

Company Registration No. 2757941 (England and Wales)

ERTISA GREAT BRITAIN LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



ERTISA GREAT BRITAIN LIMITED

COMPANY INFORMATION

Directors

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

Secretary

I Pinilla Rodriguez

Company number

2757941

Registered office

Audrey House
16-20 Ely Place
London
EC1N 6SN

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 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13

ERTISA GREAT BRITAIN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

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

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. The company's freehold property was sold during the year realising a profit on sale before tax of £269,504.

The directors are hopeful of future prospects.

Results and dividends

The results for the year are set out on page 5.

A dividend for the year of £650,000 has been proposed by the directors.

Directors

The following directors have held office since 1 January 2005:

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

Directors' interests

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
A Lopez-Diaz	-	-
J L Preckler Arias	-	-
F Molina-Felix	-	-
F Andrade Marquez	-	-
F Iturrieta Gil	-	-

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 2005**

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;
- 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.

On behalf of the board



F Molina-Felix

Director

20 February 2006

ERTISA GREAT BRITAIN LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ERTISA GREAT BRITAIN LIMITED

We have audited the financial statements of Ertisa Great Britain Limited on pages 5 to 13 for the year ended 31 December 2005. 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

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.

ERTISA GREAT BRITAIN LIMITED

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF ERTISA GREAT BRITAIN LIMITED**

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 affairs of the company as at 31 December 2005 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

23rd February 2006



Lion House
Red Lion Street
London
WC1R 4GB

ERTISA GREAT BRITAIN LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 £	2004 £
Turnover	2	34,472,690	20,746,719
Cost of sales		(33,561,249)	(19,459,128)
Gross profit		911,441	1,287,591
Administrative expenses		(294,939)	(238,883)
Operating profit	3	616,502	1,048,708
Profit on sale of property		269,504	-
Profit on ordinary activities before interest		886,006	1,048,708
Other interest receivable and similar income		46,293	55,491
Interest payable and similar charges	4	(1,077)	(408)
Profit on ordinary activities before taxation		931,222	1,103,791
Tax on profit on ordinary activities	5	(269,065)	(347,100)
Profit on ordinary activities after taxation	13	662,157	756,691

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 7 to 13 form part of these financial statements.

ERTISA GREAT BRITAIN LIMITED

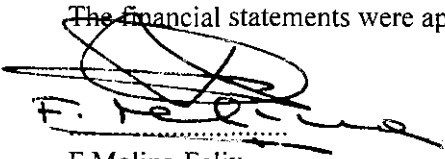
BALANCE SHEET

AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	7		13,222		329,573
Current assets					
Stocks	8	736,373		1,514,493	
Debtors	9	11,461,681		4,957,174	
Cash at bank and in hand		1,166,407		775,314	
		13,364,461		7,246,981	
Creditors: amounts falling due within one year	10	(10,373,667)		(5,234,695)	
Net current assets			2,990,794		2,012,286
Total assets less current liabilities			3,004,016		2,341,859
Capital and reserves					
Called up share capital	12	50,000		50,000	
Profit and loss account	13	2,954,016		2,291,859	
Shareholders' funds - equity interests	14		3,004,016		2,341,859

The notes on pages 7 to 13 form part of these financial statements.

The financial statements were approved by the board on 20 February 2006


F Molina-Felix
Director

ERTISA GREAT BRITAIN LIMITED

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.

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 - 33% 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 tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

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 2005****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	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	8,190	11,604
Operating lease rentals	300	-
Auditors' remuneration	6,000	5,800
Remuneration of auditors for non-audit work	4,200	4,900
and after crediting:		
Profit on foreign exchange transactions	(62,676)	(83,964)

4 Interest payable	2005	2004
	£	£
Hire purchase interest	-	408
On overdue tax	1,077	-
	<u>1,077</u>	<u>408</u>

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005**

5	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	269,065	347,453
	Adjustment for prior years	-	(353)
		<u>269,065</u>	<u>347,100</u>
	Current tax charge	<u>269,065</u>	<u>347,100</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>931,222</u>	<u>1,103,791</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>279,367</u>	<u>331,137</u>
	Effects of:		
	Non deductible expenses	20,294	12,287
	Depreciation add back	2,457	3,482
	Capital allowances	(3,131)	(2,002)
	Adjustments to previous periods	-	(353)
	Chargeable disposals - indexation relief	(21,147)	-
	Other tax adjustments	(8,775)	2,549
		<u>(10,302)</u>	<u>15,963</u>
	Current tax charge	<u>269,065</u>	<u>347,100</u>
6	Dividends	2005	2004
		£	£
	Dividends on equity shares:		
	Ordinary paid	<u>-</u>	<u>-</u>

A dividend for the year of £650,000 has been proposed by the directors.

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005**

7 Tangible fixed assets

	Freehold property £	Furniture and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2005	370,429	33,265	19,902	423,596
Additions	-	13,491	-	13,491
Disposals	(370,429)	(23,731)	-	(394,160)
At 31 December 2005	-	23,025	19,902	42,927
Depreciation				
At 1 January 2005	47,255	26,866	19,902	94,023
On disposals	(52,199)	(20,309)	-	(72,508)
Charge for the year	4,944	3,246	-	8,190
At 31 December 2005	-	9,803	19,902	29,705
Net book value				
At 31 December 2005	-	13,222	-	13,222
At 31 December 2004	323,174	6,399	-	329,573

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

	Motor vehicles £
Net book values	
At 31 December 2005	-
At 31 December 2004	-
Depreciation charge for the year	
At 31 December 2005	-
At 31 December 2004	1,240

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005**

8 Stocks	2005	2004
	£	£
Raw materials and consumables	<u>736,373</u>	<u>1,514,493</u>

9 Debtors	2005	2004
	£	£
Trade debtors	11,441,664	4,933,738
Other debtors	15,867	23,436
Prepayments and accrued income	4,150	-
	<u>11,461,681</u>	<u>4,957,174</u>

10 Creditors: amounts falling due within one year	2005	2004
	£	£
Trade creditors	146,342	125,628
Amounts owed to parent	8,204,370	3,927,604
Amounts owed to fellow subsidiary	13,053	-
Corporation tax	138,369	191,053
Other taxes and social security costs	1,823,749	966,908
Other creditors	29,356	3,283
Accruals and deferred income	18,428	20,219
	<u>10,373,667</u>	<u>5,234,695</u>

11 Pension costs

Defined contribution

	2005	2004
	£	£
Contributions payable by the company for the year	<u>7,153</u>	<u>7,013</u>

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2005**

12 Share capital	2005	2004
	£	£
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 2005		2,291,859
Retained profit for the year		<u>662,157</u>
Balance at 31 December 2005		<u>2,954,016</u>
14 Reconciliation of movements in shareholders' funds	2005	2004
	£	£
Profit for the financial year	662,157	756,691
Opening shareholders' funds	<u>2,341,859</u>	<u>1,585,168</u>
Closing shareholders' funds	<u>3,004,016</u>	<u>2,341,859</u>

15 Financial commitments

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

	Land and buildings	
	2005	2004
	£	£
Expiry date:		
Between two and five years	17,944	-

ERTISA GREAT BRITAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 DECEMBER 2005

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Selling	2	2
Administrative	2	2
	<u>4</u>	<u>4</u>

Employment costs

	£	£
Wages and salaries	180,213	172,984
Social security costs	21,022	20,753
Other pension costs	7,153	7,013
	<u>208,388</u>	<u>200,750</u>

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.