

Company Registration No. 2757941 (England and Wales)

ERTISA GREAT BRITAIN LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



ERTISA GREAT BRITAIN LIMITED

COMPANY INFORMATION

Directors	A Lopez-Diaz J L Preckler Arias F Molina-Felix F Andrade Marquez F Diaz Soares
Secretary	C Diaz
Company number	2757941
Registered office	2 Sekforde Court 217-219 St John Street London EC1V 4LY
Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Bankers	Banco Santander Central Hispano, SA Santander House 100 Ludgate Hill London EC4M 7NJ

ERTISA GREAT BRITAIN LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

ERTISA GREAT BRITAIN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2001

The directors present their report and financial statements for the year ended 31 December 2001.

Principal activities and review of the business

The principal activity of the company continued to be that of the distribution and sale of chemical and other products.

This period of trading has again been satisfactory considering the economic conditions and the directors are hopeful of future prospects.

Results and dividends

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

Directors

The following directors have held office since 1 January 2001:

A Lopez-Diaz
J L Preckler Arias
F Molina-Felix
F Andrade Marquez
F Diaz Soares

Directors' interests

	Ordinary shares of £ 1 each	
	31 December 2001	1 January 2001
A Lopez-Diaz	-	-
J L Preckler Arias	-	-
F Molina-Felix	-	-
F Andrade Marquez	-	-
F Diaz Soares	-	-

Auditors

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

ERTISA GREAT BRITAIN LIMITED

**DIRECTORS' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2001**

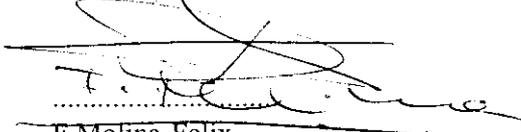
Directors' responsibilities

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 then 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.

On behalf of the board



F Molina-Felix

Director

1 March 2002

ERTISA GREAT BRITAIN LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ERTISA GREAT BRITAIN LIMITED**

We have audited the financial statements of Ertisa Great Britain Limited on pages 4 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 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 or material inconsistencies with the financial statements.

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.

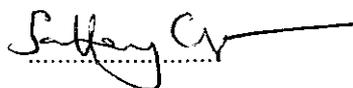
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness

Chartered Accountants
Registered Auditors

15 April 2002



Lion House
Red Lion Street
London
WC1R 4GB

ERTISA GREAT BRITAIN LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	Notes	2001 £	2000 £
Turnover	2	13,187,898	13,087,038
Cost of sales		<u>(12,691,167)</u>	<u>(12,299,858)</u>
Gross profit		496,731	787,180
Administrative expenses		<u>(220,514)</u>	<u>(396,091)</u>
Operating profit	3	276,217	391,089
Other interest receivable and similar income		43,647	26,778
Interest payable and similar charges	4	<u>(1,672)</u>	<u>(1,691)</u>
Profit on ordinary activities before taxation		318,192	416,176
Tax on profit on ordinary activities	5	<u>(101,931)</u>	<u>(140,174)</u>
Profit on ordinary activities after taxation	13	<u><u>216,261</u></u>	<u><u>276,002</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 6 to 11 form part of these financial statements.

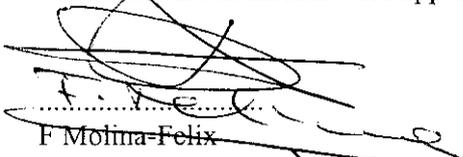
ERTISA GREAT BRITAIN LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 2001**

	Notes	2001		2000	
		£	£	£	£
Fixed assets					
Tangible assets	6		367,868		380,878
Current assets					
Stocks	7	603,831		1,148,940	
Debtors	8	1,911,168		2,595,097	
Cash at bank and in hand		1,131,059		692,651	
			<u>3,646,058</u>	<u>4,436,688</u>	
Creditors: amounts falling due within one year	9	<u>(3,195,409)</u>		<u>(4,210,204)</u>	
Net current assets			<u>450,649</u>		<u>226,484</u>
Total assets less current liabilities			818,517		607,362
Creditors: amounts falling due after more than one year	10		<u>(2,000)</u>		<u>(7,106)</u>
			<u>816,517</u>		<u>600,256</u>
Capital and reserves					
Called up share capital	12		50,000		50,000
Profit and loss account	13		766,517		550,256
Shareholders' funds - equity interests	14		<u>816,517</u>		<u>600,256</u>

The notes on pages 6 to 11 form part of these financial statements.

The financial statements were approved by the Board on 1-03-2002


F Molina-Felix
Director

ERTISA GREAT BRITAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable from the provision of goods during the year net of VAT.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	2% of cost
Furniture and fittings	10% of cost
Motor vehicles	25% of cost

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.6 Stock

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

1.7 Pensions

The company contributes to individual defined contribution money purchase schemes. These contributions are charged annually against income when paid.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction when the exchange rate for those transactions has not been secured. All differences are taken to profit and loss account.

