ANDERSEN

Bostik Findley Limited (Formerly Bostik Limited)

Financial statements for the year ended

31 December 2000

together with directors' and auditors' reports

Registered number: 68328

Directors' report
For the year ended 31 December 2000

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report, for the year ended 31 December 2000.

Principal activity and business review

The principal activity of the company continues to be the manufacture of adhesives, sealants and other chemicals.

During the year the process of merging the businesses of Bostik Limited and Evode Limited was commenced. This process will take a number of years to complete in full. The directors have set aside provisions for the costs of restructuring the businesses in line with previously established accounting policies. Whilst the extent of these provisions exceed the requirements of Accounting Standards FRS12 the directors believe this more prudent approach to be appropriate.

The company continues to develop business in the consumer and industrial market place, in both its domestic and export markets.

Change in name

On 11 December 2000 the company changed its name to Bostik Findley Limited.

Results and dividends

The company's results were as follows:

	£'000
Retained earnings brought forward	9,462
Profit for the financial year	1,419
Transfer from revaluation reserve	99
Retained earnings carried forward	10,980

The directors do not recommend the payment of a dividend (1999 - £nil).

Research and development

Research and development activities, involving new product invention and production service functions, are undertaken by the company.

Directors and their interests

The directors who served during the year and subsequently are as shown below.

H Murray

K J Charlesworth

J W Rushton (resigned 31 July 2001)

G E Digby (resigned 31 July 2001)

G W Thomas (resigned 14 July 2000)

No director had any interests in shares of the company which require disclosure in accordance with Schedule 7 of the Companies Act 1985.

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 and of the profit or loss of the company for that period.

In preparing the 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 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 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.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

Ulverscroft Road
Leicester
LE4 6BW

By order of the Board

K J Charlesworth

Secretary

15 October 2001

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To the Shareholders of Bostik Limited:

We have audited the financial statements on pages 6 to 22 which have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings, and the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of 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.

Qualified opinion arising from disagreement about accounting treatment

Included within provisions for liabilities and charges of £1,219k shown on the balance sheet is an amount of £750k in respect of future restructuring which does not comply with the requirements of FRS 12 for recognition as a provision. In our opinion this portion of the provision should not have been made, thereby increasing profit before tax and net assets by that amount.

Except for the inclusion of this provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its 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

Four Brindleyplace
Birmingham
B1 2HZ

15 October 2001

Profit and loss account

For the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Turnover			
Continuing operations		35,022	33,519
Discontinued operations		-	1,646
	2	35,022	35,165
Cost of sales	3	(25,230)	(25,280)
Gross profit		9,792	9,885
Net operating expenses	4	(7,294)	(7,057)
Operating profit			
Continuing operations		3,877	2,693
Exceptional restructuring costs	4	(1,379)	-
Discontinued operations		-	135
Profit on ordinary activities before finance charges		2,498	2,828
Finance charges (net)	5	(497)	(809)
Profit on ordinary activities before taxation	6	2,001	2,019
Tax on profit on ordinary activities	8	(582)	(111)
Profit on ordinary activities after taxation and retained profit for the year	17	1,419	1,908

There are no recognised gains and losses in either year other than the profit for that year.

The accompanying notes are an integral part of this profit and loss account.

Note of historical cost profits and losses

For the year ended 31 December 2000

	2000 £'000	1999 £'000
Reported profit on ordinary activities before taxation	2,001	2,019
Difference between a historical cost depreciation charge and the actual depreciation charge for the year	99	99
Historical cost profit on ordinary activities before taxation	2,100	2,118
Historical cost retained profit for the financial year	1,518	2,007

The accompanying notes are an integral part of this note of historical cost profits and losses.

Balance sheet

31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Intangible assets	9	3,313	3,517
Tangible assets	10	18,568	19,366
		21,881	22,883
Current assets			
Stocks	11	4,065	3,729
Debtors	12	20,640	6,777
Cash at bank and in hand		1,129	1,267
		25,834	11,773
Creditors: Amounts falling due within one year	13	(7,377)	(5,943)
Net current assets		18,457	5,830
Total assets less current liabilities		40,338	28,713
Creditors: Amounts falling due after more than one year	14	(18,183)	(9,146)
Provisions for liabilities and charges	15	(1,272)	(103)
Net assets		20,883	19,464
Capital and reserves			
Called-up share capital	16	7,882	7,882
Revaluation reserve	17	2,021	2,120
Profit and loss account	17	10,980	9,462
Shareholders' funds - all equity	18	20,883	19,464

Signed on behalf of the Board

H Murray Director

H Murray

15 October 2001

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

1 Accounting policies

A summary of the company's principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

a) Basis of accounting

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

The company is a wholly owned subsidiary of Total Fina Elf SA, registered in France. Total Fina Elf SA has prepared consolidated financial statements which include the results of the company for the year and which are publicly available. For this reason no cash flow statement has been prepared and no disclosure is provided of transactions between group members.

b) Intangible and tangible fixed assets.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off as shown below.

