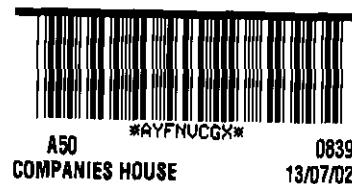




BBA Overseas Holdings Limited

Financial statements 31 December 2001
together with directors' and auditors' reports

Registered number: 885456



Directors and advisors

Directors

R V McGlone

S M F Shaw

A R Wood (appointed 31 May 2001)

Secretary

S M F Shaw

Registered office

70 Fleet Street

London

EC4Y 1EU

Auditors

Arthur Andersen

180 Strand

London

WC2R 1BL

Directors' report

For the year ended 31 December 2001

The directors present their report, together with the audited financial statements of the Company, for the year ended 31 December 2001

Principal activity and business review

The principal activity of the Company is that of an investment holding company.

Results and dividends

The results for the year are shown in the profit and loss account on page 6.

During the year the directors paid an interim dividend of £60,000,000 (2000 - £nil) and do not recommend the payment of a final dividend (2000 - £nil).

Directors and their interests

The directors who held office during the year were:

R V McGlone

S M F Shaw

A R Wood (appointed 31 May 2001)

R V McGlone and A R Wood are also directors of BBA Group plc, the Company's ultimate parent company. Their interests in shares of that company are disclosed in the group financial statements which are available to the public. The other director in office at the end of the year had interests in the shares of BBA Group plc as follows:

	25p Ordinary Shares			
	Shares held		Share Option Schemes	
	1 January 2001	31 December 2001	1 January 2001	31 December 2001
S M F Shaw	9,757	17,390	22,393	122,893

In addition as at 31 December 2001, S M F Shaw had been awarded 113,707 restricted shares (2000 - 62,140) and 28,940 matched shares (2000 - 16,214) under the BBA Group Long Term Incentive Plan. Further details of this Plan can be found in the BBA Group plc group financial statements.

Directors' report (continued)

Directors' responsibilities for the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the Company's affairs at the end of the year and of the profit or loss of the Company for the year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

70 Fleet Street
London
EC4Y 1EU

By Order of the Board,



S M F Shaw
Secretary

5 July 2002

To the shareholders of BBA Overseas Holdings Limited:

We have audited the financial statements of BBA Overseas Holdings Limited for the year ended 31 December 2001 which comprise the Profit and loss account, Balance sheet, Statement of total recognised gains and losses and related notes numbered 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company, 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 2001 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen

Chartered Accountants and Registered Auditors

180 Strand
London
WC2R 1BL

5 July 2002

Profit and loss account

For the year ended 31 December 2001

	Notes	2001 £	2000 £
Dividend income from shares in group companies		48,009,290	-
Administrative expenses	2	-	(631,500)
Operating profit/(loss)		48,009,290	(631,500)
Interest receivable and similar income and expenses	3	108	223
Profit/(loss) on ordinary activities before taxation	4	48,009,398	(631,277)
Tax on profit on ordinary activities	6	-	-
Profit/(loss) on ordinary activities after taxation		48,009,398	(631,277)
Dividends paid	7	(60,000,000)	-
Retained loss for the year		(11,990,602)	(631,277)

Statement of total recognised gains and losses

For the year ended 31 December 2001

		2001 £	2000 £
Loss for the financial year		(11,990,602)	(631,277)
Revaluation of investment in subsidiary undertaking	12	27,940,508	56,160,917
Exchange adjustments on retranslation of investments	12	3,438,930	30,724,043
Exchange adjustments on retranslation of foreign currency borrowings	12	(4,418,355)	(8,000,449)
Total recognised gains and losses for the year		14,970,481	78,253,234

A statement of movements in reserves is set out in note 12.

Operating profits are wholly derived from continuing operations.

There is no material difference between the results as disclosed in the profit and loss account and their historical cost equivalent.

The accompanying notes are an integral part of these financial statements.

Balance sheet
At 31 December 2001

	Notes	2001 £	2000 £
Fixed assets			
Investments			
- Shares in group undertakings	8	<u>1,189,075,236</u>	<u>1,157,695,798</u>
Current assets			
Debtors	9	721,342,726	556,028,471
Cash at bank and in hand		<u>6</u>	<u>2,210</u>
		721,342,732	556,030,681
Current liabilities			
Creditors: amounts falling due within one year	10	<u>(314,087,830)</u>	<u>(305,758,737)</u>
Net current assets		<u>407,254,902</u>	<u>250,271,944</u>
Total assets less current liabilities		1,596,330,138	1,407,967,742
Creditors: amounts falling due after one year		<u>(435,407,413)</u>	<u>(262,015,498)</u>
Net assets		<u>1,160,922,725</u>	<u>1,145,952,244</u>
Capital and reserves			
Called-up share capital	11	165,877,445	165,877,445
Share premium account	12	396,283,214	396,283,214
Revaluation reserve	12	375,467,933	344,088,495
Capital reserve	12	176,645,383	176,645,383
Profit and loss account	12	<u>46,648,750</u>	<u>63,057,707</u>
Equity shareholders' funds	13	<u>1,160,922,725</u>	<u>1,145,952,244</u>