ERTISA GREAT BRITAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2001****2 Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2001	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	18,773	21,090
Operating lease rentals	-	3,774
Auditors' remuneration	4,750	4,750
Remuneration of auditors for non-audit work	9,419	8,535
	<u> </u>	<u> </u>

4 Interest payable	2001	2000
	£	£
On bank loans and overdrafts	460	247
Hire purchase interest	1,212	1,444
	<u> </u>	<u> </u>
	1,672	1,691
	<u> </u>	<u> </u>

5 Taxation	2001	2000
	£	£
U.K. current year taxation		
U.K. corporation tax at 30% (2000 - 30%)	101,531	138,297
Prior years		
U.K. corporation tax	400	1,877
	<u> </u>	<u> </u>
	101,931	140,174
	<u> </u>	<u> </u>

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2001**

6 Tangible fixed assets

	Freehold property £	Furniture and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2001	366,264	38,769	19,902	424,935
Additions	4,165	1,599	-	5,764
Disposals	-	(2,754)	-	(2,754)
At 31 December 2001	<u>370,429</u>	<u>37,614</u>	<u>19,902</u>	<u>427,945</u>
Depreciation				
At 1 January 2001	17,703	22,619	3,736	44,058
On disposals	-	(2,754)	-	(2,754)
Charge for the year	7,325	6,473	4,975	18,773
At 31 December 2001	<u>25,028</u>	<u>26,338</u>	<u>8,711</u>	<u>60,077</u>
Net book value				
At 31 December 2001	<u>345,401</u>	<u>11,276</u>	<u>11,191</u>	<u>367,868</u>
At 31 December 2000	<u>348,561</u>	<u>16,151</u>	<u>16,166</u>	<u>380,878</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles £
Net book values	
At 31 December 2001	<u>11,191</u>
At 31 December 2000	<u>16,166</u>
Depreciation charge for the year	
31 December 2001	<u>4,975</u>
31 December 2000	<u>7,198</u>

7 Stocks

	2001 £	2000 £
Raw materials and consumables	<u>603,831</u>	<u>1,148,940</u>

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2001**

8 Debtors	2001	2000
	£	£
Trade debtors	1,909,011	2,576,096
Other debtors	2,157	19,001
	<u>1,911,168</u>	<u>2,595,097</u>
	<u><u>1,911,168</u></u>	<u><u>2,595,097</u></u>
9 Creditors: amounts falling due within one year	2001	2000
	£	£
Bank loans and overdrafts	443,800	-
Net obligations under hire purchase contracts	5,475	5,168
Trade creditors	97,403	185,528
Amounts owed to parent and fellow subsidiary undertakings	2,240,097	3,303,184
Corporation tax	55,876	117,297
Other taxes and social security costs	322,457	586,177
Other creditors	7,796	-
Accruals and deferred income	22,505	12,850
	<u>3,195,409</u>	<u>4,210,204</u>
	<u><u>3,195,409</u></u>	<u><u>4,210,204</u></u>
10 Creditors: amounts falling due after more than one year	2001	2000
	£	£
Net obligations under hire purchase contracts	<u>2,000</u>	<u>7,106</u>
	<u><u>2,000</u></u>	<u><u>7,106</u></u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	5,475	5,168
Repayable between one and five years	2,000	7,106
	<u>7,475</u>	<u>12,274</u>
Included in liabilities falling due within one year	<u>(5,475)</u>	<u>(5,168)</u>
	<u><u>2,000</u></u>	<u><u>7,106</u></u>
	<u><u>2,000</u></u>	<u><u>7,106</u></u>
11 Pension costs		

The pension cost charge represents contributions payable by the company and amounted to £7,145 (2000 - £4,826).

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2001**

12 Share capital	2001	2000
	£	£
Authorised		
50,000 Ordinary shares of £ 1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £ 1 each	<u>50,000</u>	<u>50,000</u>
13 Statement of movements on profit and loss account		
		Profit and loss account
		£
Balance at 1 January 2001		550,256
Retained profit for the year		<u>216,261</u>
Balance at 31 December 2001		<u>766,517</u>
14 Reconciliation of movements in shareholders' funds	2001	2000
	£	£
Profit for the financial year	216,261	276,002
Opening shareholders' funds	<u>600,256</u>	<u>324,254</u>
Closing shareholders' funds	<u>816,517</u>	<u>600,256</u>

15 Financial commitments

At 31 December 2001 the company had no annual commitments under non-cancellable operating leases.

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2001**

16 Employees

Number of employees

The average monthly number of employees during the year was:

	2001	2000
	Number	Number
Selling	2	2
Administrative	2	3
	<u>4</u>	<u>5</u>

Employment costs

	£	£
Wages and salaries	142,038	149,909
Social security costs	16,372	17,955
Other pension costs	7,145	4,826
	<u>165,555</u>	<u>172,690</u>

All the directors discharged their duties wholly or mainly outside the United Kingdom and received no remuneration from the company.

17 Control

The immediate parent company is Ertisa SA, a company registered in Spain, and the ultimate parent company is Compania Espanola de Petroleos SA, a company registered in Spain.

The ultimate parent prepares group financial statements and copies can be obtained from Campo de las Naciones, Avda del Partenon, 12, 28042 Madrid, Spain.

18 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.