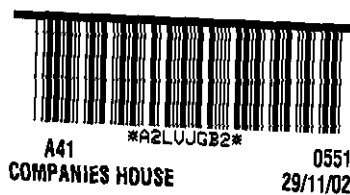


Kemlite Limited

Report and Financial Statements

For the period from 2 November 2000 to

31 December 2001



Deloitte & Touche
Chartered Accountants and Registered Auditors
Southampton

REPORT AND FINANCIAL STATEMENTS 2001

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REPORT AND FINANCIAL STATEMENTS 2001

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D J Pickett
E C Fast
R W Schueller

SECRETARY

G Redshaw

REGISTERED OFFICE

25 Caker Stream Road
Alton
Hampshire
GU34 2QF

BANKERS

Natwest Bank plc
Carlyle House
Carlyle Road
Cambridge
CB4 3DH

SOLICITORS

Dutton Gregory
Trussell House
23 St Peters Street
Winchester
SO23 8BT

AUDITORS

Deloitte & Touche
Chartered Accounts and Registered Auditors
Southampton

DIRECTORS' REPORT

The directors present their first report and the audited financial statements for the period ended 31 December 2001.

INCORPORATION

The company was incorporated on 2 November 2000 as Law 2242 Limited. The name of the company was changed to Kemlite Limited by a Special Resolution dated 12 January 2001.

ACTIVITIES

The principal activity of the company is the manufacture of plastic laminates.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company did not trade from incorporation until 8 February 2001. Turnover for the period from 9 February 2001 until 31 December 2001 was £4.761 million giving rise to a loss after tax of £115,000. The company undertakes an active programme of continuous development and improvement driven by the Operational Excellence programme that encompasses lean manufacturing and improving customer satisfaction.

The directors consider the results for the period to be satisfactory, following a period of consolidation after the acquisition of the assets of this business from the previous company. They anticipate increases in both turnover and profit in the ensuing year.

DIVIDENDS

The directors do not recommend the payment of any dividend for the period.

DIRECTORS AND THEIR INTERESTS

The present membership of the board, who served throughout the period, is set out below.

Directors

Huntsmoor Ltd	(resigned 23 January 2001)
Huntsmoor Nominees Ltd	(resigned 23 January 2001)
Richard William Schueller	(appointed 23 January 2001)
Eric Carson Fast	(appointed 23 January 2001)
David John Pickett	(appointed 9 February 2001)

Secretaries

T J G Secretaries Ltd	(resigned 23 January 2001)
Neal Robert Guthrie	(appointed 23 January 2001, resigned 3 August 2001)
David John Pickett	(appointed 3 August 2001, resigned 1 September 2001)
Graham Redshaw	(appointed 1 September 2002)

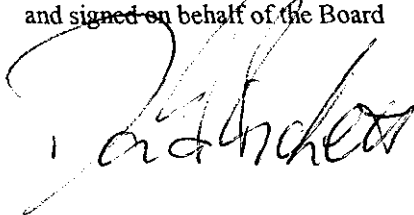
The directors of the company did not have any interest in the shares of the company during the period. The interests of E C Fast and R W Schueller, who are both directors of the ultimate parent company, Crane Co Inc., are disclosed in that company's financial statements.

DIRECTORS' REPORT

AUDITORS

Deloitte & Touche, who were appointed first auditors on incorporation, have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in dark ink, appearing to read 'D. Pickett', written over the printed text.

David Pickett

Managing Director

25 November 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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; and
- prepare the financial statements 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KEMPLITE LIMITED

We have audited the financial statements of Kemlite Limited for the fourteen month period from 2 November 2000 to 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 for the above period and consider the implications for our report if we become aware of any apparent misstatements.