These financial statements were approved by the Board of Directors on 5 July 2002 and are signed on its behalf by:



S M F Shaw
Director

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

Notes to the financial statements

For the year ended 31 December 2001

1 Accounting policies

The principal accounting policies are set out below and have been applied consistently throughout the current and preceding years.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of BBA Group plc which prepares consolidated financial statements which are publicly available. The Company is also, on this basis, exempt from the requirement of FRS 1 to present a cash flow statement.

b) Investments

Following the transfer of all of the Company's equity investments to BBA International Investments SARL (BIIS) in 1999, the directors decided to include the Company's investment in BIIS at their estimate of its value, based on the underlying values of BIIS's subsidiary undertakings. The directors believe that this provides more useful information in respect of this investment. The carrying value is allocated between the different currencies of the underlying investments. The uplift in valuation of approximately £31m, recorded in 2001 (2000 - £87m), has been taken to the Revaluation Reserve in the Balance Sheet (note 12).

The carrying value of the Company's investment in BIIS will be reviewed annually for impairment in accordance with Financial Reporting Standard No. 11.

c) Dividends

Dividends from subsidiary and associated undertakings are only recognised if received or declared prior to the balance sheet date.

d) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling using the rates of exchange at the balance sheet date.

Exchange differences arising from the translation of foreign currency loans which are used to finance equity investments are taken directly to reserves. When the hedge ceases to apply as a result of repayment of borrowings, the investments will be carried at cost retranslated at the date at which the hedge ceased to apply. Other exchange differences are reflected in the profit and loss account.

Notes to the financial statements (continued)

1 Accounting policies (continued)

e) Taxation

Provision for United Kingdom corporation tax on profits of the Company is made in the financial statements of the ultimate holding company. The ultimate holding company also makes provision under the liability method for United Kingdom deferred taxation arising from accelerated taxation allowances on capital expenditure and other timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

f) Related party transactions

Under Financial Reporting Standard No. 8, the Company is exempt from disclosing related party transactions with other group companies as over 90% of the voting rights are controlled within the group and the ultimate parent company, BBA Group plc, has prepared consolidated financial statements which include the results of the Company for the year and are available to the public.

2 Administrative expenses

	2001 £	2000 £
Administrative expenses	-	631,500

The exceptional loss in 2000, charged to administrative expenses, resulted from the write-off of the Company's investment in two dormant subsidiaries.

3 Interest receivable and similar income and expenses

	2001 £	2000 £
Bank interest income	108	223

Notes to the financial statements (continued)

4 Profit on ordinary activities before taxation

Audit fees in the current year have been borne by the ultimate parent company. During the year the Company paid £nil in respect of non-audit services (2000- £nil).

5 Staff numbers and costs

There were no full time employees (2000 – nil) other than directors during the current or preceding years and the aggregate payroll costs were £nil (2000 - £nil). No director received any remuneration from the Company in the current or preceding years in respect of services to the Company.

6 Taxation on profit on ordinary activities

Subsequent to the adoption of an agreement between the Company and the ultimate parent company, the latter will meet all United Kingdom corporate tax liabilities relating to the profits of the Company, so long as the Company remains a member of the BBA Group. The tax charge is calculated at 30% of taxable profits (2000 – 30%) and is reflected in the financial statements of the ultimate parent company.

The tax charge comprises

	2001 £	2000 £
UK corporation tax at 30% (2000: 30%)	20,576,000	-
Relief from overseas taxation	(20,576,000)	-
	<u>-</u>	<u>-</u>

7 Dividend

	2001 £	2000 £
Interim dividend paid	<u>60,000,000</u>	<u>-</u>

8 Investments

	Shares in subsidiary undertakings £
Value at beginning of year	1,157,695,798
Revaluation	27,940,508
Exchange differences	<u>3,438,930</u>
Value at end of year	<u>1,189,075,236</u>

Notes to the financial statements (continued)

8 Investments (continued)

The revaluation of the Company's single directly held subsidiary reflects the acquisition and disposal of any indirectly held subsidiary undertakings during the year.

