

Company Registration No. 2757941 (England and Wales)

ERTISA GREAT BRITAIN LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



ERTISA GREAT BRITAIN LIMITED

COMPANY INFORMATION

Directors

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

Secretary

F Irissarri

Company number

2757941

Registered office

2 Sekforde Court
217-219 St John Street
London
EC1V 4LY

Auditors

Saffery Champness
Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

Bankers

Banco Santander Central Hispano, SA
Santander House
100 Ludgate Hill
London
EC4M 7NJ

ERTISA GREAT BRITAIN LIMITED

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ERTISA GREAT BRITAIN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1999

The directors present their report and financial statements for the year ended 31 December 1999.

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.

Year 2000

The company's plans to deal with the potential effects of the Year 2000 date change were successfully implemented and the business has not been affected. The costs to the company of dealing with these matters were not material.

Directors

The following directors have held office since 1 January 1999:

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

Directors' interests

	Ordinary shares of £ 1 each	
	31 December 1999	1 January 1999
A Lopez-Diaz	-	-
F Molina-Felix	-	-
F Diaz Soares	-	-
J L Preckler Arias	-	-
F Andrade Marquez	-	-

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 FOR THE YEAR ENDED 31 DECEMBER 1999

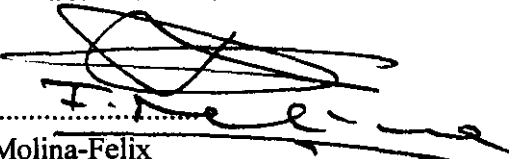
Directors' responsibilities

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
14-03-2000
.....

ERTISA GREAT BRITAIN LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF ERTISA GREAT BRITAIN LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Saffery Champness

28 March 2000
.....

Chartered Accountants
Registered Auditors

Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

ERTISA GREAT BRITAIN LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
Turnover	2	8,509,430	7,594,759
Cost of sales		(7,813,691)	(7,306,033)
Gross profit		695,739	288,726
Administrative expenses		(214,256)	(279,905)
Operating profit	3	481,483	8,821
Other interest receivable and similar income	4	5,768	16,855
Interest payable and similar charges	5	(618)	(1,207)
Profit on ordinary activities before taxation		486,633	24,469
Tax on profit on ordinary activities	6	(149,108)	(15,500)
Profit on ordinary activities after taxation		337,525	8,969
Dividends	7	(169,040)	-
Retained profit for the year	14	168,485	8,969

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

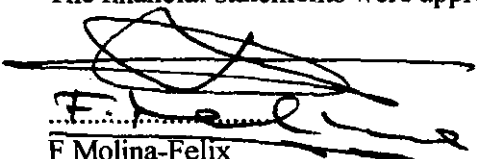
There are no recognised gains and losses other than those passing through the profit and loss account.

ERTISA GREAT BRITAIN LIMITED

**BALANCE SHEET
AS AT 31 DECEMBER 1999**

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	8		379,973		390,689
Current assets					
Stocks	9	664,614		647,029	
Debtors	10	1,645,008		1,256,339	
Cash at bank and in hand		234,086		113,050	
		<u>2,543,708</u>		<u>2,016,418</u>	
Creditors: amounts falling due within one year	11	<u>(2,599,428)</u>		<u>(2,251,339)</u>	
Net current liabilities			<u>(55,720)</u>		<u>(234,921)</u>
Total assets less current liabilities			<u>324,253</u>		<u>155,768</u>
Capital and reserves					
Called up share capital	13		50,000		50,000
Profit and loss account	14		274,253		105,768
Shareholders' funds - equity interests	15		<u>324,253</u>		<u>155,768</u>

The financial statements were approved by the Board on ...14-03-2000


F Molina-Felix

Director

ERTISA GREAT BRITAIN LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1999

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
Office equipment	33.3% 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. All differences are taken to profit and loss account.

