PETROCHEM CARLESS HOLDINGS LIMITED

(Formerly Oval 2000 Limited)

Report and Financial Statements

31 December 2005

Registered No: 05259753

Directors
P Gemski
N James
D.Beer

Secretary
R A Butler

Auditors
PricewaterhouseCoopers LLP
First Point
Buckingham Gate
Gatwick
RH6 0PP

Bankers
Lloyds TSB
25 Gresham Street
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EC2V 7HN

Solicitors

Burges Salmon LLP
Narrow Quay House
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Cedar Court
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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the group are the refining and distribution of petrochemical products, the distribution of solvents products and the manufacture and distribution of automotive products.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

Oval 2000 Limited was incorporated on 14 October 2004, and changed its name to Petrochem Carless Holdings Limited on 25th February 2005. The company acquired the whole of the issued share capital of Petrochem UK Limited on 23 December 2004 in a management buy-out backed by debt funding from Lloyds TSB Bank and 3i Group plc. The group's business has traded profitably since the acquisition, with operating profit before exceptional items of £3,485,000 for the period to 31 December 2005. The directors believe that the group will continue to trade profitably.

FINANCIAL RISK MANAGEMENT

The group's operations expose it to a variety of financial risks that include the effects of changes in commodity prices, credit risk, liquidity risk, exchange rates and interest rates. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring and managing levels of these risks. As part of this risk management programme, the group uses various financial instruments. The principal risks are as follow:

Commodity risk

The group's purchase and sale values are linked to commodity indices and therefore it is exposed to the movement in those indices.

The group has implemented policies to assess its exposure to these commodity price movements and uses forward swap contracts to manage this exposure.

Credit risk

The group's credit risk is primarily attributable to its trade receivables which are stated in the balance sheet at original invoice amount less an allowance for doubtful debts. In order to mitigate this risk, the group has implemented policies that require appropriate credit checks on customers before sales are made.

Liquidity risk

The company actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations.

Exchange risk

The group's purchases and sales are transacted mainly in sterling, Euros and US dollars and it is therefore exposed to the movements in the rates of exchange of these currencies.

The group has implemented procedures to assess its exchange risk and uses forward contracts as part of a programme to manage this exposure.

Interest rate risk

The group has entered into forward swap agreements to fix the interest rate on a proportion of its debt.

PROPOSED DIVIDEND AND TRANSFER TO RESERVES

The directors do not propose the payment of a dividend.

DIRECTORS' REPORT

The profit for the period of £5,799,000 is to be transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who held office in the year, and subsequent to the year end, were as follows:

Oval Nominees Limited	Resigned 23 December 2004
P Gemski	Appointed 23 December 2004
N James	Appointed 29 March 2005
Dr J Walsh	Appointed 23 December 2004 (resigned 30 June 2006)
D Beer	Appointed 1 March 2005

The directors hold the following interests in the share capital of the Company:

	Ordinary shares of 1p
	No.
P Gemski	59,065
N James	12,497
Dr J Walsh	9,431
D Beer	1,769

The directors have interests in Secured Loan Notes 2006/2008 totalling £553,000 at 31 December 2005. The Secured Loan Notes 2006/2008 are non-interest bearing, secured on the assets of the group and repayable between 31 December 2006 and 31 December 2008.

EMPLOYEE INVOLVEMENT AND DISABLED EMPLOYEES

Regular meetings are held between local management and employees to allow a free flow of information and ideas.

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees became disabled it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions, and to provide training and career development to disabled employees wherever appropriate.

CHARITABLE DONATIONS

During the year the group made various charitable contributions totalling £170.

AUDITORS

PricewaterhouseCoopers LLP were appointed as auditors during the period and have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

Secretary

Date 4 AUGUST 2006

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year, that give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group 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 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Petrochem Carless Holdings Limited

We have audited the group and parent company financial statements (the ''financial statements'') of Petrochem Carless Holdings Limited for the period ended 31 December 2005 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issues by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 other transactions is not disclosed.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 affairs of the company and the group as at 31 December 2005 and of the profit and cash flow of the group for the period then ended; and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Gatwick

