

PETROTECHNIK LIMITED

ABBREVIATED ACCOUNTS - FOR THE YEAR ENDED

31 MARCH 2005

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

The company's registered number is 2631843.



PETROTECHNIK LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2005

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 March 2005.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW:

The principal activity of the company is the sale of UPP polyethylene pipework and associated fittings and equipment for use in petrol filling stations and other fuel distribution centres. During the year the growth in sales of the company's products were in line with expectation. A significant increase in the cost of polyethylene did however, impact on the margin.

The directors expect the general level of activity, particularly in export markets, to increase significantly during the next twelve months.

RESULTS AND DIVIDENDS:

The directors recommend a final dividend of £4.91 per ordinary share to be paid to ordinary shareholders on the register on 31 March 2005 which, together with the interim dividend of £5.03 paid on 22nd March 2005, makes a total of £9.94 for the year (2004 £3.25).

	<u>2005</u>	<u>2004</u>
	£	£
'A' Ordinary shares (paid and proposed)	48,720	15,920
Ordinary shares (paid and proposed)	146,160	47,760
	<u>194,880</u>	<u>63,680</u>

The directors propose to transfer £90,786 the retained profit for the year, to reserves (2004 £194,922).

DIRECTORS AND THEIR INTERESTS:

The directors who served during the year were:

J.A. Boudry

J. Ageheim

M.Duguid

S.DeWild

G.Owens

A.Golding

A.Muir (appointed 13/9/04 resigned 15/4/05)

The directors who held office at 31 March 2005 had no beneficial interests, other than those shown below, in the shares of the company.

	Ordinary shares at 31 March	
	<u>2005</u>	<u>2004</u>
J.A. Boudry	10,000	10,000
J. Ageheim	2,544	2,544

DIRECTORS' REPORT (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- i. select suitable accounting policies and then apply them consistently;
- ii. make judgements and estimates that are reasonable and prudent;
- ii. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- iv. prepare the accounts 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 accounts 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.

CHARITABLE DONATIONS

During the year the company donated £379 (2004 £200) to charity.

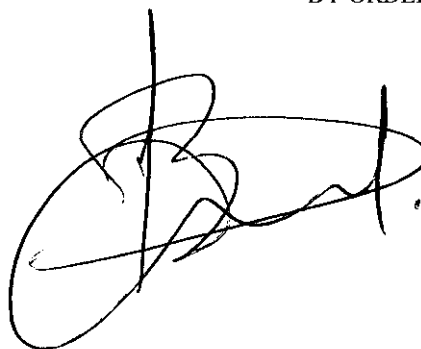
AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

PetroTechnik House
Olympus Close
Whitehouse Industrial Estate
Ipswich
Suffolk IP1 5LN.

24th May 2005

BY ORDER OF THE BOARD,



J.A. Boudry
Secretary

**INDEPENDENT AUDITORS' REPORT TO PETROTECHNIK LIMITED PURSUANT TO SECTION 247B
OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts consisting of the profit and loss account, the balance sheet, the cashflow statement and the related notes 1 to 23 together with the financial statements of Petrotechnik Limited prepared under s226 Companies Act 1985 for the year ended 31 March 2005.

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

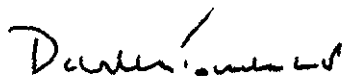
The directors are responsible for preparing the abbreviated accounts in accordance with s246A(3) Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver the abbreviated accounts prepared in accordance with that section and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of audit opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements

Opinion

In our opinion the company is entitled under s247, 247A and 249 Companies Act 1985 to deliver abbreviated accounts prepared in accordance with s246A(3) Companies Act 1985, in respect of the year ended 31 March 2005, and the abbreviated accounts have been properly prepared in accordance with those provisions.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Cambridge

6 June

2005

PETROTECHNIK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
GROSS PROFIT		2,962,552	2,965,298
Other operating expenses (net)	3	<u>(2,650,636)</u>	<u>(2,616,137)</u>
OPERATING PROFIT		311,916	349,161
Income from shares in group undertakings		57,137	67,195
Interest receivable		22,078	15,719
Interest payable	4	<u>(8,203)</u>	<u>(8,317)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	382,928	423,758
Tax on profit on ordinary activities	7	<u>(97,583)</u>	<u>(165,156)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		285,345	258,602
Dividends paid and proposed	8	(194,559)	(63,680)
RETAINED PROFIT FOR THE YEAR	19	<u><u>90,786</u></u>	<u><u>194,922</u></u>

There are no recognised gains or losses, other than the profit after taxation for the year and the preceding year, and therefore a statement of total recognised gains and losses has not been included in these accounts.

