

Registration number 02872607

PETROFER U.K. PLC

**Directors' report and financial statements
for the year ended 31 December 2007**

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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 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 2007

The directors present their report and the financial statements for the year ended 31 December 2007

Principal activity and review of the business

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

2007 has been an excellent year for Petrofer UK as sales have increased by approximately 5% and the overall profitability has improved by about 40% compared with 2006. The profit on sales (before tax) is just over 9% which is considered to be at the top end of our industry's expectations

The company's improvement in 2007 is mainly due to increased market share as we continue to win new business from our competitors. There is very little growth in the UK manufacturing sector (some areas are without doubt shrinking) and the general outlook for the UK's manufacturing sector is not particularly good. In addition the Sterling/Euro exchange rate has declined dramatically in the latter period of 2007 and if it does not improve from the current level it will have a significant effect on our profitability in 2008

Results and dividends

The profit for the year, after taxation, amounted to £201,272. Particulars of dividends paid and proposed are detailed in the notes to the financial statements

The directors do not recommend payment of a final dividend

Financial Instruments

Details of the company's financial risk management objectives and policies are included in the notes to the accounts

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

The directors who served during the year are as stated below

K. Abbott

C. H. M. Fischer

PETROFER U.K. PLC

**Directors' report
for the year ended 31 December 2007**

continued

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 financial statements 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 UK 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.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 10/4/8 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 2007 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 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 the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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.

PETROFER U.K. PLC

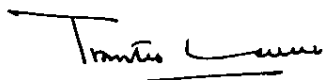
Independent auditors' report to the shareholders of PETROFER U.K. PLC continued

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.

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 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Tranter Lowe
Chartered Accountants and
Registered Auditor

Date: 29 May 2008.

Bank House
66 High Street
Dawley
Telford

PETROFER U.K. PLC

**Profit and loss account
for the year ended 31 December 2007**

		Continuing	
		2007	2006
	Notes	£	£
Turnover	2	3,025,307	2,870,578
Cost of sales		(1,843,858)	(1,782,029)
Gross profit		1,181,449	1,088,549
Distribution costs		(422,677)	(407,270)
Administrative expenses		(521,267)	(500,759)
Other operating income		38,210	16,906
Operating profit	3	275,715	197,426
Other interest receivable and similar income	5	11,599	3,834
Profit on ordinary activities before taxation		287,314	201,260
Tax on profit on ordinary activities	8	(86,042)	(61,027)
Profit for the year	16	201,272	140,233
Retained profit brought forward		944,121	803,888
Retained profit carried forward		1,145,393	944,121

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

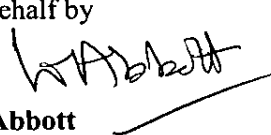
The notes on pages 8 to 17 form an integral part of these financial statements.

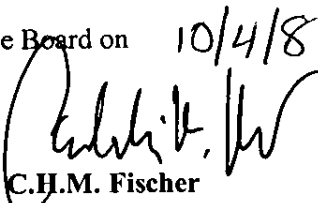
PETROFER U.K. PLC

Balance sheet as at 31 December 2007

		2007		2006	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		49,237		44,388
Current assets					
Stocks	10	310,431		325,768	
Debtors	11	630,966		661,693	
Cash at bank and in hand		436,969		254,682	
		<u>1,378,366</u>		<u>1,242,143</u>	
Creditors: amounts falling due within one year	12	<u>(230,210)</u>		<u>(289,410)</u>	
Net current assets			<u>1,148,156</u>		<u>952,733</u>
Total assets less current liabilities			<u>1,197,393</u>		<u>997,121</u>
Provisions for liabilities	13		<u>(2,000)</u>		<u>(3,000)</u>
Net assets			<u><u>1,195,393</u></u>		<u><u>994,121</u></u>
Capital and reserves					
Called up share capital	15		50,000		50,000
Profit and loss account	16		<u>1,145,393</u>		<u>944,121</u>
Shareholders' funds	17		<u><u>1,195,393</u></u>		<u><u>994,121</u></u>

The financial statements were approved by the Board on 10/4/8
its behalf by


K. Abbott
Director


C.H.M. Fischer
Director

and signed on

The notes on pages 8 to 17 form an integral part of these financial statements.