Land and buildings are shown at original historical cost or subsequent valuation, net of depreciation and any provision for impairment, as set out in note 10. Other fixed assets are shown at cost, net of depreciation and any provision for impairment.

Depreciation of tangible and intangible fixed assets, apart from freehold land, is calculated on the cost of the assets so as to write off the cost or valuation, less estimated residual value, over the expected useful lives in equal annual instalments over the following periods:

	Years
Covenant not to compete	7
Goodwill	15 and 20
Plant and machinery	12.5
Office machinery, fixtures and fittings	10
Computer equipment	5
Commercial vehicles	4
Freehold buildings	20 to 45

No depreciation is provided on freehold land or assets in the course of construction.

Residual values are determined at the date of acquisition.

1 Accounting policies (continued)

c) Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition is based on:

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Work-in-progress and finished goods	-	cost of direct materials and labour, plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate. The taxation liabilities of certain group companies may be reduced wholly or in part by the surrender of losses by fellow group companies. No payments are made for such relief.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the financial statements and by the tax authorities) has been calculated using the liability method. Deferred taxation is provided on timing differences, which will probably reverse at the rates of tax likely to be in force at the time of reversal. Deferred taxation is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

e) Pension costs

The company participates in a defined benefit scheme known as The Bostik (UK) Limited Pension Scheme, the assets of this scheme being held separately from those of the company. The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account to ensure a constant percentage of pensionable payroll is charged over the estimated average remaining working life of scheme members.

Any difference between amounts charged to the profit and loss account and contributions paid to independent pension schemes is shown as a liability or asset in the balance sheet.

f) Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

1 Accounting policies (continued)

g) Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

h) Research and development

Research and development expenditure is written off in the year in which it is incurred.

i) Leases

Assets held under finance leases are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term.

j) Revaluation reserve

The company has taken advantage of the transitional provisions of FRS 15 "Tangible fixed assets" and retained the book amounts of certain freehold properties which were revalued prior to implementation of that standard. The properties were last revalued at 26 January 1990 and the valuations have not subsequently been updated.

Surpluses which have arisen on the revaluation of individual fixed assets were previously credited to a revaluation reserve (see note 17). Where depreciation charges have been increased following a revaluation, an amount equal to such increase is transferred annually from this reserve to the profit and loss account as a movement on reserves. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss account.

2 Turnover

Geographical analysis of turnover is as follows:

	2000 £'000	1999 £'000
United Kingdom	24,016	25,681
Rest of Europe	8,972	7,387
United States	20	13
Other	2,014	2,084
	35,022	35,165

3 Cost of sales

	2000 £'000	1999 £'000
Cost of sales		
- continuing activities	25,230	24,144
- discontinued activities	-	1,136
	25,230	25,280

Discontinued activities relates to the textile coating division of Mydrin UK which was sold on 1 March 1999.

4 Net operating expenses

	2000 £'000	1999 £'000
Distribution costs		
- continuing activities	4,308	4,512
- *discontinued activities*	-	255
	4,308	4,767
Administrative expenses		
- continuing activities	1,607	2,170
- discontinued activities	-	120
- exceptional reorganisation costs	1,379	-
	2,986	2,290
	7,294	7,057

In 2000 exceptional reorganisation costs of £1,379,274 have been charged in arriving at operating profit. These relate to costs of integrating the trade and assets of Evode Limited and primarily relate to redundancy and relocation costs.

The above item had no material effect on the taxation charge.

5 Finance charges (net)

a) Investment income

	2000 £'000	1999 £'000
Interest receivable and similar income	33	48

5 Finance charges (net) (continued)

b) Interest payable and similar charges

	2000 £'000	1999 £'000
Bank loans and overdrafts	27	25
Interest payable to fellow group companies	503	832
	530	857

c) Finance charges (net)

	2000 £'000	1999 £'000
Interest payable and similar charges (note 5b))	530	857
Less: investment income (note 5a))	(33)	(48)
	497	809

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	2000 £'000	1999 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	2,011	2,030
- held under finance leases	137	137
Amortisation of goodwill	203	204
(Profit) loss on disposal of fixed assets	(7)	350
Research and development expenditure	506	578
Exchange loss	36	199
Operating lease rentals		
- plant and machinery	305	311
- other	-	20
Staff costs (see note 7)	4,895	5,333
Auditors' remuneration for audit services	31	31

No other professional fees were paid to Arthur Andersen during the year (1999 - £nil).

