

H&C ACQUISITIONS LIMITED
Registered Number: 2193956

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



H & C ACQUISITIONS LIMITED

Directors' report for the year ended 31 December 2002

The directors submit their report and the audited financial statements for the year ended 31 December 2002.

Directors

The directors of the Company who served during the year were as follows:

PD Brown

GR Fairweather (resigned 22 March 2002)

BG Taylorson (appointed 22 March 2002).

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period. 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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 ensuring that the Company keeps proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the Company and which 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
- taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activities and business review

The activity of the Company is to act as an investment holding Company.

H & C ACQUISITIONS LIMITED

Directors' report for the year ended 31 December 2002 (continued)

The results for the year ended 31 December 2002 and state of affairs of the Company as at that date are set out in the annexed financial statements.

Dividends

The directors do not recommend the payment of a dividend (2001: £nil).

Directors' interests in shares, options, and loan notes

The directors, and their families, had no beneficial interest in the share capital of the Company at any time during the year.

All the directors were also directors of the Company's ultimate parent undertaking, Elementis plc, and their interests in its share capital are disclosed in the financial statements of that company.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a limited liability partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 23 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. The Company has passed an elective Resolution pursuant to Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually.

By order of the Board



P D Brown
Secretary
29th October 2003

Registered office:
Elementis House
56 Kingston Road
Staines
TW18 4ES

H&C ACQUISITIONS LIMITED

Independent auditors' report to the members of H&C Acquisitions Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet 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 issued 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 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. The other information comprises only the directors' report.

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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
29 October 2003

H & C ACQUISITIONS LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	Note	2002 £'000	2001 £'000
Income from shares in group undertakings		172	172
Retained profit for the year transferred to reserves	5	<u>172</u>	<u>172</u>

Results are derived from continuing operations.

There were no recognised gains or losses other than the profit for the financial period.

There is no difference between the results above and their historical cost equivalents.

The notes on pages 6 to 8 form part of these financial statements.

H & C ACQUISITIONS LIMITED

BALANCE SHEET at 31 December 2002

	Note	2002 £'000	2001 £'000
Fixed assets			
Investments in group undertakings	3	<u>171,821</u>	<u>171,821</u>
Current assets			
Debtors			
Amounts owed by group undertakings		<u>58,409</u>	<u>58,237</u>
Net assets		<u>230,230</u>	<u>230,058</u>
Capital and reserves			
Called up share capital	4	5	5
Share premium account	5	229,279	229,279
Profit and loss account	5	<u>946</u>	<u>774</u>
Shareholders' funds - equity	6	<u>230,230</u>	<u>230,058</u>

The notes on pages 6 to 8 form part of these financial statements.



B G Taylorson
Director

Approved by the Board on 29th October 2003.

H & C ACQUISITIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002

1 Accounting policies

Basis of preparation

The financial statements on pages 4 to 8 have been prepared under the historical cost convention and in accordance with generally accepted accounting principles and applicable accounting standards. These are unchanged from the previous year.

Investment income

Dividends from group undertakings are accounted for on an accruals basis.

Valuation of investments

Investments are shown in the balance sheet at cost or, where lower, at directors' valuation.

2 Administrative expenses

Auditors' remuneration and expenses are borne by Elementis Holdings Limited, an intermediate parent undertaking.

The emoluments of all the directors are borne by the Company's parent undertaking, Elementis plc, being the company for which they performed substantially all of their executive duties.

There were no employees in the year (2001: nil).

3 Investments in group undertakings

	Unlisted shares at cost £'000
At 1 January and 31 December 2002	<u>171,821</u>

Investments in group undertakings represent 0.1% cumulative redeemable preference shares in Agrichrome Limited.

In the opinion of the directors, the value of investments is not less than the value at which they are included in the balance sheet.

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002 (continued)

4 Called up share capital

	Authorised		Issued and fully paid	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
Ordinary shares of £1 each	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

5 Reserves

	Share premium account £'000	Profit & loss account £'000
At 1 January 2002	229,279	774
Retained profit for the year	-	172
At 31 December 2002	<u>229,279</u>	<u>946</u>

6 Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Profit for the financial year	<u>172</u>	<u>172</u>
Net increase in shareholders' funds	<u>172</u>	<u>172</u>
Opening shareholders' funds	<u>230,058</u>	<u>229,886</u>
Closing shareholders' funds	<u>230,230</u>	<u>230,058</u>

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NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2002 (continued)

7 Parent and ultimate parent undertakings

The Company's immediate parent undertaking is Elementis Nederland BV.

Elementis plc, the Company's ultimate parent undertaking, was the smallest and largest group to consolidate the financial statements of the Company. Copies of the consolidated financial statements of Elementis plc may be obtained from Elementis House, 56 Kingston Road, Staines, TW18 4ES.

8 Related party transactions

As the Company is a wholly owned subsidiary of Elementis plc advantage has been taken of the exemption afforded by FRS8 not to disclose any related party transactions with members of the Elementis Group or associates and joint ventures of Elementis plc.

9 Cash flow statement

Elementis plc has presented in its consolidated financial statements a group cash flow statement drawn up in accordance with the provisions of Financial Reporting Standard 1 (FRS1). Accordingly the Company has taken advantage of the exemption available under FRS1 to dispense with presenting its own cash flow statement.