PETROFER U.K. PLC

**Cash flow statement
for the year ended 31 December 2007**

	Notes	2007 £	2006 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		275,715	197,426
Depreciation		16,153	13,966
Decrease in stocks		15,337	(48,430)
Decrease in debtors		30,727	(10,578)
(Decrease) in creditors		(45,346)	84,202
Net cash inflow from operating activities		<u>292,586</u>	<u>236,586</u>
Cash flow statement			
Net cash inflow from operating activities		292,586	236,586
Returns on investments and servicing of finance	21	11,599	3,834
Taxation	21	(100,893)	(20,132)
Capital expenditure	21	(21,002)	(1,363)
Increase in cash in the year		<u>182,290</u>	<u>218,925</u>
Reconciliation of net cash flow to movement in net funds (Note 22)			
Increase in cash in the year		182,290	218,925
Net funds at 1 January 2007		<u>254,682</u>	<u>35,757</u>
Net funds at 31 December 2007		<u>436,972</u>	<u>254,682</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2007

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets and financial instruments, and in accordance with applicable accounting standards

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

Computer equipment	-	25% Straight Line
Laboratory equipment	-	15% Reducing Balance
Office equipment	-	15% Reducing Balance
Motor vehicles	-	25% 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 2007

continued

1.8. Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not re-translated.

1.9. Financial instruments

Trade and other debtors

Trade and other debtors are recognised and carried at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

2. Turnover

	2007 £	2006 £
Class of business		
United Kingdom	3,017,206	2,856,619
Other EC Countries	8,101	13,959
	<u>3,025,307</u>	<u>2,870,578</u>
Geographical market		
United Kingdom	3,017,206	2,856,619
Europe	8,101	13,959
	<u>3,025,307</u>	<u>2,870,578</u>

PETROFER U.K. PLC

**Notes to the financial statements
for the year ended 31 December 2007**

continued

3. Operating profit	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	17,950	13,966
Operating lease rentals		
- Land and buildings	70,213	68,576
Auditors' remuneration (Note 4)	4,540	4,063
	<u> </u>	<u> </u>
and after crediting		
Profit on disposal of tangible fixed assets	1,797	-
Net foreign exchange gain	10,726	1,746
	<u> </u>	<u> </u>
 4. Auditors' remuneration	 2007	 2006
	£	£
Auditors' remuneration - audit of the financial statements	4,540	4,063
	<u> </u>	<u> </u>
 5. Interest receivable and similar income	 2007	 2006
	£	£
Bank interest	11,599	3,355
Other interest	-	479
	<u> </u>	<u> </u>
	<u>11,599</u>	<u>3,834</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2007

continued

6. Employees

Number of employees	2007	2006
The average monthly numbers of employees (including the directors) during the year were		
Production Staff	7	7
Office and Management	2	2
Administration Staff	4	3
	<u>13</u>	<u>12</u>

Employment costs	2007 £	2006 £
Wages and salaries	468,921	452,110
Social security costs	49,724	47,204
Pension costs-other operating charge	115,962	63,543
	<u>634,607</u>	<u>562,857</u>

6.1. Directors' emoluments	2007 £	2006 £
Remuneration and other emoluments	89,000	89,000
Pension contributions	86,602	44,416
	<u>175,602</u>	<u>133,416</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 £115,962 (2006 - £63,543).

PETROFER U.K. PLC

**Notes to the financial statements
for the year ended 31 December 2007**

continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2007	2006
	£	£
Current tax		
UK corporation tax	87,042	61,185
Adjustments in respect of previous periods	-	(158)
	<u>87,042</u>	<u>61,027</u>
Total current tax charge	<u>87,042</u>	<u>61,027</u>
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>86,042</u>	<u>61,027</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

	2007	2006
	£	£
Profit on ordinary activities before taxation	<u>287,314</u>	<u>201,260</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2006 30%)	86,194	60,378
Effects of:		
Expenses not deductible for tax purposes	335	293
Capital allowances for period in excess of depreciation	513	514
Adjustments to tax charge in respect of previous periods	-	(158)
Current tax charge for period	<u>87,042</u>	<u>61,027</u>