4 August 2006

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2005

		Period ended 31 December 2005		
		Excluding negative goodwill	Negative goodwill	*Total*
		£000	*£000*	*£000*
Profit and loss account				
Turnover				
Group & share of joint venture turnover		197,533	-	197,533
Less share of joint venture turnover		(3,128)	-	(3,128)
Total Turnover	2	194,405	-	194,405
Cost of sales		(168,845)	6,392	(162,453)
Gross profit		25,560	6,392	31,952
Distribution expenses		(15,433)	198	(15,235)
Administration expenses		(6,642)	25	(6,617)
Operating profit	3	3,485	6,615	10,100
Share of operating profit in joint venture		656	-	656
Profit on disposal of fixed assets		-	2,300	2,300
Profit on ordinary activities before interest and taxation		4,141	8,915	13,056
Bank interest receivable				9
Interest payable and similar charges	6			(7,208)
Profit on ordinary activities before tax				5,857
Taxation	7			(58)
Retained profit for the year				5,799

All of the trading for the period relates to businesses acquired during the period.

The historical cost profit is the same as the reported profit.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the period ended 31 December 2005

	2005
	£000
Retained profit for the period	5,799
Exchange difference on the retranslation of net assets of overseas subsidiary undertakings	(133)
Total recognised gains and losses relating to the period	5,666

CONSOLIDATED BALANCE SHEET

At 31 December 2005

	Note	2005 £000
Fixed assets		
Investment in joint ventures:		
Share of gross assets		1,259
Share of gross liabilities		(715)
	10	544
Negative goodwill	8	(27,130)
Tangible assets	9	28,060
		1,474
Current assets		
Stocks	11	22,969
Debtors	12	28,101
Cash at bank and in hand		595
		51,665
Creditors: amounts falling due within one year	13	(39,270)
Net current assets		12,395
Total assets less current liabilities		13,869
Creditors: amounts falling due after more than one year	14	(7,019)
Provisions for liabilities and charges	16	(1,066)
		8,085
Net assets		5,784
Capital and reserves		
Called up share capital	17	1
Share premium account	18	117
Profit and loss account	18	5,666
Equity shareholders' Funds	19	5,784

Director

P. Conn

Date:

4th August 2006

COMPANY BALANCE SHEET

At 31 December 2005

	Note	2005 £000
Fixed assets		
Investments	10	230
		230
Current assets		
Debtors	12	4,213
		4,213
Creditors: amounts falling due within one year	13	(2,517)
Net current assets		1,696
Total assets less current liabilities		1,926
Creditors: amounts falling due after more than one year	14	(6,945)
Net assets		(5,019)
Capital and reserves		
Share capital	17	1
Share premium account	18	117
Profit and loss account	18	(5,137)
Equity shareholders' funds	19	(5,019)

Director P. Ommy

Date: 4th August 2006

CONSOLIDATED CASH FLOW STATEMENT

For the period ended 31 December 2005

		2005 £000
Cash inflow from operating activities	23	7,312
Dividends from joint ventures	24	350
Returns on investment and servicing of finance	24	(4,563)
Taxation	24	216
Capital expenditure and financial investment	24	617
Acquisition	24	937
Cash inflow before financing		4,869
Financing	24	(4,274)
Decrease in cash in the period		595

Reconciliation of net cash flow to movement in net debt

		2005 £000
Decrease in cash in the year	25	595
Cash outflow from increase in loan financing	25	4,392
Change in net debt resulting from cashflows		4,987
Acquisition	25	(18,089)
Other non cash flow movements	25	(2,638)
Movement in net debt in the period		(15,740)
Net debt at the start of the period		-
Net debt at the end of the period	25	(15,740)

NOTES TO THE ACCOUNTS

As at 31 December 2005

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's accounts.

Basis of Preparation

The accounts have been prepared on the going concern basis, in accordance with applicable accounting standards, the Companies Act 1985 and under historical cost accounting rules.

Basis of Consolidation

The group accounts consolidate the accounts of Petrochem Carless Holdings Limited and its subsidiary undertakings, which draw up accounts to 31 December 2005.

Entities in which the group holds an interest on a long-term basis and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

Under section 230 of the Companies Act 1985, the company is exempt from the requirement to present its own profit and loss account. The pre-tax loss of the parent undertaking dealt with in these accounts amounted to £5,137,000.

Investments

In the company's accounts, investment in subsidiary undertakings, associates and joint ventures are stated at cost less amounts written off.

