

ANNUAL REPORT 1999

CRODA WORLD TRADERS LTD

Registered Number: 155113



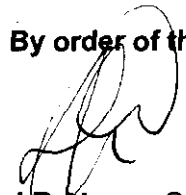
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the eighty-first Annual General Meeting of the Company will be held at Cowick Hall, Snaith, Goole, East Yorkshire DN14 9AA on Tuesday 25 April at 10.00 am.

Ordinary business

1. To receive and consider the directors' report and the audited accounts for the year ended 31 December 1999.
2. To ratify dividends.
3. To re-elect directors.
4. To re-appoint PricewaterhouseCoopers as auditors of the company and to authorise the directors to determine their remuneration.
5. To transact any other ordinary business.

By order of the Board



J R Ainger Secretary
Cowick Hall
Snaith
Goole
East Yorkshire
DN14 9AA

21 March 2000

Any member of the company entitled to attend and vote at the meeting may appoint another person or persons as his proxy to attend and vote instead of him. A proxy need not be a member of the company.

To be valid, instruments appointing proxies and powers of attorney, or other authorities under which they are signed, must be deposited at the registered office of the company not less than 48 hours before the meeting.

CRODA WORLD TRADERS LTD

DIRECTORS

Directors

A R Fenney Managing Director
G D Bull
M Humphrey
Mrs B M Richmond

Secretary and Registered Office

J R Ainger
Cowick Hall
Snaith
Goole
East Yorkshire
DN14 9AA

Auditors

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors
Southwark Towers
32 London Bridge Street
London SE1 9SY

Bankers

National Westminster Bank Plc
19 Silver Street
Hull
HU1 1JQ

Cowick Hall, Snaith, Goole, East Yorkshire DN14 9AA
Telephone 01405 860551 Fax 01405 861767

CRODA WORLD TRADERS LTD

REPORT OF THE DIRECTORS FOR 1999

The directors submit their annual report and the audited accounts for the year ended 31 December 1999.

1. Activities of the company

The principal activities are centred on the processing of gelatin, food acids, proteins, fire fighting chemicals and technical oils which the directors regard as a single class of business.

2. Review of business activities

An increase in profitability was helped by focusing on new and unique non-animal derived products for healthcare, personal care and food. There were also good performances in technical oils and especially in fire-fighting chemicals which moved forward strongly.

3. Profit and appropriations

Details of the profit and appropriations appear in the profit and loss account on page 6.

4. Directors

Interests and contracts

No director had any beneficial interest in the share capital of Croda World Traders Ltd.

The beneficial interests of the directors in the share capital of the ultimate parent company (including holdings of their families), are disclosed in that company's Annual Report.

Changes in directors

The director retiring by rotation is A R Fenney. He does not have a service agreement with the company. G E Bates retired as a director of the company on 12 May 1999.

5. Tangible fixed assets

Details of tangible fixed asset changes during the year are summarised in note 5 to the accounts on page 11.

6. Charitable and political donations

Charitable donations made by the company during the year amounted to £3,812 (1998: £2,660). No donation was made for political purposes.

7. Employment policies

The company's employment policies encourage the provision of employment opportunities for disabled people, racial minorities and other disadvantaged groups. The company endeavours to keep its employees well informed about the progress of their company.

8. Supplier payment policy

The company's policy concerning the payment of suppliers is that each operating unit agrees terms of payment at the beginning of business or makes the supplier aware of the standard payment terms, and pays in accordance with these terms or other legal obligations. At 31 December 1999, the company had an average of 29 days purchases outstanding in trade creditors.

CRODA WORLD TRADERS LTD
REPORT OF THE DIRECTORS FOR 1999
(continued)

9. Research and development

Each manufacturing division carries out its own research and development programmes to suit its own particular market and product needs.

10. Statement of directors' responsibilities

The following statement, which should be read in conjunction with the report of the auditors set out on page 5, is made with a view to *distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.*

The directors are required by the Companies Act 1985 to prepare financial statements 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 for the financial year.

The directors consider that, in preparing the financial statements on pages 6 to 15 inclusive, the Company has used appropriate accounting policies, applied in a consistent manner and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

11. Auditors

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution regarding their reappointment will be presented to the Annual General Meeting.

12. Shareholders

The company is a wholly owned subsidiary of Croda International Plc, a company registered in England.

