

Registration number 02872607

PETROFER U.K. PLC

Directors' report and financial statements

for the year ended 31 December 2004



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 Business and Corporate Services Centre 3rd Floor 125 Colmore Row Birmingham

PETROFER U.K. PLC

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PETROFER U.K. PLC

Directors' report for the year ended 31 December 2004

The directors present their report and the financial statements for the year ended 31 December 2004.

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	
	31/12/04	01/01/04
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 5/4/2005 and signed on its behalf by

Mrs T.M Abbott
Secretary

T.M. Abbott

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 2004 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 shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders 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.

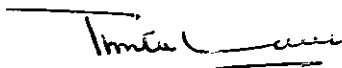
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2004 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
Chartered Accountants and
Registered Auditor

Bank House
66 High Street
Dawley
Telford

Date: 12 April 2005.

PETROFER U.K. PLC

Profit and loss account for the year ended 31 December 2004

Continuing operations

		2004	2003
	Notes	£	£
Turnover	2	2,413,527	2,241,527
Cost of sales		(1,464,907)	(1,405,160)
Gross profit		948,620	836,367
Distribution costs		(332,309)	(339,574)
Administrative expenses		(489,546)	(461,515)
Other operating income		13,269	12,414
Operating profit	3	140,034	47,692
Other interest receivable and similar income	4	3,568	2,226
Interest payable and similar charges	5	-	(293)
Profit on ordinary activities before taxation		143,602	49,625
Tax on profit on ordinary activities	8	(42,894)	(18,510)
Profit on ordinary activities after taxation		100,708	31,115
Retained profit for the year		100,708	31,115
Retained profit brought forward		638,898	607,783
Retained profit carried forward		739,606	638,898

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 14 form an integral part of these financial statements.

PETROFER U.K. PLC

**Balance sheet
as at 31 December 2004**

		2004		2003	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		49,432		50,887
Current assets					
Stocks	10	268,564		316,537	
Debtors	11	655,726		495,967	
Cash at bank and in hand		125,797		238,925	
		<u>1,050,087</u>		<u>1,051,429</u>	
Creditors: amounts falling due within one year	12	<u>(307,913)</u>		<u>(411,418)</u>	
Net current assets			<u>742,174</u>		<u>640,011</u>
Total assets less current liabilities			791,606		690,898
Provisions for liabilities and charges	13		<u>(2,000)</u>		<u>(2,000)</u>
Net assets			<u><u>789,606</u></u>		<u><u>688,898</u></u>
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account			<u>739,606</u>		<u>638,898</u>
Equity shareholders' funds	16		<u><u>789,606</u></u>		<u><u>688,898</u></u>

The financial statements were approved by the Board on behalf by

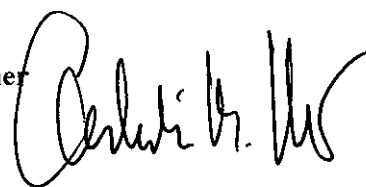
5/4/2005

and signed on its

K. Abbott
Director



C.H.M. Fischer
Director



The notes on pages 7 to 14 form an integral part of these financial statements.

PETROFER U.K. PLC

**Cash flow statement
for the year ended 31 December 2004**

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		140,034	47,692
Depreciation		12,074	23,056
Decrease in stocks		47,973	(44,965)
(Increase) in debtors		(159,759)	129,310
(Decrease) in creditors		(115,777)	(11,790)
Net cash outflow from operating activities		<u>(75,455)</u>	<u>143,303</u>
Cash flow statement			
Net cash outflow from operating activities		(75,455)	143,303
Returns on investments and servicing of finance	20	3,568	1,933
Taxation	20	(30,622)	(25,749)
Capital expenditure	20	(10,619)	(2,395)
Decrease in cash in the year		<u>(113,128)</u>	<u>117,092</u>
Reconciliation of net cash flow to movement in net debt (Note 21)			
Decrease in cash in the year		(113,128)	117,092
Net funds at 1 January 2004		<u>238,925</u>	<u>121,833</u>
Net funds at 31 December 2004		<u>125,797</u>	<u>238,925</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2004

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2004

..... 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

	2004 £	2003 £
Geographical market		
United Kingdom	2,397,682	2,225,501
Europe	15,845	16,026
	<u>2,413,527</u>	<u>2,241,527</u>

3. Operating profit

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	12,074	23,056
Loss on foreign currencies	19,895	16,222
Operating lease rentals		
- Land and buildings	68,740	68,434
Auditors' remuneration	3,975	4,031
	<u> </u>	<u> </u>

4. Interest receivable and similar income

	2004 £	2003 £
Bank interest	<u>3,568</u>	<u>2,226</u>

5. Interest payable and similar charges

	2004 £	2003 £
On amounts payable to group companies	<u>-</u>	<u>293</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2004

..... continued

6. Employees

Number of employees	2004	2003
The average monthly numbers of employees (including the directors) during the year were:		
Production Staff	4	5
Office and Management	2	2
Administration Staff	5	5
	<u>11</u>	<u>12</u>

Employment costs	2004	2003
	£	£
Wages and salaries	432,832	419,132
Social security costs	45,542	34,963
Other pension costs	22,888	21,153
	<u>501,262</u>	<u>475,248</u>

6.1. Directors' emoluments	2004	2003
	£	£
Remuneration and other emoluments	118,927	107,895
Pension contributions	8,010	7,425
	<u>126,937</u>	<u>115,320</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<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 £22,888 (2003 - £21,153).