Fixed Assets and Depreciation

All fixed assets are initially recorded at cost or, in respect of assets purchased as part of an acquisition, at fair value. Plant and machinery used in manufacturing processes and the related land and buildings on these sites are revalued on a regular basis in line with the requirements of FRS15, with any revaluation surplus taken to the revaluation reserve.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write off the cost or valuation less estimated residual value based on prices prevailing at the date of acquisition or revaluation of each asset evenly over its expected useful life as follows:-

Freehold properties	-	2% to 5%
Leasehold properties	-	Life of lease
Plant & machinery	-	5% to 20%
Motor vehicles	-	25%

Negative Goodwill

Where the fair value of the separable net assets exceeds the fair value of the consideration for an acquired undertaking the difference is treated as negative goodwill and amortised through the profit and loss account in the period in which the non-monetary assets acquired are recovered. In the case of fixed assets, this is the period over which they are depreciated or disposed of, and in the case of current assets, the period over which they are sold or otherwise realised.

Finance Costs

Interest on debt finance is charged at the profit and loss account as incurred. Fees incurred in respect of the arrangement of debt finance are capitalised and offset against the principal value of the related debt. These fees are amortised to the profit and loss account over the life of the related debt in order to produce a constant rate of return. Redemption premiums due on debt finance are charged to the profit and loss account over the life of the related debt in order to produce a constant rate of return.

NOTES TO THE ACCOUNTS

As at 31 December 2005

1. ACCOUNTING POLICIES (Continued)

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings and associated undertakings are translated at the closing exchange rates. Profit and loss accounts of such undertakings are consolidated at the average rates of exchange during the year. Gains and losses arising from the retranslation of the opening net investments in these undertakings and from the retranslation of these results at closing rates are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension Schemes

The company operates a number of defined contribution pension schemes. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the relevant scheme.

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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 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;
- 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; and
- 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 at the balance sheet date.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

NOTES TO THE ACCOUNTS

As at 31 December 2005

Cash and Liquid Resources

Cash for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

2. SEGMENTAL INFORMATION

Turnover is attributable to one continuing activity, the refining, marketing and distributing of solvents, naphtha, light distillates, oils and automotive products.

Group turnover by business is as follows:

	2005 £000
Carless	124,618
Petrochem – Automotive products	49,977
Petrochem – Distributed solvents	19,810
	194,405

Analysis by business is based on the group's management structure.

Group turnover analysed by geographical market is as follows:

	2005 £000
United Kingdom	86,240
Other EU countries	59,396
Rest of world	48,769
	194,405

Turnover by origin is not materially different to turnover by territory of destination.

NOTES TO THE ACCOUNTS

As at 31 December 2005

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting) :

	2005 £000	2005 £000
Auditors' remuneration – audit fee		101
Auditors' remuneration – other services		25
Depreciation and other amounts written off tangible fixed assets - owned	2,768	
Release of provision	(12)	
		2,756
Amortisation of negative goodwill		6,615
Operating lease payments – land and buildings		712
Operating lease payments – other		261
Exceptional items - Operational restructuring costs		209
Property rental income		(264)

4. REMUNERATION OF DIRECTORS

	2005 £000
Aggregate directors' emoluments	475
Directors' pension contributions under defined contribution schemes	30
	505

Retirement benefits were accruing to directors as follows:

	2005 No.
Defined contribution schemes	2
	2

Highest paid director:

	2005 £000
Aggregate emoluments	324
Pension contributions to defined contribution schemes	21
	345

NOTES TO THE ACCOUNTS

As at 31 December 2005

5. STAFF NUMBERS AND COSTS

The average number of persons employed by the group, including directors, during the year analysed by category was as follows:

	2005 No.
Manufacturing	87
Selling and distribution	34
Administration	62
	183

The aggregate payroll costs of these persons were as follows:

	2005 £000
Wages and salaries	6,657
Social security costs	843
Other pension costs	326
	7,826

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £000
Other interest	18
Bank loans and overdrafts	1,422
Amortisation of deferred finance costs	1,029
Loan redemption premium	4,739
	7,208

NOTES TO THE ACCOUNTS

As at 31 December 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £000
(a) Corporation tax charge/(credit):	
UK taxation:	
Current tax charge at 30%	-
Share of Joint Ventures' current tax	209
Joint Venture consortium relief receivable	(154)
	55
Overseas tax:	
Current tax charge	75
Adjustment to prior year tax charge	(72)
	3
Total current tax (see note 7(b))	58
Deferred tax:	
Origination/(reversal) of timing differences	-
Tax on profit on ordinary activities	58