7 *Staff costs*

Particulars of employees (including executive directors) are shown below.

Employee costs during the year amounted to:

	2000 £'000	1999 £'000
Wages and salaries	4,232	4,454
Social security costs	338	377
Other pension costs (see note 19d)	325	502
	4,895	5,333

The average monthly number of employees during the year was as follows:

	2000 Number	1999 Number
Manufacturing	109	125
Non-manufacturing	100	110
	209	235

Directors' remuneration

The remuneration of the directors was as follows:

	2000 £'000	1999 £'000
Emoluments	336	342
Compensation for loss of office	68	-
	404	342

7 Staff costs (continued)

Pensions

The number of directors who were members of pension schemes was as follows:

	2000 Number	1999 Number
Defined benefit schemes	5	6

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2000 £'000	1999 £'000
Emoluments	102	90

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 2000 was £36,024 (1999 - £33,705).

8 Tax on profit on ordinary activities

The tax charge comprises:

	2000 £'000	1999 £'000
UK corporation tax	575	105
Foreign tax suffered at source	7	6
	582	111

The company's corporation tax charge has been reduced through the availability of losses surrendered by fellow group companies.

9 Intangible fixed assets

	Covenant not to compete £'000	Goodwill £'000	Total £'000
Cost			
Beginning and end of year	1,652	3,919	5,571
Depreciation			
Beginning of year	1,652	403	2,055
Charge for year	-	203	203
End of year	1,652	606	2,258
Net book value			
End of year	-	3,313	3,313
Beginning of year	-	3,517	3,517

10 Tangible fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost or valuation			
Beginning of year	9,846	19,520	29,366
Additions	465	885	1,350
Transfer	3	(3)	-
Disposals	-	(43)	(43)
End of year	10,314	20,359	30,673
Depreciation			
Beginning of year	1,511	8,489	10,000
Charge for year	315	1,833	2,148
Disposals	-	(43)	(43)
End of year	1,826	10,279	12,105
Net book value			
End of year	8,488	10,080	18,568
Beginning of year	8,336	11,030	19,366

Depreciation has not been charged on freehold land, which is stated at its cost or revalued amount of £2,712,853 (1999 - £2,712,853).

The net book value of plant and machinery held under finance leases is £557,544 (1999 - £694,544).

On 26 January 1990, a revaluation of freehold property was undertaken by chartered surveyors on an open market value basis. The property, with a cost of £768,235, was revalued at £1,829,815. Original cost and aggregate depreciation based on cost of the property included at valuation is as follows:

	2000 £'000	1999 £'000
Cost	768	768
Aggregate depreciation based on cost	(398)	(391)
Net book value	370	377

11 Stocks

	2000 £'000	1999 £'000
Raw materials and consumables	1,324	1,074
Work-in-progress	408	488
Finished goods and goods for resale	2,333	2,167
	4,065	3,729

In the opinion of the directors the replacement cost of stocks is not materially different from book value.

12 Debtors

Amounts falling due within one year:

	2000 £'000	1999 £'000
Trade debtors	7,126	6,150
Amounts owed by group undertakings	13,187	304
Other debtors	158	75
Prepayments and accrued income	169	248
	20,640	6,777

13 Creditors: Amounts falling due within one year

	2000 £'000	1999 £'000
Obligations under finance leases	142	142
Trade creditors	4,293	4,216
Amounts owed to group undertakings	1,160	129
Other creditors:		
- VAT	199	314
- social security and PAYE	142	136
Accruals and deferred income	1,441	1,006
	7,377	5,943

14 Creditors: Amounts falling due after more than one year

	2000 £'000	1999 £'000
Obligations under finance leases	143	285
Loan from group undertaking	17,700	8,500
Other long term liability	340	361
	18,183	9,146

The loan from group undertaking is repayable no later than 7 January 2003 with earlier repayment at the discretion of the company. Interest is charged at LIBOR plus a margin of 27.5 basis points per annum.