PETROFER U.K. PLC

**Notes to the financial statements
for the year ended 31 December 2007**

continued

9. Tangible fixed assets	Computer equipment	Laboratory equipment	Office equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2007	74,848	70,057	39,450	7,740	192,095
Additions	4,514	3,222	-	15,063	22,799
Disposals	-	-	-	(7,740)	(7,740)
At 31 December 2007	<u>79,362</u>	<u>73,279</u>	<u>39,450</u>	<u>15,063</u>	<u>207,154</u>
Depreciation					
At 1 January 2007	60,586	50,285	29,096	7,740	147,707
On disposals	-	-	-	(7,740)	(7,740)
Charge for the year	9,182	3,449	1,553	3,766	17,950
At 31 December 2007	<u>69,768</u>	<u>53,734</u>	<u>30,649</u>	<u>3,766</u>	<u>157,917</u>
Net book values					
At 31 December 2007	<u>9,594</u>	<u>19,545</u>	<u>8,801</u>	<u>11,297</u>	<u>49,237</u>
At 31 December 2006	<u>14,262</u>	<u>19,772</u>	<u>10,354</u>	<u>-</u>	<u>44,388</u>

10. Stocks	2007	2006
	£	£
Finished goods and goods for resale	<u>310,431</u>	<u>325,768</u>

11. Debtors	2007	2006
	£	£
Trade debtors	588,750	605,505
Other debtors	5,108	3,312
Prepayments and accrued income	37,108	52,876
	<u>630,966</u>	<u>661,693</u>

PETROFER U.K. PLC

**Notes to the financial statements
for the year ended 31 December 2007**

continued

12. Creditors: amounts falling due within one year	2007 £	2006 £
Trade creditors	17,574	37,054
Amounts owed to group undertaking	26	21,276
Corporation tax	27,041	40,895
Other taxes and social security costs	123,254	125,871
Other creditors	50,702	35,516
Accruals and deferred income	11,613	28,798
	<u>230,210</u>	<u>289,410</u>

Lloyds TSB hold an Unlimited Debenture dated 23 3 1998

13. Provisions for liabilities

	Deferred taxation (Note 14) £	Total £
At 1 January 2007	3,000	3,000
Movements in the year	(1,000)	(1,000)
At 31 December 2007	<u>2,000</u>	<u>2,000</u>

PETROFER U.K. PLC

**Notes to the financial statements
for the year ended 31 December 2007**

continued

14. Provision for deferred taxation	2007	2006
	£	£
Accelerated capital allowances	2,000	3,000
Provision for deferred tax	<u>2,000</u>	<u>3,000</u>
Provision at 1 January 2007	3,000	
Deferred tax credit in profit and loss account	<u>(1,000)</u>	
Provision at 31 December 2007	<u>2,000</u>	
15. Share capital	2007	2006
	£	£
Authorised equity		
500,000 Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid equity		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Equity Shares		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
16. Equity Reserves	Profit and loss account	Total
	£	£
At 1 January 2007	944,121	944,121
Profit for the year	<u>201,272</u>	<u>201,272</u>
At 31 December 2007	<u>1,145,393</u>	<u>1,145,393</u>

PETROFER U.K. PLC

Notes to the financial statements for the year ended 31 December 2007

continued

17. Reconciliation of movements in shareholders' funds	2007 £	2006 £
Profit for the year	201,272	140,233
Opening shareholders' funds	994,121	853,888
Closing shareholders' funds	<u>1,195,393</u>	<u>994,121</u>

18. Financial commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2007 £	2006 £	2007 £	2006 £
Expiry date:				
Within one year	-	-	19,951	19,368
Between one and five years	-	-	1,239	1,239
In over five years	70,000	67,180	-	-
	<u>70,000</u>	<u>67,180</u>	<u>21,190</u>	<u>20,607</u>

19. Related party transactions

The value of transactions undertaken with group companies in the normal course of business was as follows

Sales to Petrofer Chemie £42,757 (2006 - £36,325) Purchases from Petrofer Chemie £1,652,049 (2006 - £1,759,437) Balances outstanding in relation to these transactions are separately disclosed in the accounts

20. 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 2007**

continued

21. Gross cash flows

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	<u>11,599</u>	<u>3,834</u>
Taxation		
Corporation tax paid	<u>(100,893)</u>	<u>(20,132)</u>
Capital expenditure		
Payments to acquire tangible assets	<u>(22,799)</u>	<u>(1,363)</u>
Receipts from sales of tangible assets	<u>1,797</u>	<u>-</u>
	<u>(21,002)</u>	<u>(1,363)</u>

22. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	<u>254,682</u>	<u>182,287</u>	<u>436,969</u>
Net funds	<u>254,682</u>	<u>182,287</u>	<u>436,969</u>