(b) Factors affecting the tax charge for the current period

The tax assessed on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

	2005 £000
Profit on ordinary activities before tax	5,857
Tax payable at UK standard rate of corporation tax of 30%	1,770
Income not allowed for tax purposes	(2,228)
Overseas profits taxed at higher rates	20
Depreciation in excess of capital allowances claimed	227
Adjustment to prior years	(72)
Consortium relief on joint venture	(154)
Tax losses carried forward	1,087
Utilisation of tax losses bought forward	(591)
Total current tax (see note 7(a))	58

(c) Factors that may affect future tax charges

The group has tax losses of approximately £13m that are available indefinitely for offset against future taxable profits. Deferred tax assets have only been recognised to the extent of offsetting any deferred tax liability and to which there is an expectation of recovering tax against these losses.

NOTES TO THE ACCOUNTS

As at 31 December 2005

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2005 £000
Accelerated capital allowances	951
Other timing differences	(217)
Carry forward losses	(734)
Provision for deferred tax (note 16)	-

No provision has been made for deferred tax on the sale of fixed assets as there is no current intention to sell or realise the assets. The total amount unprovided is £5,528,000 (2004: £6,379,000). At present it is not envisaged that any tax will become payable in the foreseeable future.

8. NEGATIVE GOODWILL

Group	*Negative Goodwill* £000
Cost:	
On acquisition of Petrochem UK Limited (see note 26)	36,045
At 31 December 2005	36,045
Amortisation:	
Credited during the year	8,915
At 31 December 2005	8,915
Net book value at 31 December 2005	27,130

The accounting policy for the amortisation of negative goodwill is set out in note 1 on page 12. The amortisation credit shown in the consolidated profit and loss account relates to the sale or depreciation of stock and fixed assets acquired with Petrochem UK Limited and comprises the following:

	£000
Sale of stock	4,148
Depreciation of fixed assets	2,244
Credit of cost of sales	6,392

NOTES TO THE ACCOUNTS

As at 31 December 2005

Depreciation of fixed assets included in distribution expenses	198
Depreciation of fixed assets included in administrative expenses	25
Total credit to operating profit	6,615
Sale of fixed assets	2,300
Total credit to profit before interest and taxation	8,915

9. TANGIBLE FIXED ASSETS

Group	*Freehold land and buildings* £000	*Long leasehold land and buildings* £000	*Plant and machinery* £000	Motor vehicles £000	Total £000
Cost or valuation:					
On acquisition of Petrochem UK Limited	390	1,593	29,390	81	31,454
Additions	-	-	1,660	23	1,683
Disposals	-	-	(2,348)	(17)	(2,365)
Exchange differences	(10)	-	(8)	(3)	(21)
At 31 December 2005	380	1,593	28,694	84	30,751
Depreciation:					
Charge for year	13	27	2,701	27	2,768
Disposals	-	-	(48)	(17)	(65)
Exchange differences	(2)	-	(9)	(1)	(12)
At 31 December 2005	11	27	2,644	9	2,691
Net book amount:					
At 31 December 2005	369	1,566	26,050	75	28,060

NOTES TO THE ACCOUNTS

As at 31 December 2005

10. FIXED ASSET INVESTMENTS

Group	*Joint venture undertakings* £000
Cost and Share of Retained Profits:	
On acquisition of Petrochem UK Limited	445
Share of profit retained by joint venture	449
Dividend paid	(350)
At 31 December 2005	544

The investment in the joint venture relates to a 50% interest in Electrical Oil Services Limited, an unlisted company incorporated in England & Wales, involved in the marketing and distribution of electrical oils.

	2005 £000
Share of net assets:	
Tangible fixed assets	392
Current assets	867
Current liabilities	(715)
Net assets	544

Company	*Shares in group undertakings* £000
Cost and net book value:	
Acquisitions in the period	230
At 31 December 2005	230

The principal trading subsidiary undertakings of the group are as follows:

Name	Country of registration	Class of shares held	% holding
Petrochem UK Limited	UK	Ordinary	100
Petrochem Holdings BV	Netherlands	Ordinary	100*
Petrochem Svenska AB	Sweden	Ordinary	100*
Petrochem Carless BVBA	Belgium	Ordinary	100*
Petrochem Carless Limited	UK	Ordinary	100*

* Held via subsidiary undertaking

In the opinion of the directors, the investments in and amounts due from the company's subsidiary undertakings and joint venture are worth at least the amounts at which they are stated in the accounts.