All amounts shown relate to continuing operations.

The accompanying notes are an integral part of this profit and loss account.

PETROTECHNIK LIMITED

BALANCE SHEET - 31 MARCH 2005

	<u>Notes</u>	<u>2005</u> £	<u>2004</u> £
FIXED ASSETS			
Intangible assets	9	107,412	100,720
Tangible assets	10 (a)	1,450,599	1,394,592
Investments	10 (b)	413,506	413,506
		<u>1,971,517</u>	<u>1,908,818</u>
CURRENT ASSETS			
Stocks - goods for resale	11	724,683	696,562
Debtors - due within one year	12	2,465,569	2,515,064
Debtors - due after one year from subsidiary undertakings	12	589,487	589,487
Cash at bank and in hand		317,515	733,983
		<u>4,097,254</u>	<u>4,535,096</u>
CREDITORS: Amounts falling due within one year	13	<u>(3,063,052)</u>	<u>(3,312,944)</u>
NET CURRENT ASSETS		1,034,202	1,222,152
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,005,719</u>	<u>3,130,970</u>
CREDITORS: Amounts falling due after more than one year	14	(47,463)	(5,623)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(21,235)	(279,112)
NET ASSETS		<u>2,937,021</u>	<u>2,846,235</u>
CAPITAL AND RESERVES			
Called-up share capital	17	19,608	19,608
Share premium account	19	9,994	9,994
Capital redemption reserve	19	60,400	60,400
Profit and loss account	19	2,847,019	2,756,233
EQUITY SHAREHOLDERS' FUNDS	19	<u>2,937,021</u>	<u>2,846,235</u>

These accounts have been prepared in accordance with the special provisions relating to medium sized companies under S246A Companies Act 1985 with respect to the delivery of individual accounts.

The accounts were approved by the board of directors on 24th May 2005 and signed on its behalf by:-

J.A. Boudry

Director

A. Golding

Director

The accompanying notes are an integral part of this balance sheet.

PETROTECHNIK LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
		<u>£</u>	<u>£</u>
Reconciliation of operating profit to operating cash flows			
Operating profit		311,916	349,161
Depreciation and Amortisation charges		114,852	99,847
Loss on disposal of fixed assets		2,231	-
(Increase)/Decrease in stocks		(28,121)	22,596
Decrease/(Increase) in debtors		49,495	(126,545)
(Decrease)/Increase in creditors		(797,277)	129,694
Net cash (outflow)/inflow from operating activities		<u>(346,904)</u>	<u>474,753</u>
Cashflow Statement			
Net cash (outflow)/inflow from operating activities		(346,904)	474,753
Returns on investments and servicing of finance	21	71,011	74,597
Taxation (paid)		(112,803)	(147,432)
Capital expenditure	21	<u>(149,057)</u>	<u>(127,906)</u>
		(537,753)	274,012
Equity dividend paid		<u>(161,894)</u>	<u>(118,998)</u>
Cash (outflow)/inflow before financing		(699,647)	155,014
Financing	21	<u>32,021</u>	<u>(24,008)</u>
(Decrease)/Increase in cash		<u>(667,626)</u>	<u>131,006</u>
Reconciliation of net cashflow to movement in net (debt)/funds			
	22		
(Decrease)/Increase in cash in the year		(667,626)	131,006
New hire purchase contracts		(30,725)	(9,547)
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(32,021)</u>	<u>24,008</u>
Movement in net funds in the year		(730,372)	145,467
Net funds at 1 April 2004		<u>713,061</u>	<u>567,594</u>
Net (debt)/funds at 31 March 2005		<u>(17,311)</u>	<u>713,061</u>

The accompanying notes are an integral part of this cash flow statement.

