

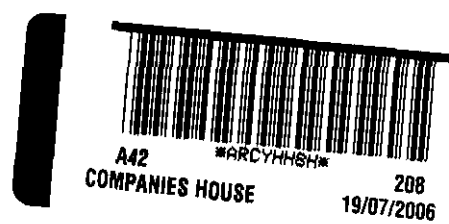
abb copy

Registration number 02872607

PETROFER U.K. PLC

Directors' report and financial statements

for the year ended 31 December 2005



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

Contents

	Page
Directors' report	1
Auditors' report	2 - 3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the financial statements	7 - 14

PETROFER U.K. PLC

Directors' report for the year ended 31 December 2005

The directors present their report and the financial statements for the year ended 31 December 2005.

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	
	31/12/05	01/01/05
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

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 2005 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 International Standards on Auditing (UK and Ireland).

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 International Standards on Auditing (UK and Ireland) 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.

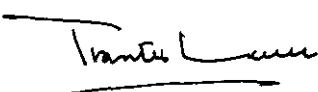
PETROFER U.K. PLC

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2005 and of its profit 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: 17th July 2006

PETROFER U.K. PLC

Profit and loss account for the year ended 31 December 2005

Continuing operations

		2005	2004
	Notes	£	£
Turnover	2	2,455,960	2,413,527
Cost of sales		(1,550,273)	(1,464,907)
Gross profit		905,687	948,620
Distribution costs		(380,778)	(332,309)
Administrative expenses		(455,154)	(489,546)
Other operating income		20,869	13,269
Operating profit	3	90,624	140,034
Other interest receivable and similar income	4	2,602	3,568
Profit on ordinary activities before taxation		93,226	143,602
Tax on profit on ordinary activities	7	(28,944)	(42,894)
Profit on ordinary activities after taxation		64,282	100,708
Retained profit for the year		64,282	100,708
Retained profit brought forward		739,606	638,898
Retained profit carried forward		803,888	739,606

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

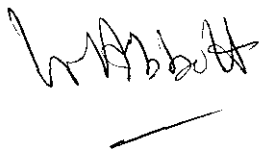
Balance sheet as at 31 December 2005

		2005		2004	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	8		56,991		49,432
Current assets					
Stocks	9	277,338		268,564	
Debtors	10	651,115		655,726	
Cash at bank and in hand		35,757		125,797	
		<u>964,210</u>		<u>1,050,087</u>	
Creditors: amounts falling due within one year	11	<u>(164,313)</u>		<u>(307,913)</u>	
Net current assets			<u>799,897</u>		<u>742,174</u>
Total assets less current liabilities			856,888		791,606
Provisions for liabilities and charges	12		<u>(3,000)</u>		<u>(2,000)</u>
Net assets			<u>853,888</u>		<u>789,606</u>
Capital and reserves					
Called up share capital	14		50,000		50,000
Profit and loss account			803,888		739,606
Equity shareholders' funds	15		<u>853,888</u>		<u>789,606</u>

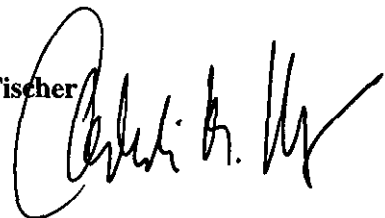
The financial statements were approved by the Board on its behalf by

and signed on

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 2005

	Notes	2005 £	2004 £
Reconciliation of operating profit to net cash outflow from operating activities			
Operating profit		90,624	140,034
Depreciation		14,556	12,074
(Increase) in stocks		(8,774)	47,973
Decrease in debtors		4,611	(159,759)
(Decrease) in creditors		(123,497)	(115,777)
Net cash outflow from operating activities		<u>(22,480)</u>	<u>(75,455)</u>
Cash flow statement			
Net cash outflow from operating activities		(22,480)	(75,455)
Returns on investments and servicing of finance	19	2,602	3,568
Taxation	19	(48,047)	(30,622)
Capital expenditure	19	(22,115)	(10,619)
Decrease in cash in the year		<u>(90,040)</u>	<u>(113,128)</u>
Reconciliation of net cash flow to movement in net debt	20		
Decrease in cash in the year		(90,040)	(113,128)
Net funds at 1 January 2005		<u>125,797</u>	<u>238,925</u>
Net funds at 31 December 2005		<u>35,757</u>	<u>125,797</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2005

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 2005

..... 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

	2005 £	2004 £
Geographical market		
United Kingdom	2,441,654	2,397,682
Europe	14,306	15,845
	<u>2,455,960</u>	<u>2,413,527</u>

3. Operating profit

	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	14,556	12,074
Operating lease rentals		
- Land and buildings	68,311	68,740
Auditors' remuneration	4,179	3,975
	<u>6,493</u>	<u>(19,895)</u>
and after crediting:		
Profit on foreign currencies	<u>6,493</u>	<u>(19,895)</u>

4. Interest receivable and similar income

	2005 £	2004 £
Bank interest	<u>2,602</u>	<u>3,568</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2005

..... continued

5. Employees

Number of employees	2005	2004
The average monthly numbers of employees (including the directors) during the year were:		
Production Staff	5	4
Office and Management	2	2
Administration Staff	5	5
	<u>12</u>	<u>11</u>

Employment costs	2005	2004
	£	£
Wages and salaries	440,200	432,832
Social security costs	43,415	45,542
Other pension costs	27,627	22,888
	<u>511,242</u>	<u>501,262</u>

5.1. Directors' emoluments	2005	2004
	£	£
Remuneration and other emoluments	99,359	118,927
Pension contributions	8,900	8,010
	<u>108,259</u>	<u>126,937</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

6. Pension costs

The company makes payments to individual schemes held by employees. The pension charge represents contributions due from the company and amounted to £27,627 (2004 - £22,888).