NOTES TO THE ACCOUNTS

As at 31 December 2005

11. STOCKS

	Group 2005 £000
Raw materials and consumables	3,562
Work in progress	1,935
Finished goods and goods for resale	17,472
	22,969

12. DEBTORS

	Group 2005 £000	*Company* 2005 £000
Trade debtors	25,842	-
Amounts owed by group undertakings	-	4,200
Other debtors	1,371	-
Prepayments and accrued income	888	13
	28,101	4,213

13. CREDITORS: *amounts falling due within one year*

	Group 2005 £000	*Company* 2005 £000
Bank loans and revolving credit facility	7,869	-
Less: costs associated with raising of finance	(679)	-
	7,190	-
Secured Loan Notes 2005/2008	1,694	1,694
Secured Loan Notes 2006/2008	236	236
Secured Loan Notes 2006/2009	400	400
Less: costs associated with raising of finance	(204)	(204)
	2,126	2,126
Trade creditors	25,246	-
Corporation tax	33	-
Taxation and social security	2,488	-
Other creditors	1,280	391
Accruals and deferred income	907	-
	39,270	2,517

For details of security and interest rates on debt facilities see note 15.

NOTES TO THE ACCOUNTS

As at 31 December 2005

14. CREDITORS: amounts falling due after more than one year

	Group 2005 £000	*Company* 2005 £000
Bank Loans	74	-
Secured Loan Notes 2005/2008	4,750	4,750
Secured Loan Notes 2006/2008	592	592
Secured Loan Notes 2006/2009	1,766	1,766
Less: Costs associated with raising of finance	(163)	(163)
	7,019	6,945

For details of security and interest rates on debt facilities see note 15.

15. LOANS AND OTHER BORROWINGS

	Group 2005 £000	*Company* 2005 £000
Bank loans and revolving credit facility	7,943	-
Less: Costs associated with raising of finance	(679)	-
	7,264	-
Secured Loan Notes 2005/2008	6,444	6,444
Secured Loan Notes 2006/2008	828	828
Secured Loan Notes 2006/2009	2,166	2,166
Less: Costs associated with raising of finance	(367)	(367)
	16,335	9,071
Maturity of financial liabilities		
In one year or less, or on demand	9,316	2,126
In more than one year, but not more than two years	2,417	2,400
In more than two years, but not more than five years	4,602	4,545
	16,335	9,071

The company's bank loans and debt facilities are secured by fixed and floating charges over the assets of certain subsidiary companies. Overdraft and bank loans of subsidiary undertakings are secured by fixed and floating charges on their own assets and are guaranteed by Petrochem Carless Holdings Limited.

Interest on the bank loans and revolving credit facility is based on LIBOR + 1 to 2% Interest on the Secured Loan Notes 2005/2008 and Vendor Loan Notes is based on LIBOR + 3%. The Secured Loan Notes 2006/2008 are non interest bearing.

NOTES TO THE ACCOUNTS

As at 31 December 2005

The Secured Loan Notes 2005/2008 are repayable between 31 December 2005 and 31 December 2008 with a total amount payable, including redemption premium, of £11,500,000.

The Secured Loan Notes 2006/2008 are repayable between 31 December 2006 and 31 December 2008 with a total amount payable, including redemption premium, of £1,410,000.

The Secured Loan Notes 2006/2009 are repayable between 31 December 2006 and 31 December 2009.

The redemption premiums are accounted for in accordance with the group's accounting policy as set out in note 1.

16. PROVISIONS FOR LIABILITIES AND CHARGES

Group	*Environmental Liabilities* £000 Note (a)	*Vacant leasehold* £000 Note (b)	*Restructuring Provision* £000 Note (c)	*Deferred taxation* £000 Note (d)	*Total* £000
On acquisition of Petrochem UK Limited	471	615	116	-	1,202
Utilised / spent in the year	-	(77)	(59)	-	(136)
At 31 December 2005	471	538	57	-	1,066

Details of the provisions are as follows:-

a) Environmental provision

The environmental provisions relate to the specific potential costs of the removal of contaminates at former and existing leasehold sites.

b) Vacant leasehold provision

This provision relates to the estimated costs of vacant leasehold premises.