PETROTECHNIK LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 2005

1 ACCOUNTING POLICIES:

A summary of the principal accounting policies is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards.

b) Fixed Assets

Tangible and intangible fixed assets are stated at cost, less accumulated depreciation or amortisation and any provision for impairment. Residual value is calculated on prices prevailing at the date of acquisition.

Depreciation or amortisation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2%
Fixtures and fittings	20% to 33%
Motor vehicles	25%
Equipment	20% to 33%
Patents	20%
Trademarks	20%

No depreciation is provided on freehold land.

c) Investments

Fixed asset investments are shown at cost less provision for impairment.

d) Stocks

Stocks are stated at the lower of first-in, first-out cost and net realisable value. Cost includes all expenditure incurred in bringing each product to its present location and condition.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred on disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

e) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided in full on timing differences, that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

NOTES TO THE ACCOUNTS (Continued)

1 ACCOUNTING POLICIES (continued):

f) Foreign Currency

Normal trading activities denominated in foreign currencies are recorded in sterling at an average exchange rate for the period. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

g) Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

h) Leases

The company enters into operating and finance leases.

Assets held under finance leases and hire purchase contracts are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the period of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease or hire purchase contract to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales or other operating expenses as appropriate. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Further information on future commitments is given in note 20.

i) Pension Costs

The company provides pensions to its employees through a funded defined contribution pension scheme.

The assets of the scheme are held independently of the company by insurance companies. The amount charged to the profit and loss account is the contributions payable during the year.

j) Development Costs

Development costs are charged to the profit and loss account in the year of expenditure.

2 TURNOVER:

No segmental analysis is given as in the opinion of the directors, disclosure of this information would be seriously prejudicial to the interests of the company.

3 OTHER OPERATING EXPENSES (NET):

	<u>2005</u>	<u>2004</u>
	£	£
Distribution Costs	991,418	1,077,847
Development expenses	316,300	241,539
Administrative expenses	1,342,918	1,296,751
	<u>2,650,636</u>	<u>2,616,137</u>

NOTES TO THE ACCOUNTS (Continued)

4 INTEREST PAYABLE:

	<u>2005</u>	<u>2004</u>
	£	£
Interest payable on bank overdrafts	4,923	5,543
Interest payable on hire purchase contracts	3,280	2,774
	<u>8,203</u>	<u>8,317</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION:

Profit on ordinary activities before taxation is stated after charging:-

	<u>2005</u>	<u>2005</u>
	£	£
a) Depreciation of tangible fixed assets:-		
- owned	49,048	52,665
- held under hire purchase contracts	28,837	18,945
b) Amortisation of intangible fixed assets	36,967	28,237
c) Auditors' remuneration – audit fee	8,000	6,500
d) Staff costs (see Note 6)	1,320,715	1,204,760
e) Operating lease rentals:-		
Land and buildings	116,232	120,624
f) Loss on disposal of fixed asset	2,231	-
g) Foreign exchange losses	4,605	35,284
	<u> </u>	<u> </u>

6 STAFF COSTS:

The average monthly number of persons employed (including executive directors) by the company during the year was as follows :-

	<u>2005</u>	<u>2004</u>
	Number	Number
Sales and administration	21	19
Development	4	3
	<u>25</u>	<u>22</u>

Their aggregate remuneration comprised :-

	<u>2005</u>	<u>2004</u>
	£	£
Wages and salaries	1,129,148	1,012,362
Social security costs	128,003	124,786
Other pension costs and benefits	63,564	67,612
	<u>1,320,715</u>	<u>1,204,760</u>

NOTES TO THE ACCOUNTS (Continued)

6 STAFF COSTS (Continued):

	<u>2005</u>	<u>2004</u>
	£	£
Directors' remuneration:-		
Emoluments	414,692	408,857
Company contributions to money purchase pension schemes	36,376	35,749
	<u>451,068</u>	<u>444,606</u>
Highest paid director - emoluments	165,191	160,243
- contributions to money purchase pension schemes	22,461	22,199
	<u>187,652</u>	<u>182,442</u>
	<u>2005</u>	<u>2004</u>
	£	£
Fees paid to third parties in respect of directors' services	<u>55,057</u>	<u>52,774</u>
Number of directors who were members of pension schemes was as follows:		
Money Purchase Schemes	<u>4</u>	<u>4</u>

7 TAX ON PROFIT ON ORDINARY ACTIVITIES:

	<u>2005</u>	<u>2004</u>
	£	£
Corporation tax at 30% (2004-29.2%) on taxable profit for the year	91,477	135,642
Adjustments to tax charge in respect of previous periods	(3,439)	-
Total current tax	<u>88,038</u>	<u>135,642</u>
Deferred Taxation		
Origination and reversal of timing differences	9,545	29,514
Tax on profit on ordinary activities	<u>97,583</u>	<u>165,156</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current year is below and for the previous year exceeds the standard rate for the reasons set out in the following reconciliation.