Principal operating subsidiary undertakings are as follows:

	Country of incorporation and principal operation	% of ordinary capital owned by the Company
Lynton Group Inc.	USA	100.0*
Ozone Industries Incorporated	USA	100.0*
Reemay Incorporated	USA	100.0*
Signature Flight Support Corporation	USA	100.0*
Dallas Airmotive Incorporated	USA	100.0*
International Turbine Services Incorporated	USA	100.0*
DAI Airwork Corporation	USA	100.0*
AQF Technologies LLC	USA	100.0*
Texstars Incorporated	USA	100.0*
British Belting & A SA	Spain	97.7*
Snow Filtration LLC	USA	100.0*
Becorit GmbH	Germany	100.0*
BBA Nonwovens Washougal Incorporated	USA	100.0*
BBA Nonwovens Simpsonville Incorporated	USA	100.0*
Fiberweb France SA	France	100.0*
Fiberweb Neuberger SpA	Italy	100.0*
Korma SpA	Italy	100.0*
Fiberweb Sweden AB	Sweden	100.0*
Corovin GmbH	Germany	100.0*
BBA Nonwovens Canada Limited	Canada	100.0*
Veratec de Mexico SA de CV	Mexico	100.0*
Agriweb SA	France	100.0*
Signature Flight Support Paris SA	France	75.0*

* Shares owned by subsidiary undertaking.

The share capital of each company consists of ordinary shares. The Company also has an indirect investment in associated undertakings comprising a 50% holding in Apex Scandura Pty Limited (Australia).

The Company's only direct investment at 31 December 2001 and 2000 was 100% ownership of the preference and ordinary share capital of BIIS, an investment holding company incorporated in Luxembourg. The nature of the principal operating subsidiaries are set out in the group accounts of the ultimate parent company.

Notes to the financial statements (continued)

9 Debtors

	2001 £	2000 £
Loan amount owed by BBA Group plc - GBP		
- Amount due after one year	248,504,382	248,504,382
- Amount due within one year	472,838,344	307,524,089
	<u>721,342,726</u>	<u>556,028,471</u>

10 Creditors

	2001 £	2000 £
Amounts payable within one year:		
Amounts due to BBA Group plc	3,743,002	3,745,315
Loan amount owed to BBA Group plc – USD 450m	310,344,828	302,013,422
	<u>314,087,830</u>	<u>305,758,737</u>
Amounts payable after one year:		
Loan amount owed to BBA Group plc – USD 500m	344,827,586	167,785,235
Loan amount owed to BBA Group plc – EURO 125m	76,219,512	78,616,352
Loan amount owed to BBA Group plc – SEK 220m	14,360,315	15,613,911
	<u>435,407,413</u>	<u>262,015,498</u>

The loans falling due after one year have a maturity date of 31 December 2010. All intergroup loans are non interest bearing.

11 Share capital

	2001 £	2000 £
<i>Authorised</i>		
521,000,000 ordinary shares of £1 each	<u>521,000,000</u>	<u>521,000,000</u>
<i>Allotted, called-up and fully paid</i>		
165,877,445 ordinary shares of £1 each	<u>165,877,445</u>	<u>165,877,445</u>

Notes to the financial statements (continued)

12 Reserves

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £
Beginning of year	396,283,214	344,088,495	176,645,383	63,057,707
Retained loss for the financial year	-	-	-	(11,990,602)
Revaluation of investment in subsidiary	-	27,940,508	-	-
Exchange adjustments on retranslation of investments	-	3,438,930	-	-
Exchange adjustments on retranslation of foreign currency borrowings	-	-	-	(4,418,355)
End of year	<u>396,283,214</u>	<u>375,467,933</u>	<u>176,645,383</u>	<u>46,648,750</u>

13 Movement in equity shareholders' funds

	2001 £	2000 £
Profit/(loss) for the financial year	48,009,398	(631,277)
Dividends paid	(60,000,000)	-
Exchange adjustments taken to reserves	(4,418,355)	(8,000,449)
Exchange adjustments on retranslation of investments	3,438,930	30,724,043
Revaluation of investment in subsidiary undertaking	27,940,308	56,281,456
Increase in shareholders' funds	14,970,481	78,253,234
Opening shareholders' funds	<u>1,145,952,244</u>	<u>1,067,699,010</u>
Closing shareholders' funds	<u>1,160,922,725</u>	<u>1,145,952,244</u>

14 Ultimate parent company

The ultimate parent company is BBA Group plc which is registered in England and Wales. BBA Group plc is the only company which prepares group financial statements incorporating the financial statements of the Company. These group financial statements are available to the public from the Company Secretary of BBA Group plc at 70 Fleet Street, London, EC4Y 1EU.