Basis of 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 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 2001 and of its loss for the fourteen month period from 2 November 2000 to 31 December 2001 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accounts and Registered Auditors
Southampton

27 November 2002

PROFIT AND LOSS ACCOUNT**For the fourteen month period ended 31 December 2001**

	Note	2001 £'000
TURNOVER: continuing operations	2	4,761
Cost of sales		<u>(3,821)</u>
Gross profit		<u>940</u>
Distribution costs		<u>(230)</u>
Administrative expenses		<u>(813)</u>
OPERATING LOSS: continuing operations	3	(103)
Interest payable and similar charges	5	<u>(30)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(133)
Tax on loss on ordinary activities	6	<u>18</u>
RETAINED LOSS FOR THE FINANCIAL PERIOD	14	<u><u>(115)</u></u>

There have been no recognised gains and losses attributable to the shareholders other than the loss for the current financial period and accordingly, no statement of total recognised gains and losses is shown.

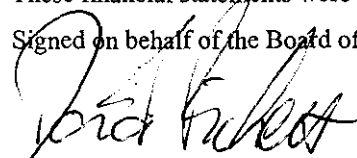
The company commenced to trade on 9 February 2001.

BALANCE SHEET
31 December 2001

	Note	2001 £'000
FIXED ASSETS		
Intangible assets	7	2,190
Tangible assets	8	806
		<u>2,996</u>
CURRENT ASSETS		
Stocks	9	773
Debtors	10	1,418
Cash at bank and in hand		84
		<u>2,275</u>
CREDITORS: amounts falling due within one year	11	<u>(1,472)</u>
NET CURRENT ASSETS		803
TOTAL ASSETS LESS CURRENT LIABILITIES		3,799
PROVISIONS FOR LIABILITIES AND CHARGES	12	<u>(80)</u>
		<u>3,719</u>
CAPITAL AND RESERVES		
Called up share capital	13	-
Share premium account	14	3,834
Profit and loss account deficit	14	(115)
TOTAL EQUITY SHAREHOLDERS' FUNDS		<u>3,719</u>

These financial statements were approved by the Board of Directors on 25 November 2002

Signed on behalf of the Board of Directors



David Pickett

Managing Director

NOTES TO THE ACCOUNTS**For the fourteen month period ended 31 December 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Comparative figures

This is the first period of trading and consequently there are no comparative figures.

Goodwill and intangible fixed assets

Purchased goodwill is capitalised in the year in which it arises and amortised over its estimated useful life up to a maximum of 20 years with a full years amortisation charge in the first year.

The directors regard 20 years as a maximum for the estimated useful life of goodwill since it is difficult to make projections exceeding this period.

Patent costs are valued at cost on acquisition and are amortised in equal annual amounts over their estimated useful economic lives (20 years).

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold buildings	4% per annum
Plant and equipment	10% per annum
Motor vehicles	33% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future without replacement, calculated at the rates at which it is expected that tax will arise.

Pensions

The company operates a defined contribution pension scheme. The pension cost represents contributions payable by the company during the period, which are charged to the profit and loss account as incurred.

NOTES TO THE ACCOUNTS**For the fourteen month period ended 31 December 2001****2. TURNOVER**

Turnover represents amounts derived from the provision of goods and services within one class of business which fall within the company's ordinary activities after deduction of trade discounts and Value Added Tax.

	2001
	£'000
By geographical area:	
United Kingdom and the Republic of Ireland	3,313
Continental Europe	1,323
Other	125
	<hr/> 4,761 <hr/>

3. OPERATING LOSS

	2001
	£'000
Operating loss is stated after charging:	
Depreciation of owned assets	81
Amortisation	108
Rentals under operating leases:	
Land and buildings	135
Hire of plant and machinery	8
Other operating leases	2
Foreign exchange loss	18
Auditors' remuneration	12
	<hr/> 12 <hr/>

NOTES TO THE ACCOUNTS

For the fourteen month period ended 31 December 2001

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £'000
Directors' remuneration	
Fees	47
Other emoluments	1
Pension contributions	5
	<u>53</u>
	<u><u>53</u></u>
	 No.
Number of directors who are members of defined contribution pension scheme	 1
	<u><u>1</u></u>
Average number of persons employed	
Production	18
Administration	17
	<u>35</u>
	<u><u>35</u></u>
	 £'000
Staff costs during the period (including directors)	
Wages and salaries	698
Social security costs	66
Pension costs	32
	<u>796</u>
	<u><u>796</u></u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £'000
Intercompany loan interest	<u>30</u>

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2001 £
Group relief	(98)
Deferred taxation	80
	<u>(18)</u>

The taxation charge is disproportionate to the loss for the period because of the effect of expenditure permanently disallowed for taxation purposes.