	<u>2005</u>	<u>2004</u>
	£	£
Profit on ordinary activities before tax	<u>382,928</u>	<u>423,758</u>
Tax on profit at standard rate	114,878	127,127
<u>Factors affecting charge for the year</u>		
Expenses not deductible for tax purposes	21,448	26,816
Capital allowances for period in excess of depreciation	(13,162)	(899)
Other timing differences	3,616	(5,794)
Small companies tax relief	-	(2,641)
R&D tax relief	(18,162)	(8,967)
Adjustments for overseas taxation	(17,141)	-
Adjustments to tax charge in respect of previous periods	(3,439)	-
	<u>88,038</u>	<u>135,642</u>

8 DIVIDENDS PAID AND PROPOSED:

	<u>2005</u>	<u>2004</u>
	£	£
'A' Ordinary shares - paid - £5.03 per share (2004 - nil per share)	24,634	-
Ordinary shares - paid - £5.03 per share (2004 - nil per share)	73,901	-
'A' Ordinary shares - proposed - £4.91 per share (2004 - £3.25 per share)	24,086	15,920
Ordinary shares - proposed - £4.91 per share (2004 - £3.25 per share)	72,259	47,760
Over accrued in prior year	(321)	-
	<u>194,559</u>	<u>63,680</u>

NOTES TO THE ACCOUNTS (Continued)

9 INTANGIBLE FIXED ASSETS:

The movement in the year was as follows:-

	Patents and Trademarks
COST	£
Beginning of year	185,080
Additions	43,659
End of year	<u>228,739</u>
AMORTISATION	
Beginning of year	84,360
Charge	36,967
End of year	<u>121,327</u>
NET BOOK VALUE	
End of year	<u>107,412</u>
Beginning of year	<u>100,720</u>

10 (a) TANGIBLE FIXED ASSETS:

The movement in the year was as follows:-

	Freehold Property	Plant & Machinery	Total
COST	£	£	£
Beginning of year	1,250,000	664,318	1,914,318
Additions	-	146,123	146,123
Disposals	-	(25,418)	(25,418)
End of year	<u>1,250,000</u>	<u>785,023</u>	<u>2,035,023</u>
DEPRECIATION			
Beginning of year	-	519,726	519,726
Charge	7,716	70,169	77,885
Disposals	-	(13,187)	(13,187)
End of year	<u>7,716</u>	<u>576,708</u>	<u>584,424</u>
NET BOOK VALUE			
End of year	<u>1,242,284</u>	<u>208,315</u>	<u>1,450,599</u>
Beginning of year	<u>1,250,000</u>	<u>144,592</u>	<u>1,394,592</u>

The net book value of plant and machinery includes an amount of £33,359 (2004 - £33,471) in respect of assets held under hire purchase contracts.

NOTES TO THE ACCOUNTS (Continued)

10 (b) TANGIBLE FIXED ASSETS - INVESTMENT IN SUBSIDIARY UNDERTAKINGS:-

<u>Name of Subsidiary Undertaking</u>	<u>Country of Incorporation</u>	<u>Principal activity and Country of operation</u>	<u>Holding</u>
PetroTechnik France S.A.R.L.	France	Agency company for the sale of UPP pipe and fittings in France and French territories.	100% Ordinary
Cookson and Zinn (PTL) Ltd	England	Manufacture of steel tanks in the UK	100% Ordinary
PetroTechnik do Brasil Ltda	Brazil	Agency company for the sale of UPP pipe and fittings in Brazil and Latin America	100% Ordinary
PetroTechnik Inc	USA	Agency company for the sale of UPP pipe and fittings in North America	100% Ordinary

COST	£
Beginning of year	<u>413,506</u>
End of year	<u>413,506</u>
NET BOOK VALUE	
Beginning of year	<u>413,506</u>
End of year	<u>413,506</u>

No amounts were written off the investments during the year.

