

VICTAULIC LIMITED

(formerly Victaulic PLC)

Directors' Report and Accounts

31 December 1999

Co No. 1698059



REPORT OF THE DIRECTORS

The directors present their report for the year ended 31 December 1999, together with the audited accounts of the company.

1. Change of legal status

On the 26 April 2000 the company was reregistered as a private limited company.

2. Principal activities

The business of the company is that of a holding company for certain trading overseas subsidiaries and a number of non-trading subsidiaries of Glynwed International plc. The future profitability of the company is dependent on the policy of the ultimate holding company regarding subsidiary companies.

3. Review of activities and future developments

The profit and loss account is set out on page 5. The directors recommend that no dividend is paid in respect of the year ended 31 December 1999 (1998: £Nil).

4. Directors

The directors of the company during the period were:-

J C Blakeley	(resigned 31 December 1999)
A J Wilson	
D J Solomon	(appointed 4 May 1999)
Glynwed Group Services Limited	(appointed 31 December 1999)

5. Directors' interests

The interests of DJ Solomon of the company at 31 December 1999 according to the register kept under Section 325 of the Companies Act 1985 are shown below and the interests of JC Blakeley and AJ Wilson are shown in the accounts of the ultimate holding company, Glynwed International plc.

Under the Glynwed International Senior Executive Share Option Scheme (SESOS) and the Glynwed International Savings Related Share Option Scheme (SRSOS), the options are exercisable as set out below:

Scheme and option price	Exercisable period
SESOS @ 200p	7 years to September 2002
SESOS @ 288p	7 years to April 2007
SRSOS @ 243p	6 months to December 2000
SRSOS @ 199p	5 years to October 2004

5. Directors' interests (continued)

Glynwed International plc Ordinary shares of 25p each					
	At beginning of year or date of appointment	Options granted	Options exercised	At end of year	Market price at exercise
	Number	Number	Number	Number	p
D J Solomon					
Shares	5,120	-	-	5,120	-
SESOS @ 200p	5,000	-	-	5,000	-
SESOS @ 288p	40,000	-	-	40,000	-
SRSOS @ 243p	4,259	-	-	4,259	-
SRSOS @ 199p	-	3,391	-	3,391	-
LTIP award	-	37,878	-	37,878	-

The Long-Term Incentive Plan (LTIP) was approved during the year.

The middle market price of an ordinary share at the beginning and end of the financial period was 166p and 240p respectively. During the period the market price ranged between 146.5p and 262.5p.

The directors had no interests in any contract with the company with the exception of service contracts.

6 Year 2000

The company has addressed the issues surrounding the year 2000 and to date no significant impact has been experienced. Any residual risks and uncertainties associated with year 2000 related issues have been assessed and due to the nature of the business it is anticipated there will be no significant impact on the operations of the business.

7 Auditors

A resolution to reappoint, PricewaterhouseCoopers, will be proposed at the forthcoming Annual General Meeting.

By order of the Board

SC Martin

SC Martin
For New Sheldon Limited
Secretary

13 July 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the statement of auditors' responsibilities set out on page 4, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the accounts.

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 5 to 9 the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The financial statements have, where applicable, been prepared on the going concern basis.

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.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
VICTAULIC LIMITED**

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

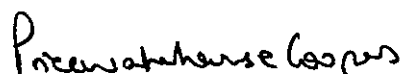
Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham

13 July 2000

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
Administrative expenses		-	(10,784)
Other operating income		223	-
Operating profit/(loss) on ordinary activities		223	(10,784)
Increase in provision for losses of subsidiaries	6	(753,787)	(5,455,031)
Loss on ordinary activities before interest		(753,564)	(5,465,815)
Interest receivable	4	-	1,881
Loss on ordinary activities before tax	-	(753,564)	(5,463,934)
Tax on loss on ordinary activities	5	(3,090)	51,677
Transfer from reserves	11	(756,654)	(5,412,257)

The above results relate to continuing activities.

There is no material difference between the loss on ordinary activities before taxation and the transfer from reserves for the year stated above, and their historical cost equivalents.

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET - 31 DECEMBER 1999

	Notes	1999 £	1998 £
Fixed assets			
Investments	6	<u>16,106,163</u>	<u>16,859,950</u>
Current assets			
Debtors	7	31,920,281	32,278,839
Cash at bank and in hand		<u>-</u>	<u>3,484</u>
Total current assets		<u>31,920,281</u>	<u>32,282,323</u>
Creditors: amounts falling due within one year	8	<u>(59)</u>	<u>(359,234)</u>
Net current assets		<u>31,920,222</u>	<u>31,923,089</u>
Total net assets		<u><u>48,026,385</u></u>	<u><u>48,783,039</u></u>
Capital and reserves			
Called up share capital	9	11,189,461	11,189,461
Share premium account	10	1,690,163	1,690,163
Profit and loss account	10	28,244,761	29,001,415
Merger reserve	10	<u>6,902,000</u>	<u>6,902,000</u>
Total shareholders' funds	11	<u><u>48,026,385</u></u>	<u><u>48,783,039</u></u>

The accounts on pages 5 to 9 were approved by the Board of Directors on 13 July 2000 and were signed on its behalf by:



DJ Solomon
Director

NOTES TO THE ACCOUNTS

1. Accounting policies

The following statements outline the main accounting policies of the company:

Basis of accounting

The historical cost convention is used for the preparation of the accounts except where adjusted for revaluations of certain fixed assets.