Finance leases

Finance leases are repayable as follows:

	2000 £'000	1999 £'000
Within one year	142	142
Between two and five years	143	285
	285	427

15 Provisions for liabilities and charges

	2000 £'000	1999 £'000
Restructuring provision	1,219	-
Pension obligations	53	103
	1,272	103

a) Pension obligations (see note 19d)

	£'000
Beginning of year	103
Credited to profit and loss	(50)
End of year	53

b) Deferred taxation

No deferred taxation has been provided as the directors have concluded, on the basis of reasonable assumptions and intentions of management, that no liability will crystallise in the foreseeable future.

15 Provisions for liabilities and charges (continued)

b) Deferred taxation (continued)

The amount of unprovided deferred taxation is as follows:

	2000 £'000	1999 £'000
Accelerated capital allowances	1,179	1,058
Other timing differences	(70)	(88)
	1,109	970

Provision has not been made for taxation of approximately £214,000 (1999 - £306,000) that would arise if land and buildings were to be disposed of at their book values as, in the opinion of the directors, there is no likelihood of properties being disposed of in the foreseeable future giving rise to significant tax liabilities.

16 Called-up share capital

	2000 £'000	1999 £'000
Authorised		
7,882,001 ordinary shares of £1 each	7,882	7,882
Allotted, called-up and fully paid		
7,882,001 ordinary shares of £1 each	7,882	7,882

17 Reserves

	Revaluation reserve £'000	Profit and loss account £'000
Beginning of year	2,120	9,462
Transfer from revaluation reserve to profit and loss account	(99)	99
Retained profit for the year	-	1,419
End of year	2,021	10,980

The transfer from the revaluation reserve to the profit and loss account represents the difference between the depreciation charge for the year based on revalued amounts and the depreciation charge for the year based on cost.

18 Reconciliation of movements in shareholders' funds

	2000 £'000	1999 £'000
Retained profit for the year	1,419	1,908
Opening shareholders' funds	19,464	17,556
Closing shareholders' funds	20,883	19,464

19 Guarantees and other financial commitments

a) Capital commitments

	2000 £'000	1999 £'000
Contracted for but not provided for	511	256

b) Contingent liabilities

	2000 £'000	1999 £'000
In respect of bonds and indemnities granted to or by banks	100	100

c) Lease commitments

The company has entered into non-cancellable operating leases in respect of plant and machinery.

The minimum annual rentals under non-cancellable operating leases are as follows:

	2000 Plant and machinery £'000	1999 Plant and machinery £'000
Operating leases which expire:		
- within 1 year	45	40
- within 2 - 5 years	153	149
	198	189

19 Guarantees and other financial commitments (continued)

d) Pension arrangements

The company operates a defined benefit pension scheme providing benefits based on final pensionable salaries. The scheme is funded with the assets being held by the Trustees separately from the assets of the company. The pension costs are assessed by a qualified actuary, and are charged to the profit and loss account so as to spread those costs over employees' working lives with the company.

The most recent actuarial investigation of the scheme was carried out as at 5 April 1998, and the Projected Unit method was used. The scheme's assets were valued by discounting to the valuation date the expected income from those assets. The main assumptions used to determine the pension costs are rates of investment returns of 7.75% per annum, pensionable salary increases of 5.5% per annum, pensions increases of 3% per annum and share dividend increases of 3.5% per annum. At the valuation date, the market value of those assets was £11,308,000 and the actuarial value of those assets represented 103% of the value of the benefits that had accrued to members, after allowing for expected future increases in salaries.

During the year, the company contributed £370,000 (1999 - £479,668) to the scheme. The company contributions rate was 13.6% of contributory salaries (including expenses and lump sum death benefit insurance costs).

The pension cost for the company including administration costs for life assurance premiums for the financial year ended 31 December 2000 was £370,000 (1999 - £506,840). There is a provision for pension costs of £53,000 (1999 - £103,000) in the company's balance sheet as at 31 December 1999 arising from the accumulated difference between the contributions paid to the scheme and the corresponding pension costs.

20 Ultimate parent company

The directors regard Total Fina Elf SA, a company registered in France, as the ultimate parent company. Total Fina Elf SA heads the largest group in which the financial statements of the company are consolidated. Copies of the ultimate parent company's consolidated financial statements may be obtained from Tour Total, 24 Cours Michelet, 92069 Paris La Défense.

The immediate parent company is Total Oil Holdings Limited. Total Oil Holdings Limited heads the smallest group in which the financial statements of the company are consolidated. The financial statements of Total Oil Holdings Limited are available from the Registrar of Companies.