NOTES TO THE ACCOUNTS**For the fourteen month period ended 31 December 2001****7. INTANGIBLE FIXED ASSETS**

	Patents £'000	Goodwill £'000	Total £'000
Cost			
Additions	975	1,323	2,298
At 31 December 2001	975	1,323	2,298
Accumulated depreciation			
Charge for the period	44	64	108
At 31 December 2001	44	64	108
Net book value			
At 31 December 2001	931	1,259	2,190

8. TANGIBLE FIXED ASSETS

	Leasehold buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
Additions	10	858	27	895
Disposals	-	-	(8)	(8)
At 31 December 2001	10	858	19	887
Accumulated depreciation				
Charge for the period	1	74	6	81
At 31 December 2001	1	74	6	81
Net book value				
At 31 December 2001	9	784	13	806

9. STOCKS

	2001 £'000
Raw materials	485
Finished goods and goods for resale	288
	<u>773</u>

NOTES TO THE ACCOUNTS**For the fourteen month period ended 31 December 2001****10. DEBTORS**

	2001
	£'000
Trade debtors	1,164
Amounts owed by group undertakings	22
Other debtors	28
Prepayments	106
Group relief receivable	98
	<u>1,418</u>

All amounts are due within one year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001
	£'000
Bank overdrafts	90
Trade creditors	555
Amounts owed to group undertakings	661
Other taxes and social security	108
Accruals and deferred income	58
	<u>1,472</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	£'000
Deferred taxation	
Provision - current period	80
	<u>80</u>
Balance at 31 December 2001	<u>80</u>

The amounts provided in the accounts and the amounts not provided are as follows:

	Provided	Not
	2001	provided
	£'000	2001
		£'000
Capital allowances in advance of depreciation	85	-
Other timing differences	(5)	-
	<u>80</u>	<u>-</u>

NOTES TO THE ACCOUNTS**For the fourteen month period ended 31 December 2001****13. CALLED UP SHARE CAPITAL**

	2001 £'000
Authorised	
1,000 ordinary shares of £1 each	1
Called up, allotted and fully paid	
1 ordinary share of £1 each	-

One £1 ordinary share was issued for cash consideration of £1 on incorporation of the company.

14. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND STATEMENT OF MOVEMENTS ON RESERVES

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
On incorporation	-	-	-	-
On issue of share	-	3,834	-	3,834
Loss for the limited period	-	-	(115)	(115)
Balance at 31 December 2001	-	3,834	(115)	3,719

15. FINANCIAL COMMITMENTS**Operating lease commitments**

	Land and buildings £'000	Other £'000
Leases which expire:		
Within one year	147	12
After five years	167	4
	314	16

16. PENSION SCHEME

The company operates a defined contribution pension scheme for all employees and contributions are charged to the profit and loss account as they arise. The contributions paid in the period amounted to £32,000. There were no outstanding contributions payable at the period end.

17. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption contained within FRS 8 not to disclose transactions with the group companies as it is a 100% subsidiary of Crane Inc., whose consolidated accounts are publicly available.

18. CASH FLOW STATEMENT

The company has taken advantage of the exemption contained with FRS 1 not to prepare a cash flow as it is a 100% subsidiary of Crane Inc., whose consolidated financial statements are publicly available.

NOTES TO THE ACCOUNTS

For the fourteen month period ended 31 December 2001

19. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The ultimate parent company is Crane Co Inc., which is incorporated in the USA. Copies of the consolidated financial statements of the ultimate parent company can be obtained from Crane Co, Executive offices, 100 First Stamford Place, Stamford, CT 06902, USA.