13. Year 2000 Compliance

Croda World Traders Limited is a wholly owned subsidiary of Croda International Plc. A Year 2000 Compliance statement relating to the Croda International Plc group appears in that company's Annual Report.

By Order of the Board



J R Ainger Secretary

25 February 2000

PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds LS1 4JP
Telephone +44 (0) 113 289 4000
Facsimile +44 (0) 113 289 4460

AUDITORS' REPORT TO THE MEMBERS OF CRODA WORLD TRADERS LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established 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.

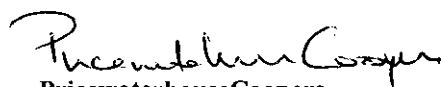
Basis of audit opinion

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 affairs of the company at 31 December 1999 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

25 February 2000

CRODA WORLD TRADERS LTD
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

	NOTES	1999 £000	1998 £000
Turnover	1	69,768	73,278
Cost of sales		(57,288)	(63,413)
Gross profit		12,480	9,865
Distribution costs		(3,104)	(2,937)
Administrative expenses		(3,836)	(3,534)
Operating profit	2	5,540	3,394
Net interest payable	3	(271)	(607)
Profit on ordinary activities before taxation		5,269	2,787
Tax on profit on ordinary activities	4	(1,660)	(675)
Profit on ordinary activities after taxation		3,609	2,112
Dividends - interim ordinary dividend paid		(4,000)	(1,500)
Transfer (from)/to reserves		(391)	612

There were no recognised gains or losses except for those included above in the profit and loss account.

There is no material difference between the result as disclosed in the profit and loss account and the result on an historical cost basis.

Movements in shareholders' funds are shown in note 15 to the accounts on page 14.

All amounts above relate to continuing operations.

CRODA WORLD TRADERS LTD
BALANCE SHEET AT 31 DECEMBER 1999

	NOTES	31 December 1999 £000	31 December 1998 £000
Fixed assets			
Tangible assets	5	25,518	26,926
Investments in subsidiary undertakings	8	2,748	2,748
		<u>28,266</u>	<u>29,674</u>
Current assets			
Stocks	9	7,008	8,456
Debtors	10	16,132	11,031
Cash at bank and in hand		6,378	2,912
		<u>29,518</u>	<u>22,399</u>
Creditors: amounts falling due within one year	11	<u>(21,834)</u>	<u>(17,018)</u>
Net current assets		7,684	5,381
Total assets less current liabilities		<u>35,950</u>	<u>35,055</u>
Creditors: amounts falling due after more than one year	12	(20,824)	(19,538)
		<u>15,126</u>	<u>15,517</u>
Capital and reserves			
Called up share capital	14	7,963	7,963
Revaluation reserve	15	2,557	2,557
Profit and loss account	15	4,606	4,997
Shareholders' funds		<u>15,126</u>	<u>15,517</u>

Shareholders' funds include non-equity interests of £750,000 (1998: £750,000).

Signed on behalf of the Board who
approved the accounts on 25 February 2000


A R Fenney
Managing Director

CRODA WORLD TRADERS LTD ACCOUNTING POLICIES

Basis of accounting

The accounts are prepared under the historical cost convention, as modified by the periodic revaluation of properties, in compliance with the provisions of the Companies Act 1985 and applicable United Kingdom Accounting Standards.

Consolidated accounts are not presented as the company is a wholly owned subsidiary of Croda International Plc, a company registered in England.

Properties

The principal properties are valued on an open market existing use basis by professional valuers from time to time, in order to reflect in the accounts the current values of properties. The profit or loss on disposal of properties represents the difference between the net proceeds of sale and the net book value and is included in the profit and loss account.

Leased assets

The cost of operating leases is charged to the profit and loss account as incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write down the cost of all tangible fixed assets, except freehold land, over their estimated useful lives on a straight line basis. The estimated average life for each major asset category is:

Freehold buildings	40 years
Leasehold land and buildings	lesser of term of lease and 40 years
Plant and equipment	10 years
Vehicles - cars	3
- lorries and other vehicles	5 years

Retirement benefits

The retirement benefit obligations of the company are financed by contributions to separate funds. The contributions which are made on the basis of actuarial advice, are taken to the profit and loss account as paid.

Stocks

Stocks are stated at the lower of cost and net realisable amount on a first in first out basis. Cost comprises all expenditure, including related production overheads, incurred in the normal course of business in bringing the stock to its location and condition at the balance sheet date.

