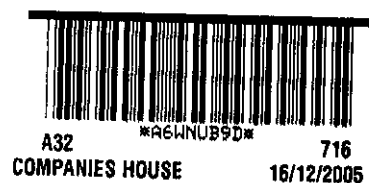


COMPANY REGISTRATION NUMBER 2918798

NALCO ENERGY SERVICES MARKETING LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2004



ERNST & YOUNG LLP
Chartered Accountants & Registered Auditors
100 Barbirolli Square
Manchester
M2 3EY

NALCO ENERGY SERVICES MARKETING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

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NALCO ENERGY SERVICES MARKETING LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

B Bell
C R Lee (appointed - 30 April 2004)
F A M Jung (appointed - 25 March 2004)
P M Malley (resigned - 7 May 2004)
V Pizzoni

Company secretary

A J Risino (appointed - 30 April 2004)

Registered office

P O Box 11
Winnington Avenue
Northwich
Cheshire
CW8 4DX

Auditors

Ernst & Young LLP
Chartered Accountants
& Registered Auditors
100 Barbirolli Square
Manchester
M2 3EY

Solicitors

Eversheds
70 Great Bridgewater Street
Manchester
M1 5ES

NALCO ENERGY SERVICES MARKETING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2004

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The only activity undertaken by Nalco Energy Services Marketing Limited is the sale of specialist chemicals by its branch in Egypt.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £40,000 (2003: profit £6,000).

The directors have not recommended a dividend (2003 £nil).

DIRECTORS

The directors who served the company during the year are listed on page 1.

There are no directors' interests requiring disclosure under the Companies Act 1985.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
P O Box 11
Winnington Avenue
Northwich
Cheshire
CW8 4DX

Signed on behalf of the directors



A J RISINO

Company Secretary

Approved by the directors on 9 November 2005

NALCO ENERGY SERVICES MARKETING LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 2004

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 9 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

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. The directors 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.

NALCO ENERGY SERVICES MARKETING LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NALCO
ENERGY SERVICES MARKETING LIMITED
YEAR ENDED 31 DECEMBER 2004

We have audited the financial statements of Nalco Energy Services Marketing Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and related notes 1 to 16 on pages 6 to 16 prepared under the historical cost convention and the accounting policies set out on pages 9 to 11 .

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 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 members 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 United Kingdom law and 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 within it.

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.

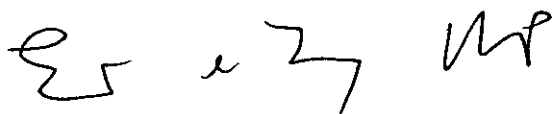
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

NALCO ENERGY SERVICES MARKETING LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NALCO
ENERGY SERVICES MARKETING LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2004

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



100 Barbirolli Square
Manchester
M2 3EY

17/11/05

ERNST & YOUNG LLP
Chartered Accountants
& Registered Auditors

NALCO ENERGY SERVICES MARKETING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2004

	Note	2004 £000	2003 £000
TURNOVER	2	2,252	2,082
Cost of sales		<u>1,517</u>	<u>1,781</u>
GROSS PROFIT		735	301
Distribution costs		806	532
Administrative expenses		<u>27</u>	<u>31</u>
OPERATING LOSS	3	(98)	(262)
Interest receivable	5	190	1
Interest payable and similar charges	6	<u>(27)</u>	<u>—</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		65	(261)
Tax on profit/(loss) on ordinary activities	7	<u>25</u>	<u>(267)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>40</u>	<u>6</u>

The notes on pages 9 to 16 form part of these financial statements.

NALCO ENERGY SERVICES MARKETING LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2004

	2004 £000	2003 £000
Profit for the financial year		
attributable to the shareholders	40	6
Currency translation differences on net assets	<u>81</u>	<u>125</u>
Total gains and losses recognised since the last annual report	<u>121</u>	<u>131</u>

The notes on pages 9 to 16 form part of these financial statements.