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2004

..... continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2004 £	2003 £
Current tax		
UK corporation tax	42,903	17,831
Adjustments in respect of previous periods	(9)	3,179
	<u>42,894</u>	<u>21,010</u>
Total current tax charge	<u>42,894</u>	<u>21,010</u>
Deferred tax		
Timing differences, origination and reversal	-	(2,500)
Total deferred tax	<u>-</u>	<u>(2,500)</u>
Tax on profit on ordinary activities	<u>42,894</u>	<u>18,510</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:

	2004 £	2003 £
Profit on ordinary activities before taxation	<u>143,602</u>	<u>49,625</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2003 : 30%)	43,081	14,888
Effects of:		
Expenses not deductible for tax purposes	343	488
Capital allowances for period in excess of depreciation	(521)	2,455
Adjustments to tax charge in respect of previous periods	(9)	3,179
Current tax charge for period	<u>42,894</u>	<u>21,010</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2004

..... continued

9. Tangible fixed assets	Computer equipment £	Laboratory equipment £	Office equipment £	Motor vehicles £	Total £
Cost					
At 1 January 2004	42,650	68,158	39,450	7,740	157,998
Additions	8,720	1,899	-	-	10,619
At 31 December 2004	<u>51,370</u>	<u>70,057</u>	<u>39,450</u>	<u>7,740</u>	<u>168,617</u>
Depreciation					
At 1 January 2004	40,854	37,859	22,593	5,805	107,111
Charge for the year	2,781	4,830	2,528	1,935	12,074
At 31 December 2004	<u>43,635</u>	<u>42,689</u>	<u>25,121</u>	<u>7,740</u>	<u>119,185</u>
Net book values					
At 31 December 2004	<u>7,735</u>	<u>27,368</u>	<u>14,329</u>	<u>-</u>	<u>49,432</u>
At 31 December 2003	<u>1,796</u>	<u>30,299</u>	<u>16,857</u>	<u>1,935</u>	<u>50,887</u>

10. Stocks	2004 £	2003 £
Finished goods and goods for resale	<u>268,564</u>	<u>316,537</u>

11. Debtors	2004 £	2003 £
Trade debtors	592,982	455,928
Other debtors	23,328	30,000
Prepayments and accrued income	39,416	10,039
	<u>655,726</u>	<u>495,967</u>

PETROFER U.K. PLC

**Notes to the financial statements
for the year ended 31 December 2004**

..... continued

12. Creditors: amounts falling due within one year	2004 £	2003 £
Trade creditors	24,223	6,447
Amounts owed to connected companies	102,271	226,431
Corporation tax	20,103	7,831
Other taxes and social security costs	112,201	98,529
Other creditors	29,245	18,005
Accruals and deferred income	19,870	54,175
	<u>307,913</u>	<u>411,418</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 2004	2,000	2,000
At 31 December 2004	<u>2,000</u>	<u>2,000</u>

14. Provision for deferred taxation	2004 £	2003 £
Accelerated capital allowances	<u>2,000</u>	<u>2,000</u>
Provision at 1 January 2004	2,000	
Provision at 31 December 2004	<u>2,000</u>	

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2004

..... continued

15. Share capital	2004	2003
	£	£
Authorised		
500,000 Ordinary shares of £1 each	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</u>
16. Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Profit for the year	100,708	31,115
Opening shareholders' funds	688,898	657,783
	<u>688,898</u>	<u>657,783</u>
Closing shareholders' funds	789,606	688,898
	<u>789,606</u>	<u>688,898</u>
17. Financial commitments		
At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:		
	Land and buildings	
	2004	2003
	£	£
Expiry date:		
In over five years	66,240	66,240
	<u>66,240</u>	<u>66,240</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 and Petrofer GmbH. C Fischer therefore has a material interest in transactions between these companies.

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

Sales to Petrofer Chemie £28,037 (2003 - £811). Purchases from Petrofer Chemie £1,444,904 (2003 - £1,477,663). Balances outstanding in relation to these transactions are separately disclosed in the accounts.

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2004

..... continued

19. Ultimate parent undertaking

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

20. Gross cash flows

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest received	3,568	2,226
Interest paid	-	(293)
	<u>3,568</u>	<u>1,933</u>
Taxation		
Corporation tax paid	<u>(30,622)</u>	<u>(25,749)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(10,619)</u>	<u>(2,395)</u>

21. Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	238,925	(113,128)	125,797
Net funds	<u>238,925</u>	<u>(113,128)</u>	<u>125,797</u>