PetroTechnik France S.A.R.L., Cookson and Zinn (PTL) Ltd, PetroTechnik do Brasil Ltda and PetroTechnik Inc. have been treated as subsidiary undertakings because PetroTechnik Limited exercises dominant influence over these investments, directing their financial and operating policies.

Advantage has been taken of the exemptions conferred by Section 248 of the Companies Act 1985 on the grounds that, in the directors' opinion, the company is entitled to the benefit of those exemptions as a medium sized company. Accordingly PetroTechnik France S.A.R.L., Cookson and Zinn (PTL) Ltd, PetroTechnik do Brasil Ltda and PetroTechnik Inc. have not been consolidated and are treated as investments.

At 31 March 2005 the share capital and reserves of these companies were as follows:

	PetroTechnik France S.A.R.L. Euro	PetroTechnik Inc. USD	Cookson and Zinn (PTL) Ltd £	PetroTechnik Brasil Ltda Reals
Called up share capital	7,622	100	2	1,120,704
Profit and loss reserve b/fwd	(1,000,392)	(173,711)	58,711	92,779
Retained profit/ (loss) for the year	97,195	(105,469)	53,041	428,347
Share capital and reserves as at 31 March 2005	<u>(895,575)</u>	<u>(279,080)</u>	<u>111,754</u>	<u>1,641,830</u>

11 STOCKS:

In the directors' opinion, the replacement value of stock is not materially different from the value stated in the accounts. The company has consignment stock of £58,731 (2004 - £66,186) where the risks and benefits associated with the stock remain with the manufacturer until transfer of title and consequently this stock has not been recognised as an asset of the company.

NOTES TO THE ACCOUNTS (Continued)

12 DEBTORS:

The following are included in debtors within one year-

	<u>2005</u>	<u>2004</u>
	£	£
Trade debtors	1,237,875	1,154,296
Amounts due from subsidiary undertakings	978,713	879,299
VAT recoverable	53,475	58,422
Other debtors	17,106	6,399
Amounts recoverable from suppliers	-	269,037
Prepayments and accrued income	178,400	147,611
	<u>2,465,569</u>	<u>2,515,064</u>

The following are included in debtors after more than one year-

	<u>2005</u>	<u>2004</u>
	£	£
Amounts due from subsidiary undertakings	<u>589,487</u>	<u>589,487</u>

13 CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

The following amounts are included in creditors falling due within one year-

	<u>2005</u>	<u>2004</u>
	£	£
Obligations under hire purchase contracts	15,019	15,299
Other loans	21,186	-
Bank overdraft	251,158	-
Trade creditors	1,448,606	1,508,506
Corporation tax	113,713	138,478
Other creditors:		
- other taxes and social security	31,019	29,639
- other creditors	4,939	7,901
- accruals	356,067	243,543
Proposed dividends	96,345	63,680
Amount due to subsidiary undertakings	725,000	1,305,898
	<u>3,063,052</u>	<u>3,312,944</u>

Creditors include hire purchase loans of £15,019 (2004 - £15,299), secured on certain fixed assets of the company.

14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

	<u>2005</u>	<u>2004</u>
	£	£
Obligations under hire purchase contracts	16,457	5,623
Other Loans	31,006	-
	<u>47,463</u>	<u>5,623</u>
Analysis of borrowings and hire purchase contracts:	<u>2005</u>	<u>2004</u>
	£	£
Due within 1 year		
- hire purchase	15,019	15,299
- other loans	21,186	-
Due between 1-2 years		
- hire purchase	10,324	5,623
- other loans	21,186	-
Due between 2-5 years		
- hire purchase	6,133	-
- other loans	9,820	-
	<u>83,668</u>	<u>20,922</u>
Less included in Creditors – amounts falling due within one year	<u>(36,205)</u>	<u>(15,299)</u>
	<u>47,463</u>	<u>5,623</u>

NOTES TO THE ACCOUNTS (Continued)

14 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR: (Continued)

The hire purchase obligations are secured on certain fixed assets of the company.