c) Restructuring provision

This relates to specific reorganisation and restructuring provisions relating to costs associated with the merger of the Petrochem and Carless businesses, including head office relocation, the restructuring of operational sites and staff redundancies.

d) Deferred Taxation

Deferred taxation provided in the financial statements and amounts unprovided are as follows:

	Amount provided 2005 £000	Amount unprovided 2005 £000
Capital allowances in advance of depreciation	951	-
Other timing differences	(217)	-
Carry forward tax losses	(734)	(3,905)
	-	(3,905)
Taxation on revaluation surplus	-	5,528
Deferred tax	-	1,623

The group is not providing for deferred taxation on the revalued tangible fixed assets as there is no current intention to sell or realise the assets.

NOTES TO THE ACCOUNTS

As at 31 December 2005

17. SHARE CAPITAL

Group and Company	2005 £000
Authorised:	
1 A Ordinary shares of 1p each	-
130,994 Ordinary shares of 1p each	1
	1

Allotted, called up and fully paid:	2005 £000
1 A Ordinary shares of 1p each	-
117,894 Ordinary shares of 1p each	1
	1

During the period 117,894 Ordinary shares and 1 A Ordinary share were issued for cash. The nominal value of these shares was £1,179 and the consideration received was £117,895.

18. RESERVES

Group	Share Premium Account £000	Profit and Loss Account £000
Issue of shares	117	-
Retained profit for the year	-	5,799
Exchange adjustments	-	(133)
At 31 December 2005	117	5,666

Company	Share Premium Account £000	Profit and Loss Account £000
Issue of shares	117	-
Retained loss for the year	-	(5,137)
At 31 December 2005	117	(5,137)

NOTES TO THE ACCOUNTS

As at 31 December 2005

19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Group 2005 £000	*Company* 2005 £000
Profit/(Loss) for the year attributable to shareholders	5,799	(5,137)
Movement on currency translation differences on assets of overseas subsidiary undertakings	(133)	-
Issue of shares	118	118
Net increase/(reduction) in shareholders' funds	5,784	(5,019)
Opening shareholders' funds	-	-
Closing shareholders' funds	5,784	(5,019)

Included in closing shareholders' funds above is £nil attributable to non-equity shareholders.

20. CONTINGENT LIABILITIES

Loan Notes issued by Petrochem Carless Holdings Limited are secured by way of debenture over the company's and group's assets and a deed of guarantee from the company.

There are performance bonds undertaken in the ordinary course of business from which it is anticipated that no material liabilities will arise.

The group enters into forward contracts for foreign exchange. The sterling equivalent of the US $2,000,000 contracts outstanding at the year end was £1,300,000.

The group also enters into commodity purchase and sale contracts as well as interest rate swaps. Details are set out in note 22.

21. COMMITMENTS

Group

Annual capital commitments are as follows:

	2005 £000
Contracted for but not provided in the accounts	201

Annual commitments under non-cancellable operating leases are as follows:

Group	2005 Land and Buildings £000	Other £000
Operating leases which expire:		
Within one year	-	128
In two to five years	590	495
	590	623

NOTES TO THE ACCOUNTS

As at 31 December 2005

22. FINANCIAL INSTRUMENTS

The company uses various financial instruments to manage its exposure to commodity prices, exchange rates and interest rates. Market values have been used to determine fair value and have been obtained from an independent third party. The fair value of these instruments at 31 December 2005 are:

	Gains / (losses)
	£000
Interest rate swap contracts	(60)
Foreign exchange forward contracts	52
Commodity swap contracts	(216)
	(224)

23. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	2005
	£000
Operating profit	10,100
Depreciation charge	2,756
Negative goodwill amortisation	(6,615)
Increase in stocks	(3,501)
Increase in debtors	(5,556)
Increase in creditors	10,252
Net cash impact from movements on provisions	(124)
Cash inflow from operating activities	7,312

24. ANALYSIS OF CASH FLOWS

	2005
	£000
DIVIDENDS FROM JOINT VENTURES	
Dividend received from joint venture	350
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	
Interest received	7
Interest paid	(881)
Redemption premium paid	(3,030)
Expenses of raising new loan notes	(659)
	(4,563)
TAXATION	
Corporation tax paid	(148)
Corporation tax refunded	72
Consortium relief received	292
	216