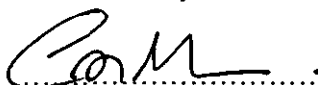
NALCO ENERGY SERVICES MARKETING LIMITED

BALANCE SHEET

31 DECEMBER 2004

	Note	2004 £000	2003 £000
FIXED ASSETS			
Tangible assets	8	44	20
Investments	9	<u>177</u>	<u>141</u>
		<u>221</u>	<u>161</u>
CURRENT ASSETS			
Stocks	10	1,147	773
Debtors	11	4,595	5,056
Cash at bank		<u>381</u>	<u>112</u>
		<u>6,123</u>	<u>5,941</u>
CREDITORS: Amounts falling due within one year	12	<u>3,242</u>	<u>3,128</u>
NET CURRENT ASSETS		<u>2,881</u>	<u>2,813</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,102</u>	<u>2,974</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Provisions for liabilities and charges	13	<u>241</u>	<u>234</u>
		<u>2,861</u>	<u>2,740</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2,000	2,000
Profit and loss account	15	<u>861</u>	<u>740</u>
SHAREHOLDERS' FUNDS	15	<u>2,861</u>	<u>2,740</u>

These financial statements were approved by the directors on the 9 November 2005 and are signed on their behalf by:



C R LEE
Director

The notes on pages 9 to 16 form part of these financial statements.

NALCO ENERGY SERVICES MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and have been prepared in accordance with applicable accounting standards.

Cash flow statement

No cash flow statement has been prepared in accordance with FRS 1 (Revised) 1996 as the financial statements of Nalco Company, the ultimate parent company, include a consolidated cash flow statement which include the company's cash flows.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery - 3 to 10 years straight line basis.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

NALCO ENERGY SERVICES MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES *(continued)*

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, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;

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.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Related parties transactions

The company is a wholly owned subsidiary of Nalco Company, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of investees of the Nalco group.

NALCO ENERGY SERVICES MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

1. ACCOUNTING POLICIES *(continued)*

Pension costs

The company operates a number of pension schemes in its overseas branches for the benefit of its employees.

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future payroll. Variations from regular costs are charged or credited to the profit and loss account as a constant percentage of payroll over the estimated average remaining working life of scheme members. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. TURNOVER

Turnover comprises the value of sales of goods and services (excluding VAT and similar taxes and trade discounts). In the opinion of the directors, the activities of the company constitute one class of business. Under the provisions of Statement of Standard Accounting Practice 25, profit before tax and net assets are not shown by geographical market as, in the opinion of the directors, such disclosure would be prejudicial to the interests of the company.

3. OPERATING LOSS

Operating loss is stated after charging:

	2004 £000	2003 £000
Depreciation of owned fixed assets	4	1
Net loss on foreign currency translation	—	4

Auditor's remuneration is borne by fellow group company, Nalco Limited.

NALCO ENERGY SERVICES MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2004	2003
	No	No
Selling and administration	<u>6</u>	<u>7</u>

The aggregate payroll costs of the above were:

	2004	2003
	£000	£000
Wages and salaries	85	81
Social security costs	2	27
Other pension costs	<u>16</u>	<u>15</u>
	<u>103</u>	<u>123</u>

5. INTEREST RECEIVABLE

	2004	2003
	£000	£000
Bank interest receivable	1	1
Interest from group undertakings	<u>189</u>	<u>—</u>
	<u>190</u>	<u>1</u>

Interest received from group undertakings is loan interest charged at a variable rate calculated at 1.675 points above LIBOR, in line with the loan agreement(s).

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£000	£000
Interest payable to group undertakings	<u>27</u>	<u>—</u>

Interest paid to group undertakings is loan interest charged at a variable rate calculated at 1.675 points above LIBOR, in line with the loan agreement(s).

NALCO ENERGY SERVICES MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

7. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2004 £000	2003 £000
Current tax:		
UK Taxation		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	49	-
Over provision in prior year	(25)	(192)
	<u>24</u>	<u>(192)</u>
Foreign tax		
Current tax on income for the year	1	(75)
Total current tax	<u>25</u>	<u>(267)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £000	2003 £000
Profit/(loss) on ordinary activities before taxation	<u>65</u>	<u>(261)</u>
Profit/(loss) on ordinary activities by rate of tax	20	(78)
Expenses not deductible for tax purposes	30	-
Adjustments to tax charge in respect of previous periods	(25)	(192)
Other timing differences	-	3
Total current tax (note 7(a))	<u>25</u>	<u>(267)</u>

NALCO ENERGY SERVICES MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £000
COST	
At 1 January 2004	51
Additions	28
At 31 December 2004	<u>79</u>
DEPRECIATION	
At 1 January 2004	31
Charge for the year	4
At 31 December 2004	<u>35</u>
NET BOOK VALUE	
At 31 December 2004	<u>44</u>
At 31 December 2003	<u>20</u>

9. INVESTMENTS

100% (2003: 97%) investment in Nalco Energy Services (Kazan)

	£000
COST	
At 1 January 2004	141
Additions	36
At 31 December 2004	<u>177</u>
NET BOOK VALUE	
At 31 December 2004	<u>177</u>
At 31 December 2003	<u>141</u>

During the year the company purchased the remaining 3% of the shares in the Russian subsidiary undertaking.

The investment is incorporated in Russia. All the shares held are equity shares. The business of the subsidiary is the same as that of the parent. In the opinion of the directors, the value of the company's investment in the subsidiary is not less than the amount stated in the balance sheet.

10. STOCKS

	2004 £000	2003 £000
Finished goods	<u>1,147</u>	<u>773</u>

NALCO ENERGY SERVICES MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

11. DEBTORS

	2004	2003
	£000	£000
Trade debtors	484	996
Amounts owed by group undertakings	4,108	4,041
Other debtors	3	7
Prepayments and accrued income	—	12
	<u>4,595</u>	<u>5,056</u>

12. CREDITORS: Amounts falling due within one year

	2004	2003
	£000	£000
Bank loans and overdrafts	9	2
Trade creditors	1	1
Amounts owed to group undertakings	3,184	2,815
Other taxation and social security	—	255
Other creditors	—	1
Accruals and deferred income	48	54
	<u>3,242</u>	<u>3,128</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

Pension liabilities:

	2004	2003
	£000	£000
As at 1 January	234	232
Exchange differences	(9)	(13)
Charged to profit and loss account	16	15
As at 31 December	<u>241</u>	<u>234</u>

The pension credited represents the deficiency in funds to meet the expected future pension demands of the overseas branch.

No provision has been made for any taxation that may be borne by the company, after taking account of any related double tax relief on the remittance of reserves held within the overseas branch, as there is currently no intention to remit.

NALCO ENERGY SERVICES MARKETING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2004

14. SHARE CAPITAL

Authorised share capital:

	2004	2003
	£000	£000
2,000,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£000	No	£000
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000</u>	<u>2,000,000</u>	<u>2,000</u>

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total share-holders' funds
	£000	£000	£000
At 1 January 2003	2,000	609	2,609
Profit for the year	—	6	6
Foreign exchange gain	—	125	125
At 31 December 2003	<u>2,000</u>	<u>740</u>	<u>2,740</u>
Profit for the year	—	40	40
Foreign exchange gain	—	81	81
At 31 December 2004	<u>2,000</u>	<u>861</u>	<u>2,861</u>

16. Ultimate parent company

The directors regard Nalco Company, incorporated in the United States of America, as the ultimate controlling party.

The company has taken advantage of the exemption from preparing consolidated accounts. Nalco Company is the parent company of the largest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from 1601 W. Diehl Road, Naperville, IL 60563-1198, USA.

Nalco Holdings UK Limited is the parent company of the smallest group of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements are available from Nalco Holdings UK Limited, P.O. Box 11, Winnington Avenue, Northwich, Cheshire, CW8 4DX.