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2005

..... continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2005 £	2004 £
Current tax		
UK corporation tax	27,944	42,903
Adjustments in respect of previous periods	-	(9)
	<u>27,944</u>	<u>42,894</u>
Total current tax charge	27,944	42,894
Deferred tax		
Timing differences, origination and reversal	1,000	-
Total deferred tax	<u>1,000</u>	<u>-</u>
Tax on profit on ordinary activities	<u>28,944</u>	<u>42,894</u>

Factors affecting tax charge for period

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

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>93,226</u>	<u>143,602</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2004 : 30%)	27,968	43,081
Effects of:		
Expenses not deductible for tax purposes	374	343
Capital allowances for period in excess of depreciation	(398)	(521)
Adjustments to tax charge in respect of previous periods	-	(9)
Current tax charge for period	<u>27,944</u>	<u>42,894</u>

PETROFER U.K. PLC

**Notes to the financial statements
for the year ended 31 December 2005**

..... continued

8. Tangible fixed assets	Computer equipment	Laboratory equipment	Office equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2005	51,370	70,057	39,450	7,740	168,617
Additions	22,115	-	-	-	22,115
At 31 December 2005	<u>73,485</u>	<u>70,057</u>	<u>39,450</u>	<u>7,740</u>	<u>190,732</u>
Depreciation					
At 1 January 2005	43,635	42,689	25,121	7,740	119,185
Charge for the year	8,302	4,105	2,149	-	14,556
At 31 December 2005	<u>51,937</u>	<u>46,794</u>	<u>27,270</u>	<u>7,740</u>	<u>133,741</u>
Net book values					
At 31 December 2005	<u>21,548</u>	<u>23,263</u>	<u>12,180</u>	<u>-</u>	<u>56,991</u>
At 31 December 2004	<u>7,735</u>	<u>27,368</u>	<u>14,329</u>	<u>-</u>	<u>49,432</u>

9. Stocks	2005	2004
	£	£
Finished goods and goods for resale	<u>277,338</u>	<u>268,564</u>

10. Debtors	2005	2004
	£	£
Trade debtors	559,050	592,982
Amounts owed by group undertakings	24,204	-
Other debtors	15,360	23,328
Prepayments and accrued income	52,501	39,416
	<u>651,115</u>	<u>655,726</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2005

..... continued

11. Creditors: amounts falling due within one year	2005 £	2004 £
Trade creditors	32,896	24,223
Amounts owed to connected companies	-	102,271
Corporation tax	-	20,103
Other taxes and social security costs	110,958	112,201
Other creditors	10,359	29,245
Accruals and deferred income	10,100	19,870
	<u>164,313</u>	<u>307,913</u>

Lloyds TSB hold an Unlimited Debenture dated 23.3.1998.

12. Provisions for liabilities and charges

	Deferred taxation (Note 13) £	Total £
At 1 January 2005	2,000	2,000
Movements in the year	1,000	1,000
At 31 December 2005	<u>3,000</u>	<u>3,000</u>

13. Provision for deferred taxation	2005 £	2004 £
Accelerated capital allowances	<u>3,000</u>	<u>2,000</u>
Provision at 1 January 2005	2,000	
Deferred tax charge in profit and loss account	1,000	
Provision at 31 December 2005	<u>3,000</u>	

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2005

..... continued

14. Share capital	2005 £	2004 £
Authorised		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
 15. Reconciliation of movements in shareholders' funds	 2005 £	 2004 £
Profit for the year	64,282	100,708
Opening shareholders' funds	<u>789,606</u>	<u>688,898</u>
Closing shareholders' funds	<u>853,888</u>	<u>789,606</u>

16. Financial commitments

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005 £	2004 £	2005 £	2004 £
Expiry date:				
Within one year	-	-	5,200	5,200
Between one and five years	-	-	15,400	15,400
In over five years	<u>66,240</u>	<u>66,240</u>	<u>-</u>	<u>-</u>
	<u>66,240</u>	<u>66,240</u>	<u>20,600</u>	<u>20,600</u>

17. Related party transactions

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

Sales to Petrofer Chemie £30,992 (2004 - £28,037). Purchases from Petrofer Chemie £1,492,005 (2004 - £1,444,904). 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 2005

..... continued

18. Ultimate parent undertaking

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

19. Gross cash flows

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	<u>2,602</u>	<u>3,568</u>
Taxation		
Corporation tax paid	<u>(48,047)</u>	<u>(30,622)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(22,115)</u>	<u>(10,619)</u>

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	<u>125,797</u>	<u>(90,040)</u>	<u>35,757</u>
Net funds	<u>125,797</u>	<u>(90,040)</u>	<u>35,757</u>