NOTES TO THE ACCOUNTS

As at 31 December 2005

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets		(1,683)
Sale of tangible fixed assets		2,300
		617
ACQUISITIONS AND DISPOSALS		
Cost of business acquired		(230)
Cash at bank and in hand acquired with subsidiaries		1,167
		937
FINANCING		
Issue of ordinary shares		118
Repayment of Bank Loans	(11,434)	
Issue of Loan Notes	9,012	
Repayment of Loan Notes	(1,970)	
		(4,392)
		(4,274)

25. ANALYSIS OF NET DEBT

	At incorporation £000	Acquisition of business £000	Cash flows £000	Non cash movement £000	At 31 December 2005 £000
Cash in hand and at bank	-	-	595	-	595
	-	-	595	-	595
Bank loans due within one year	-	(18,013)	11,432	(609)	(7,190)
Bank loans due after one year	-	(76)	2	-	(74)
Loan notes due within one year	-	-	-	(2,126)	(2,126)
Loan notes due after one year	-	-	(7,042)	97	(6,945)
	-	(18,089)	4,392	(2,638)	(16,335)
	-	(18,089)	4,987	(2,638)	(15,740)

NOTES TO THE ACCOUNTS

As at 31 December 2005

26. PURCHASE OF SUBSIDIARY

The Company acquired 100% of the issued share capital of Petrochem UK Limited on 23rd December 2004 and the acquisition method of accounting has been adopted. The analysis of net assets acquired and the fair value to the Group is as follows:

	Book value	Revaluations	Other adjustments	Fair value to the Group
	£000	*£000*	*£000*	*£000*
Intangible fixed assets	76	(76)	-	-
Tangible fixed assets	30,458	996	-	31,454
Investments	445	-	-	445
Stock	19,668	-	(200)	19,468
Debtors	22,807	-	-	22,807
Cash at bank and in hand	1,167	-	-	1,167
Creditors falling due within one year	(38,079)	-	291	(37,788)
Creditors falling due after one year	(76)	-	-	(76)
Provisions for liabilities and charges	(1,052)	-	(150)	(1,202)
Net assets	35,414	920	(59)	36,275
Consideration:				
Costs of acquisition				(230)
Negative goodwill				36,045

The above figures reflect a preliminary allocation of the purchase consideration to the net assets and liabilities of Petrochem UK Limited. The preliminary allocation will be reviewed based on additional information up to 31 December 2006.

The fixed assets of Petrochem UK Limited were subject to an external valuation by Edward Rushton Son and Kenyon Limited in December 2003 in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. The directors believe that, given the timing of the acquisition of Petrochem UK Limited, this valuation forms a reasonable basis for the assessment of the fair value of the acquired fixed assets.

The following fair value adjustments have been made to the book values of the assets and liabilities of Petrochem UK Limited:

	£000
Write-off of goodwill	(76)
Revaluation of leasehold site subsequently disposed of	815
Revaluation of other fixed assets	181
Adjustment to restate stock to net realisable value	(200)
Pre-acquisition accruals subsequently released	291
Extra provision for dilapidation and clean-up costs	(150)
	861

NOTES TO THE ACCOUNTS

As at 31 December 2005

The pre-acquisition results, after adjusting for the adoption of FRS 17, of Petrochem UK Limited were as follows:

	Period from 1 January 2004 to 23 December 2004 £000	Year ended 31 December 2003 £000
Turnover	154,352	150,181
Operating profit/(loss)	8,231	(3,249)
Profit/(loss) before taxation	16,763	(6,675)
Taxation	(21)	(13)
Profit/(loss) after taxation	16,742	(6,688)

Statement of total recognised gains and losses

	Period ended 23 December 2004 £000	Year ended 31 December 2003 £000
Retained profit/(loss) for the year	16,742	(7,269)
Actual return less expected return on pension scheme assets	(363)	1,395
Experience gains arising on pension scheme liabilities	2,878	(189)
Exchange differences on the retranslation of overseas subsidiary undertakings	2	258
Revaluation of tangible fixed assets	-	1,571
Total gains and losses recognised in the period	19,259	(4,234)

27. RELATED PARTY TRANSACTIONS

Consultancy fees totalling £71,000 were paid to Wind-In-The-Willows Limited, of which Dr Julia Walsh is the sole shareholder.

Directors' interests in the shares and loan notes of the company are set out in the Directors' Report on page 3.