ERTISA GREAT BRITAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999****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	1999	1998
	£	£

Operating profit is stated after charging:

Depreciation of tangible assets	18,278	12,345
Operating lease rentals	4,026	567
Auditors' remuneration	4,600	4,250
Remuneration of auditors for non-audit work	6,410	4,400

4 Other interest receivable and similar income	1999	1998
	£	£

Bank interest	5,768	16,855
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5 Interest payable	1999	1998
	£	£

Hire purchase interest	618	1,207
------------------------	-----	-------

6 Taxation	1999	1998
	£	£

U.K. current year taxation

U.K. corporation tax at 31% (1998 - 31%)	153,750	15,500
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Prior years

U.K. corporation tax	(4,642)	-
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149,108	15,500
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7 Dividends	1999	1998
	£	£

Ordinary final proposed	169,040	-
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ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

8 Tangible fixed assets

	Freehold property and £	Furniture and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 1999	366,264	26,083	23,695	416,042
Additions	-	7,562	-	7,562
Disposals	-	(1,911)	-	(1,911)
At 31 December 1999	366,264	31,734	23,695	421,693
Depreciation				
At 1 January 1999	3,052	12,934	9,367	25,353
On disposals	-	(1,911)	-	(1,911)
Charge for the year	7,325	5,030	5,923	18,278
At 31 December 1999	10,377	16,053	15,290	41,720
Net book value				
At 31 December 1999	355,887	15,681	8,405	379,973
At 31 December 1998	363,212	6,686	14,328	390,689

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

	Motor vehicles £
Net book values	
At 31 December 1999	8,405
At 31 December 1998	14,328
Depreciation charge for the year	
31 December 1999	5,923
31 December 1998	5,916

ERTISA GREAT BRITAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

9 Stocks	1999	1998
	£	£
Raw materials and consumables	664,614	647,029
	<u> </u>	<u> </u>
 10 Debtors	 1999	 1998
	£	£
Trade debtors	1,640,722	1,239,805
Other debtors	4,286	16,534
	<u> </u>	<u> </u>
	1,645,008	1,256,339
	<u> </u>	<u> </u>
 11 Creditors: amounts falling due within one year	 1999	 1998
	£	£
Net obligations under finance lease and hire purchase contracts	3,418	9,494
Trade creditors	115,710	63,463
Amounts owed to parent and fellow subsidiary undertakings	1,788,562	1,879,754
Corporation tax	130,557	15,500
Other taxes and social security costs	374,831	273,183
Accruals and deferred income	17,310	9,945
Proposed dividend	169,040	-
	<u> </u>	<u> </u>
	2,599,428	2,251,339
	<u> </u>	<u> </u>
 Net obligations under finance leases and hire purchase contracts		
Repayable within one year	3,418	9,494
Finance charges and interest allocated to future accounting periods	-	-
	<u> </u>	<u> </u>
	3,418	9,494
	<u> </u>	<u> </u>

12 Pension costs

The pension cost charge represents contributions payable by the company and amounted to £4,633 (1998 - £4,769).

ERTISA GREAT BRITAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

13 Share capital	1999	1998
	£	£
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>
14 Statement of movements on profit and loss account		
		Profit and loss account £
Balance at 1 January 1999		105,768
Retained profit for the year		168,485
Balance at 31 December 1999		<u>274,253</u>
15 Reconciliation of movements in shareholders' funds		
	1999	1998
	£	£
Profit for the financial year	337,525	8,969
Dividends	(169,040)	-
Net addition to shareholders' funds	<u>168,485</u>	<u>8,969</u>
Opening shareholders' funds	155,768	146,799
Closing shareholders' funds	<u>324,253</u>	<u>155,768</u>

ERTISA GREAT BRITAIN LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999****16 Financial commitments**

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £	1998 £
Expiry date:		
Within one year	1,417	-
Between two and five years	-	4,026
	<u>1,417</u>	<u>4,026</u>

17 Employees**Number of employees**

The average monthly number of employees during the year was:

	1999 Number	1998 Number
Selling	2	1
Administrative	2	2
	<u>4</u>	<u>3</u>

Employment costs

	£	£
Wages and salaries	149,321	101,982
Social security costs	15,685	10,144
Other pension costs	4,633	4,769
	<u>169,639</u>	<u>116,895</u>

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

ERTISA GREAT BRITAIN LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

18 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.

19 Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties.