

NWF FUELS HOLDINGS LIMITED

(formerly Secondmatter Limited)

(Registered No. 3706449)

DIRECTORS' REPORT & FINANCIAL STATEMENTS

PERIOD ENDED 31 MAY 2000



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NWF FUELS HOLDINGS LIMITED
(formerly Secondmatter Limited)

DIRECTORS' REPORT - 31 MAY 2000

The Directors present their report on the affairs of the Company together with the audited financial statements for the period ended 31 May 2000.

PRINCIPAL ACTIVITY & BUSINESS REVIEW

The Company was incorporated on 2 February 1999 under the name of Secondmatter Limited and changed its name on 28 May 1999 to NWF Fuels Holdings Limited.

On 1 June 1999, as part of a Group reconstruction, the Company acquired the whole of the issued share capital of NWF Fuels Limited from NWF Group plc and issued 998 ordinary shares to satisfy the consideration. From 1 June 1999, the Company became the holding company for the fuel operations in the NWF Group.

RESULTS

The Company received a dividend of £150,000 during the period from NWF Fuels Limited and a dividend of £150,000 was paid to NWF Group plc, resulting in a nil retained profit and unchanged reserves for the period.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period were:-

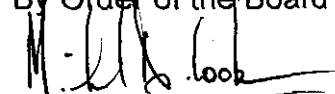
| | | |
|-----------------------|---|--|
| * M.D. Cookson | - | appointed 19 February 1999 |
| * A.E. Fulker | - | appointed 19 February 1999 |
| * G.R. Scott | - | appointed 19 February 1999 |
| Instant Companies Ltd | - | appointed 2 February 1999 resigned 19 February 1999 |

- * These Directors are also Directors of the ultimate parent company, NWF Group plc, and their interests are shown in the financial statements of that company.

AUDITORS

PricewaterhouseCoopers were appointed auditors of the Company during the period. A resolution will be proposed at the Annual General Meeting to re-appoint PricewaterhouseCoopers as auditors for the ensuing year.

By Order of the Board



M.D. Cookson
Secretary

Wardle
Nantwich
Cheshire CW5 6BP

10 August 2000

Registered No. 3706449

NWF FUELS HOLDINGS LIMITED
(formerly Secondmatter Limited)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period that 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 addition, they are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 May 2000 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and which 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.

NWF FUELS HOLDINGS LIMITED
(formerly Secondmatter Limited)

Auditors' report to the members of NWF Fuels Holdings Limited

We have audited the financial statements on pages 4 to 7.

Respective responsibilities of directors and auditors

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual 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 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 affairs of the Company at 31 May 2000 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Manchester

10 August 2000

NWF FUELS HOLDINGS LIMITED
(formerly Secondmatter Limited)

PROFIT & LOSS ACCOUNT

For the period from 2 February 1999 to 31 May 2000

| | <u>2000</u> £ |
|--|------------------|
| Dividend receivable | 150,000 |
| Dividend payable | <u>(150,000)</u> |
| RETAINED PROFIT FOR THE FINANCIAL PERIOD | - ===== |

There were no recognised gains or losses other than the result for the period reported above.


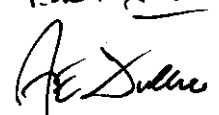
The notes on pages 6 and 7 form part of these financial statements.

NWF FUELS HOLDINGS LIMITED
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BALANCE SHEET AT 31 MAY 2000

| | <u>Notes</u> | <u>31 May 2000</u> £ |
|---|--------------|-------------------------|
| FIXED ASSETS | | |
| Investment | 2 | 56,192 |
| CURRENT ASSETS | | |
| Debtor – amount due from parent company | | <u>2</u> |
| | | 56,194 |
| | | ===== |
| CAPITAL & RESERVES | | |
| Called-up equity share capital | 3 | 1,000 |
| Share premium account | | <u>55,194</u> |
| | 5 | |
| Equity shareholders' funds | | 56,194 |
| | | ===== |

Approved by the Board of Directors on 10 August 2000

 M.D. Cookson
 A.E. Fulker

The notes on pages 6 and 7 form part of these financial statements.

NWF FUELS HOLDINGS LIMITED
(formerly Secondmatter Limited)

NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2000

1. ACCOUNTING POLICIES

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

Group accounts

Group accounts of the Company and its subsidiary undertakings have not been prepared as the Company is exempt from the requirement to prepare consolidated accounts under the provisions of Section 228 of the Companies Act 1985 (as amended by Section 5 of the Companies Act 1989). Accordingly, the financial statements present information about the Company as an individual undertaking and not about its Group.

Cash flow statement

In accordance with the exemption allowed by paragraph 5(a) of FRS 1, a cash flow statement for the Company has not been prepared.

Related party disclosures

In accordance with the exemption allowed by paragraph 3(c) of FRS 8, no disclosure is made of transactions with other member companies of the NWF Group.

Fixed asset investments

These comprise investments in shares which the Directors intend to hold on a continuing basis in the Company's business. The investments are stated at cost less provisions for impairments. A review for the potential impairment of an investment is carried out if events or changes in circumstances indicate that the carrying value may not be recoverable. Such impairment reviews are performed in accordance with Financial Reporting Standard 11.

2. INVESTMENT

31 May 2000

£

Cost

56,192

=====

The Company acquired 100% of the issued ordinary share capital of NWF Fuels Limited on 1 June 1999 from NWF Group plc. In the Directors' opinion, the value of the aggregate investment in the subsidiary undertaking is not less than the amount at which it is stated in these financial statements.

NWF FUELS HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS - 31 MAY 2000 (cont'd)

3. SHARE CAPITAL

| | <u>Number</u> | <u>31 May 2000</u> |
|---|---------------|--------------------|
| | | £ |
| Authorised, allotted, called-up and fully paid ordinary shares of £1 each | 1,000 | 1,000 |
| | ===== | ===== |

Two shares of £1 each were issued on incorporation. A further 998 shares were issued on 1 June 1999 as consideration for the acquisition of the whole of the issued share capital of NWF Fuels Limited.

4. ULTIMATE HOLDING COMPANY

The Company's ultimate parent company is NWF Group plc, a company registered in England and the parent company within the Group which consolidates these financial statements. Copies of the consolidated financial statements of NWF Group plc are available from the Company Secretary at Wardle, Nantwich, Cheshire, CW5 6BP.

5. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

| | |
|--|---------------|
| | £ |
| Profit for the period | - |
| Issue of ordinary share capital | 1,000 |
| Share premium on issued ordinary shares | <u>55,194</u> |
| Net addition to equity shareholders' funds during the period | 56,194 |
| Equity shareholders' funds at beginning of the period | <u>-</u> |
| Equity shareholders' funds at end of the period | 56,194 |
| | ===== |