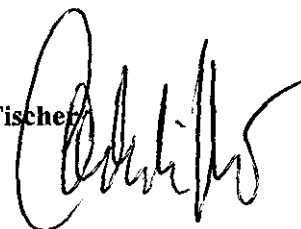
		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		71,547		77,580
Current assets					
Stocks	10	271,572		201,577	
Debtors	11	625,277		526,955	
Cash at bank and in hand		121,833		125,905	
		<u>1,018,682</u>		<u>854,437</u>	
Creditors: amounts falling due within one year	12	<u>(427,946)</u>		<u>(358,756)</u>	
Net current assets			<u>590,736</u>		<u>495,681</u>
Total assets less current liabilities			662,283		573,261
Provisions for liabilities and charges	13		<u>(4,500)</u>		<u>(3,700)</u>
Net assets			<u>657,783</u>		<u>569,561</u>
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account			<u>607,783</u>		<u>519,561</u>
Equity shareholders' funds	16		<u>657,783</u>		<u>569,561</u>

The financial statements were approved by the Board on 7th April 2003 and signed on its behalf by

K. Abbott
Director



C.H.M. Fischer
Director



The notes on pages 7 to 15 form an integral part of these financial statements.

PETROFER U.K. PLC

Cash flow statement for the year ended 31 December 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		130,462	228,596
Depreciation		16,850	16,519
(Increase) in stocks		(69,995)	8,471
(Increase) in debtors		(98,322)	(28,822)
Increase in creditors		114,856	(111,537)
Net cash inflow from operating activities		<u>93,851</u>	<u>113,227</u>
Cash flow statement			
Net cash inflow from operating activities		93,851	113,227
Returns on investments and servicing of finance	20	(1,921)	2,614
Taxation	20	(85,184)	(72,143)
Capital expenditure	20	(10,818)	(71,651)
Decrease in cash in the year		<u>(4,072)</u>	<u>(27,953)</u>
Reconciliation of net cash flow to movement in net debt (Note 21)			
Decrease in cash in the year		(4,072)	(27,953)
Net funds at 1 January 2002		<u>125,905</u>	<u>153,858</u>
Net funds at 31 December 2002		<u>121,833</u>	<u>125,905</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2002

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	25% Straight Line
Fixtures, fittings and equipment	-	15% Reducing Balance
Motor vehicles	-	15% Reducing Balance
	-	

1.4. Leasing

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

1.5. Stock

Stock is valued at the lower of cost and net realisable value.

1.6. Pensions

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.

1.7. Deferred taxation

The company adopted Financial Reporting Standard 19 "Deferred Taxation" (FRS 19) during the financial year.

Full provision is made for deferred taxation on all timing differences which have arisen but have not reversed at the balance sheet date.

Prior to the adoption of FRS 19, the company provided for deferred taxation only to the extent that timing differences were expected to materialise in the foreseeable future. The adoption of the new policy has been made by way of a prior year adjustment as though the revised policy had always been applied.

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2002

..... continued

1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

	2002 £	2001 £
Geographical market		
United Kingdom	2,352,473	2,147,290
Other EC Countries	5,385	13,190
	<u>2,357,858</u>	<u>2,160,480</u>

3. Operating profit

	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	16,850	16,519
Loss on foreign currencies	16,892	2,515
Operating lease rentals		
- Plant and machinery	15,064	29,008
- Land and buildings	69,379	52,914
Auditors' remuneration	<u>3,525</u>	<u>3,725</u>

4. Interest receivable and similar income

	2002 £	2001 £
Bank interest	<u>551</u>	<u>2,614</u>

5. Interest payable and similar charges

	2002 £	2001 £
On amounts payable to group companies	214	-
On overdue tax	<u>2,258</u>	<u>-</u>
	<u>2,472</u>	<u>-</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2002

..... continued

6. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2002	2001
Production Staff	5	5
Office and Management	2	2
Administration Staff	5	5
	<u>12</u>	<u>12</u>

Employment costs

	2002	2001
	£	£
Wages and salaries	419,588	392,896
Social security costs	40,182	36,756
Other pension costs	20,716	17,647
	<u>480,486</u>	<u>447,299</u>

6.1. Directors' emoluments

	2002	2001
	£	£
Remuneration and other emoluments	116,157	134,928
Pension contributions	7,425	6,860
	<u>123,582</u>	<u>141,788</u>

Number of directors to whom retirement benefits
are accruing under a money purchase scheme

Number	Number
<u>1</u>	<u>1</u>

7. Pension costs

The company makes payments to individual schemes held by employees. The pension charge represents contributions due from the company and amounted to £20,716 (2001 - £17,647).