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom.

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements, as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent Glynwed International plc, a company registered in England & Wales.

The company's holding company has included a consolidated group cash flow statement in compliance with the Financial Reporting Standard No. 1 (Revised). The company has therefore taken advantage of the exemption under the standard not to produce a cash flow statement.

Provision for losses in subsidiaries

Full provision is made for accumulated post acquisition losses of subsidiaries against the cost of individual investments. Losses in excess of cost of investment are fully provided in the profit and loss account (note 6).

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date unless matched by forward contracts. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

2. Employees

There were no persons employed by the company during the year.

3. Directors' emoluments

There were no directors' emoluments paid in the year (1998: £Nil)

NOTES TO THE ACCOUNTS (continued)

4. Interest receivable and other similar income

	1999	1998
	£	£
Bank interest receivable	-	1,881

5. Tax on loss on ordinary activities

	1999	1998
	£	£
United Kingdom corporation tax (charge)/credit on the result for the year at 30.25 % (1998: 31 %)	(3,090)	3,000
Prior year adjustment	-	48,677
	<u>(3,090)</u>	<u>51,677</u>

6. Investments

The company's investments in subsidiaries are made up as follows:

	Cost	Provision	Net
	£	£	£
At beginning of year	22,664,507	(5,804,557)	16,859,950
Movement in provision	-	(753,787)	(753,787)
At end of year	<u>22,664,507</u>	<u>(6,558,344)</u>	<u>16,106,163</u>

Details of the company's trading subsidiaries at 31 December 1999 are as follows:

	Country of incorporation or registration
Akatherm-Höhn GmbH (100% owned)	Germany
Material de Aireacion SA - (97.3% owned)	Spain

The principal business activity of the trading subsidiaries is the manufacture and supply of polyethylene pipes and fittings.

On 17 March 1999, Barrett Beteiligungs GmbH and Victaulic SA, two subsidiary overseas holding companies of Victaulic Limited, sold their investments in Lindapter GmbH and Lindapter SA, respectively, to the Tyco International Group as part of a larger transaction arising from the repositioning of the Glynwed Group's activities.

7. Debtors

	1999	1998
	£	£
Amounts owed by the company's holding company and fellow subsidiaries	31,920,281	32,276,311
Tax	-	2,528
Total debtors	<u>31,920,281</u>	<u>32,278,839</u>

NOTES TO THE ACCOUNTS (continued)

8. Creditors: amounts falling due within one year

	1999	1998
	£	£
Amounts owed to the company's holding company	-	359,234
Tax	59	-
Total creditors	<u>59</u>	<u>359,234</u>

9. Called up share capital
Ordinary shares of 25p each:

	1999	1998
Value	£	£
Authorised	15,550,000	15,550,000
Allotted, called-up and fully paid	<u>11,189,461</u>	<u>11,189,461</u>
Number		
Authorised	62,200,000	62,200,000
Allotted, called-up and fully paid	<u>44,757,845</u>	<u>44,757,845</u>

10. Reserves

	At beginning of year	Transfer from reserves for the year	At end of year
	£	£	£
Share premium	1,690,163	-	1,690,163
Profit and loss account	29,001,415	(756,654)	28,244,761
Merger reserve	<u>6,902,000</u>	<u>-</u>	<u>6,902,000</u>
Total reserves	<u>37,593,578</u>	<u>(756,654)</u>	<u>36,836,924</u>

11. Reconciliation of movements in shareholders' funds

	1999	1998
	£	£
Transfer from reserves	(756,654)	(5,412,257)
Opening shareholders' funds	<u>48,783,039</u>	<u>54,195,296</u>
Closing shareholders' funds	<u>48,026,385</u>	<u>48,783,039</u>

12. Related parties

As the company is a wholly owned subsidiary of Glynwed International plc, it has taken advantage of the exemption permitted by FRS 8 not to disclose any transactions or balances with entities that are part of the Glynwed Group.

13. Ultimate holding company

The company's ultimate holding company and controlling party is Glynwed International plc, a company registered in England and Wales.

Copies of the ultimate holding company's accounts can be obtained from Headland House, New Coventry Road, Sheldon, Birmingham B26 3AZ.