The bank overdraft is secured by a fixed and floating charge over certain assets of the company and a guarantee provided by its subsidiary company Cookson and Zinn (PTL) Limited.

15 PROVISIONS FOR LIABILITIES AND CHARGES:

	<u>2005</u>	<u>2004</u>
	£	£
Provision for product recall programme	-	267,422
Deferred Tax	<u>21,235</u>	<u>11,690</u>
	<u>21,235</u>	<u>279,112</u>
Provision for product recall programme:		
At 1 April 2004		267,422
Released in the year against associated debtor		<u>(267,422)</u>
At 31 March 2005		<u>-</u>

16 DEFERRED TAXATION

The movement in deferred taxation during the current year and previous years are as follows:

	<u>2005</u>	<u>2004</u>
	£	£
At 1 April 2004	(11,690)	17,824
Charge for year	(9,545)	(29,514)
At 31 March 2005	<u>(21,235)</u>	<u>(11,690)</u>

The amounts of the deferred taxation (liabilities)/ assets provided and unprovided in the accounts are as follows:

	<u>Provided</u>	<u>Provided</u>	<u>Unprovided</u>	<u>Unprovided</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	£	£	£	£
Accelerated capital allowances	(26,188)	(13,029)	-	-
Other timing differences	<u>4,953</u>	<u>1,339</u>	-	-
	<u>(21,235)</u>	<u>(11,690)</u>	<u>-</u>	<u>-</u>

17 CALLED-UP SHARE CAPITAL:

Authorised:	<u>2005</u>	<u>2004</u>
	£	£
14,706 ordinary shares of £1 each	14,706	14,706
4,902 'A' ordinary shares of £1 each	4,902	4,902
60,400 11 % cumulative redeemable preference shares of £1 each	<u>60,400</u>	<u>60,400</u>
	<u>80,008</u>	<u>80,008</u>
Allotted, called-up and fully paid:		
14,706 ordinary shares of £1 each	14,706	14,706
4,902 'A' ordinary shares of £1 each	<u>4,902</u>	<u>4,902</u>
	<u>19,608</u>	<u>19,608</u>

NOTES TO THE ACCOUNTS (Continued)

17 CALLED-UP SHARE CAPITAL (Continued)

Distribution of Profits:

Equity

'A' ordinary shareholders have a preferential right to 8% of the first £500,000 of profit before taxation of the company and its subsidiaries and 5% of the excess over £500,000, in each financial year, as well as to participate equally with ordinary shareholders. No ordinary dividends shall be paid in any financial year unless any preference dividend in respect of the preference shares, or preferential dividend in respect of the 'A' ordinary shares have been paid or until all preference shares which have fallen due for redemption have been redeemed. Any ordinary dividend shall not exceed the dividend paid on each 'A' ordinary share.

Allocation of Capital:

On a return of capital on a winding up, or a capital reduction or otherwise:

- a) The holders of the preference shares shall receive (provided sufficient assets exist) £1 per share together with any arrears of preference dividend.
- b) The holders of the 'A' ordinary shares shall receive (provided sufficient assets exist) £1 per share together with any arrears of dividend.
- c) Any surplus assets arising after, first, the repayment of (a) and (b) above and, second, the repayment of £1 per share to the holders of each of the ordinary shares shall be distributed amongst the holders of the 'A' ordinary shares and the ordinary shares (pari passu as if the same constituted one class of share) in proportion to the amounts paid up or credited as paid up on these shares.

Other rights:

The holders of 'A' ordinary shares may at any time convert the whole of their 'A' ordinary shares into a like number of ordinary shares. Each of the 'A' ordinary, and ordinary shares carry one vote. The preference shares do not carry a vote. Details of dividends paid and proposed appear in Note 8.

18 RELATED PARTY TRANSACTIONS:

J.Boudry, a director of PetroTechnik Limited, controls the company as a result of controlling 51% of the issued share capital of PetroTechnik Limited.