Research and development expenditure

Expenditure on research and development, other than on tangible fixed assets, is written off against profits as incurred.

Currency translations

Assets and liabilities are translated at the exchange rates ruling at the end of the financial period. Exchange profits or losses realised on trading transactions are included in trading results.

CRODA WORLD TRADERS LTD
ACCOUNTING POLICIES (Continued)

Deferred taxation

No provision is made for taxation deferred because of timing differences between profits as computed for taxation purposes and profits as stated in the accounts except to the extent that such taxation is likely to be payable in the foreseeable future. Timing differences are due primarily to the differences of tax allowances on tangible fixed assets and the corresponding depreciation charged to the accounts.

Cash flow

The company is a wholly owned subsidiary of Croda International Plc and is included in the consolidated financial statements of this company which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

1. Turnover

The geographical analysis of sales by market area is as follows:

	1999 £000	1998 £000
United Kingdom	41,373	47,257
Europe	10,387	10,758
Americas	7,827	7,600
Australasia	740	441
Africa and Asia	9,441	7,222
	<u>69,768</u>	<u>73,278</u>

2. Operating profit

The operating profit is stated after charging

	1999 £000	1998 £000
Depreciation	3,237	3,210
Redundancy costs	132	237
Staff costs (note 17)	10,118	10,388
Auditors' remuneration	60	58
Management charge from parent company	1,000	1,000
Hire charges under operating leases		
- plant	177	153
- other	66	66
Research and development	723	695

3. Net interest payable

	1999 £000	1998 £000
Bank overdrafts	672	1,072
Less: interest receivable	(401)	(465)
	<u>271</u>	<u>607</u>

4. Tax on profit on ordinary activities

	1999 £000	1998 £000
United Kingdom taxation		
Corporation tax		
- current	1,761	830
- prior year over provision	(121)	(155)
Overseas withholding tax	20	-
	<u>1,660</u>	<u>675</u>

United Kingdom corporation tax has been provided at the rate of 30.25% (1998 - 31%).

The tax charge is increased by £167,000 above the statutory rate due primarily to costs on which tax relief is not available and in respect of movements on deferred tax not provided. This amounted to an increased charge of £30,000 in respect of depreciation in excess of capital allowances (1998 - £115,000 benefit).

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

5. Tangible fixed assets

	Land and buildings			Plant and equipment	Total
	Freehold	Long Leasehold	Short Leasehold		
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 January 1999	11,062	840	3	44,471	56,376
Additions from group undertakings	-	-	-	42	42
External additions	165	-	-	1,808	1,973
External disposals	-	-	-	(450)	(450)
Disposals to group undertakings	-	-	-	(16)	(16)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	11,227	840	3	45,855	57,925
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 January 1999	1,200	151	-	28,099	29,450
Additions from group undertakings	-	-	-	2	2
External disposals	-	-	-	(277)	(277)
Disposals to group undertakings	-	-	-	(5)	(5)
Charge for year	189	17	-	3,031	3,237
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	1,389	168	-	30,850	32,407
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount					
At 31 December 1999	9,838	672	3	15,005	25,518
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	9,862	689	3	16,372	26,926
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

6. Tangible fixed assets restated to historical cost

	1999 £000
Land and buildings analysis	
Cost	6,687
Valuations: 1988	5,383
	<hr/>
	12,070
Less: revaluation surpluses	(719)
	<hr/>
Historical cost	11,351
Less: depreciation	(3,030)
	<hr/>
Net historical cost value at 31 December 1999	8,321
	<hr/>
Net historical cost value at 31 December 1998	8,412
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CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

7. Commitments

	1998 £000	1998 £000
Capital projects		
At 31 December 1999 the directors had authorised the following expenditure on capital projects		
- contracted but not provided for	1,384	314
	<hr/>	<hr/>
Operating leases	Land & Buildings £000	Other £000
At 31 December 1999 the company's annual commitments in respect of operating leases were		
Leases which expire		
- in less than one year	17	2
- in one to five years	-	39
- after five years	5	-
	<hr/>	<hr/>
	22	41
	<hr/>	<hr/>

8. Investments in subsidiary undertakings

	£000
Cost less amounts written off	
At 1 January 1999 and 31 December 1999	2,748
	<hr/>

Shares in subsidiary undertakings are stated at cost less amounts written off.