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2002

..... continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2002 £	2001 £
Current tax		
UK corporation tax	38,969	71,435
Prior period adjustments	550	15
Total current tax charge	<u>39,519</u>	<u>71,450</u>
Deferred tax		
Timing differences, origination and reversal	800	1,027
Total deferred tax	<u>800</u>	<u>1,027</u>
Tax on profit on ordinary activities	<u><u>40,319</u></u>	<u><u>72,477</u></u>

Factors affecting tax charge for period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>128,541</u>	<u>231,210</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2001 : 30%)	38,562	69,363
Expenses not deductible for tax purposes (primarily goodwill amortisation)	1,060	3,646
Capital allowances for period in excess of depreciation	(653)	(1,574)
Current tax charge for period	<u><u>38,969</u></u>	<u><u>71,435</u></u>

PETROFER U.K. PLC

**Notes to the financial statements
for the year ended 31 December 2002**

..... continued

9. Tangible fixed assets	Computer equipment	Laboratory equipment	Office equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2002	29,437	68,158	39,450	7,740	144,785
Additions	10,818	-	-	-	10,818
At 31 December 2002	<u>40,255</u>	<u>68,158</u>	<u>39,450</u>	<u>7,740</u>	<u>155,603</u>
Depreciation					
At 1 January 2002	22,935	26,219	16,116	1,935	67,205
Charge for the year	5,123	6,292	3,501	1,935	16,851
At 31 December 2002	<u>28,058</u>	<u>32,511</u>	<u>19,617</u>	<u>3,870</u>	<u>84,056</u>
Net book values					
At 31 December 2002	<u>12,197</u>	<u>35,647</u>	<u>19,833</u>	<u>3,870</u>	<u>71,547</u>
At 31 December 2001	<u>6,502</u>	<u>41,939</u>	<u>23,334</u>	<u>5,805</u>	<u>77,580</u>

10. Stocks	2002	2001
	£	£
Finished goods and goods for resale	<u>271,572</u>	<u>201,577</u>

11. Debtors	2002	2001
	£	£
Trade debtors	570,626	491,042
Other debtors	29,311	11,000
Prepayments and accrued income	25,340	24,913
	<u>625,277</u>	<u>526,955</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2002

..... continued

12. Creditors: amounts falling due within one year	2002 £	2001 £
Trade creditors	10,579	30,321
Amounts owed to group undertaking	216,071	83,539
Corporation tax	12,569	58,235
Other taxes and social security costs	107,127	83,821
Other creditors	24,106	49,341
Accruals and deferred income	57,494	53,499
	<u>427,946</u>	<u>358,756</u>

Lloyds TSB hold an Unlimited Debenture dated 23.3.1998.

13 Provisions for liabilities and charges

	Deferred taxation (Note 14) £	Total £
At 1 January 2002	3,700	3,700
Movements in the year	800	800
At 31 December 2002	<u>4,500</u>	<u>4,500</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2002

..... continued

14. Provision for deferred taxation

	2002	2001
	£	£
Accelerated capital allowances	4,500	3,700
Undiscounted provision for deferred tax	<u>4,500</u>	<u>3,700</u>
Provision at 1 January 2002	3,700	
Deferred tax charge in profit and loss account	<u>800</u>	
Provision at 31 December 2002	<u><u>4,500</u></u>	

15. Share capital

	2002	2001
	£	£
Authorised equity		
500,000,000 Ordinary shares of £1.00 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid equity		
50,000,000 Ordinary shares of £1.00 each	<u>50,000</u>	<u>50,000</u>

16. Reconciliation of movements in shareholders' funds

	2002	2001
	£	£
Profit for the year	88,222	158,733
Opening shareholders' funds	<u>569,561</u>	<u>410,828</u>
Closing shareholders' funds	<u><u>657,783</u></u>	<u><u>569,561</u></u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2002

..... continued

17. Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Expiry date:				
Within one year	-	-	1,230	9,902
Between one and five years	-	-	19,279	22,672
In over five years	68,740	68,740	-	-
	<u>68,740</u>	<u>68,740</u>	<u>20,509</u>	<u>32,574</u>

18. Related party transactions

During the year the company made sales to and purchases from its immediate parent, Petrofer GmbH. It also recharged expenses to Petrofer Chemie H R Fischer GmbH, a related party 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:

Sales to Petrofer Chemie £7,184 (2001 - £1,255). Purchases from Petrofer Chemie £1,497,757 (2001 - £1,121,313). Balances outstanding in relation to these transactions are separately disclosed in the debtors and creditors notes.

19. 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 to the financial statements
for the year ended 31 December 2002**

..... continued

20. Gross cash flows

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	551	2,614
Interest paid	(2,472)	-
	<u>(1,921)</u>	<u>2,614</u>
Taxation		
Corporation tax paid	<u>(85,184)</u>	<u>(72,143)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(10,818)</u>	<u>(71,651)</u>

21. Analysis of changes in net debt

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	125,905	(4,072)	121,833
Net debt	<u>125,905</u>	<u>(4,072)</u>	<u>121,833</u>