Limit AB and PetroTeknik AB, of which J. Ageheim is a director and shareholder, supplied goods and consultancy services during the year amounting to £66,867 (2004 - £40,705). Included in trade creditors at the year end was £11,233 (2004 - £10,352) due to PetroTechnik AB. Sale of goods to PetroTeknik AB in the normal course of business during the year amounted to £478,523 (2004 - £310,456). Included in trade debtors at the year end was £131,525 (2004 - £157,584) due from PetroTeknik AB.

MSD Solutions Limited, of which M.Duguid is a director and shareholder, provided consultancy services to the company during the year of £25,257 (2004 - £23,974). Included within trade creditors was £nil (2004 - £2,365) due to MSD Solutions Limited.

NOTES TO THE ACCOUNTS (Continued)

19 ANALYSIS OF RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS:

<u>2004</u>	Ordinary Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Account £	Total Shareholder Funds £
Beginning of year	19,608	9,994	60,400	2,561,311	2,651,313
Profit for year	-	-	-	258,602	258,602
Dividends paid and proposed	-	-	-	(63,680)	(63,680)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>2,756,233</u>	<u>2,846,235</u>

<u>2005</u>	Ordinary Share Capital £	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Account £	Total Shareholder Funds £
Beginning of year	19,608	9,994	60,400	2,756,233	2,846,235
Profit for year	-	-	-	285,345	285,345
Dividends paid and proposed	-	-	-	(194,559)	(194,559)
End of year	<u>19,608</u>	<u>9,994</u>	<u>60,400</u>	<u>2,847,019</u>	<u>2,937,021</u>

Of the total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:-

	<u>2005</u>	<u>2004</u>
Distributable:	£	£
- profit and loss account	2,847,019	2,756,233
Non-distributable:		
- share premium account	9,994	9,994
- capital redemption reserve	60,400	60,400
Total reserves	<u>2,917,413</u>	<u>2,826,627</u>

20 GUARANTEES AND OTHER FINANCIAL COMMITMENTS:

	<u>2005</u>	<u>2004</u>
a) Capital commitments	£	£
Contracted for but not provided in the accounts	<u>-</u>	<u>-</u>
b) Lease commitments		

The company leases certain land and buildings on a short term lease at the rate of £110,000 per annum. The company is responsible for the insurance of the building.

The minimum annual rental payable under the lease is as follows:-

	<u>2005</u>	<u>2004</u>
Operating leases which expire:	£	£
- within 2 to 5 years	<u>110,000</u>	<u>110,000</u>
	<u>110,000</u>	<u>110,000</u>

c) Contingent liabilities

At 31 March 2005 the company had given a bond to H M Customs & Excise totalling £40,000 (2004 - £40,000) in the normal course of business.

NOTES TO THE ACCOUNTS (Continued)

21 ANALYSIS OF CASH FLOWS:

	<u>2005</u>	<u>2004</u>
	£	£
Returns on Investments and Servicing of Finance		
Dividend received	57,137	67,195
Interest received	22,078	15,719
Interest paid	(4,924)	(5,543)
Hire Purchase interest paid	(3,280)	(2,774)
	<u>71,011</u>	<u>74,597</u>
 Capital Expenditure		
Payments to acquire tangible and intangible fixed assets	(159,057)	(127,906)
Receipts from sale of tangible fixed assets	10,000	-
	<u>(149,057)</u>	<u>(127,906)</u>
 Financing		
New loans received	64,000	-
Capital element of hire purchase contracts & loans	(31,979)	(24,008)
	<u>32,021</u>	<u>(24,008)</u>

22 ANALYSIS OF CHANGES IN NET FUNDS

	<u>Beginning of year</u>	<u>Other</u>	<u>Cash Flows</u>	<u>End of year</u>
	£	non-cash £	£	£
Cash at bank and in hand	733,983	-	(416,468)	317,515
Bank Overdraft	-	-	(251,158)	(251,158)
			<u>(667,626)</u>	
Hire purchase contracts	(20,922)	(30,725)	20,171	(31,476)
Other Loans	-	-	(52,192)	(52,192)
	<u>713,061</u>	<u>(30,725)</u>	<u>(699,647)</u>	<u>(17,311)</u>

23 PENSIONS

The company operates a defined contribution scheme. Contributions are charged to the profit and loss account as incurred and the charge for the year was £52,021 (2004 £56,371). The outstanding contributions included within accruals at the balance sheet date were £16,510 (2004 £4,456).