The principal subsidiary undertakings are listed below. All companies are wholly owned and are dormant. A full list of subsidiary undertakings is attached to the company's latest annual return as required by S.231 Companies Act 1985.

United Kingdom subsidiary undertakings
(Registered in England)

Croda Bakery Services Ltd
John L Seaton & Company Ltd
Croda Food Services Ltd
Croda Kerr Ltd
ABC Powder Co Ltd

In the opinion of the directors the value of the investments in subsidiary undertakings is not less than the amounts at which they are stated in the balance sheet.

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

9. Stocks

	1999 £000	1998 £000
Raw materials	1,932	2,698
Work in progress	1,495	1,162
Finished stocks	3,581	4,596
	<u>7,008</u>	<u>8,456</u>

The replacement cost of stocks held at 31 December 1999 and 31 December 1998 was not materially different from the amounts shown above.

10. Debtors

	1999 £000	1998 £000
Falling due within one year		
Trade debtors	10,429	9,700
Amounts owed by Croda International Plc	1,468	-
Amounts owed by group undertakings	3,755	738
Amounts owed by associated undertakings	47	-
Other debtors	154	337
Prepayments and accrued income	279	256
	<u>16,132</u>	<u>11,031</u>

11. Creditors: amounts falling due within one year

	1999 £000	1998 £000
Bank loans and overdrafts	9,428	10,382
Trade creditors	3,930	3,440
Amounts due to Croda International Plc	1,634	66
Amounts due to group undertakings	3,134	162
Corporate taxation	1,761	830
Other taxation and social security	132	131
Other creditors	148	171
Accruals and deferred income	1,667	1,836
	<u>21,834</u>	<u>17,018</u>

12. Creditors: amounts falling due after more than one year

	1999 £000	1998 £000
Amounts due to Croda International Plc	<u>20,824</u>	<u>19,538</u>

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

13. Deferred taxation

	1999	1998
	£000	£000
Potential amount for all timing differences		
Timing differences due to		
- Excess of capital allowances over depreciation	3,140	3,165
- Capital gains deferred by roll over relief	496	496
	3,636	3,661

United Kingdom potential deferred taxation is based on a rate of corporation tax of 30% (1998 - 30%).

No provision for deferred taxation is made in the accounts because in the opinion of the directors no such taxation is likely to be payable in the foreseeable future.

14. Share capital

	Authorised		Allotted, called up and fully paid	
	1999	1998	1999	1998
	£000	£000	£000	£000
Ordinary shares of 25p	8,000	8,000	7,213	7,213
4.9% cumulative preference shares of £1	750	750	750	750
	8,750	8,750	7,963	7,963

15. Shareholders' funds

	Share capital £000	Revaluation reserve £000	Profit And loss £000	Total Share-Holders' Funds £000
At 1 January 1999	7,963	2,557	4,997	15,517
Profit for the financial year	-	-	3,609	3,609
Dividends	-	-	(4,000)	(4,000)
At 31 December 1999	7,963	2,557	4,606	15,126

16. Pension obligations

The company's employees are members of group schemes.

The principal schemes are of the defined benefit type with assets held in separate trustee administered funds.

Details of the latest actuarial valuations and the assumptions underlying them are contained in the financial statements of Croda International Plc, the ultimate parent company.

CRODA WORLD TRADERS LTD
NOTES TO THE ACCOUNTS

17. Directors and employees

Directors' remuneration

None (1998 - none) of the directors received any emoluments as directors of Croda World Traders Ltd.

Employment costs

Employment costs of all employees

	1999 £000	1998 £000
Wages and salaries	9,184	9,512
Social Security costs	721	738
Pension costs	213	138
	<u>10,118</u>	<u>10,388</u>

Employee numbers

	1999 Number	1998 Number
The average number of persons employed was	<u>426</u>	<u>462</u>

18. Related party transactions

Advantage has been taken of the exemption available under Financial Reporting Standard 8 from disclosing transactions with other group undertakings. There were no other material related party transactions during the year.

19. Ultimate parent company

The ultimate parent company is Croda International Plc, a company registered in England. Croda International Plc Group is the largest and smallest group of which the company is a member and for which Group accounts are prepared. Copies of the Group Accounts can be obtained from the Company Secretary at the registered office of the company.