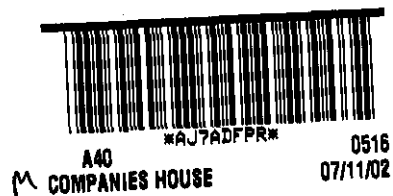


Company Registration No. 3870678

**VANTICO HOLDING LIMITED**

**Report and Financial Statements**

**31 December 2001**



**Deloitte & Touche**  
Leda House  
Station Road  
Cambridge  
CB1 2RN

**( - 09/05/2002 )**  
**AC12van1**

# **VANTICO HOLDING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2001**

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# **VANTICO HOLDING LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2001**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J A K Hair  
K J Greatbatch

#### **SECRETARY**

J A K Hair

#### **REGISTERED OFFICE**

Ickleton Road  
Duxford  
Cambridge  
CB2 4QA

#### **SOLICITORS**

Allen & Overy  
One New Change  
London EC4M 9QQ

Baker McKenzie  
100 New Bridge Street  
London EC4V 6JN

#### **AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Leda House  
Station Road  
Cambridge CB1 2RN

# VANTICO HOLDING LIMITED

## DIRECTORS' REPORT

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

### ACTIVITIES

The company's principal activity is that of a holding company.

### REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors consider both the result for the year and the year end position to be satisfactory and do not envisage any changes to the company's activities in the coming year.

### DIVIDENDS

The directors do not recommend the payment of a dividend.

### DIRECTORS AND THEIR INTERESTS

The directors who served during the year, none of whom had any interest in the shares of the company, are as follows:

J A K Hair

J D Beadsmoore (resigned 15 September 2001)

K J Greatbatch- (appointed 23 August 2001)

### 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 as 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 accounting standards have been followed;
- 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 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.

### AUDITORS

Deloitte & Touche were appointed as auditors during the year. They 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

Secretary 

9 May 2002



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VANTICO HOLDING LIMITED**

We have audited the financial statements of Vantico Holding Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 year and consider the implications for our report if we become aware of any apparent misstatements.

### **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 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 as at 31 December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and  
Registered Auditors

*9 May 2002*

# VANTICO HOLDING LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2001

	Note	Year to 31 December 2001 £'000	14 months to 31 December 2000 £'000
Administrative expenses		-	(1,043)
<b>OPERATING LOSS</b>	3	-	(1,043)
Interest payable and similar charges	4	(7,560)	(4,584)
Interest receivable and similar income		856	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(6,704)	(5,627)
Tax on loss on ordinary activities	5	-	-
<b>RETAINED LOSS FOR THE YEAR</b>		(6,704)	(5,627)
<b>Retained loss brought forward</b>		(5,627)	-
<b>Retained loss carried forward</b>		(12,331)	(5,627)

All activities derive from continuing operations.

There are no recognised gains or losses for the current financial year and preceding financial period other than as stated in the profit and loss account.

# VANTICO HOLDING LIMITED

## BALANCE SHEET 31 December 2001

	Notes	2001 £'000	2000 as restated £'000
<b>FIXED ASSETS</b>			
Investments	6	60,970	60,970
<b>CURRENT ASSETS</b>			
Debtors	7	33,962	33,962
Cash at bank and in hand		-	2,573
		33,962	36,535
<b>CREDITORS: amounts falling due within one year</b>	8	(9,025)	(4,738)
<b>NET CURRENT ASSETS</b>		24,937	31,797
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		85,907	92,767
<b>CREDITORS: amounts falling due after more than year</b>	9	(62,827)	(62,983)
<b>NET ASSETS</b>		23,080	29,784
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	35,411	35,411
Profit and loss account		(12,331)	(5,627)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	23,080	29,784

These financial statements were approved by the Board of Directors on 9 May 2002.

Signed on behalf of the Board of Directors



**NOTES TO THE ACCOUNTS**

**Year 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.

**Investments in group undertakings**

Investments are stated at cost less a provision for impairment where necessary. The company has taken advantage of the provisions of the Companies Act 1985 not to prepare consolidated financial statements since it is a wholly owned subsidiary of an undertaking registered in the European Union. The results, assets and liabilities of the company's subsidiary undertakings are included in the consolidated financial statements of the company's parent undertaking, Vantico Group SA.

**Cash flow statement**

As permitted by Financial Reporting Standard Number 1, the company has not prepared a cash flow statement as its parent undertaking, Vantico Group SA, has prepared consolidated financial statements which incorporate the results of the company and which include a consolidated cash flow statement.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**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. Translation differences arising are dealt with in the profit and loss account.

**Deep discount bonds**

The discounts at which the deep discount bonds were issued are amortised over the period from the issue date to the redemption date. The liability shown at the balance date is equivalent to the face value of the bonds less the unamortised discounts as at that date. The charge arising from the amortisation of this discount is included within "interest payable and similar charges" in the profit and loss account.

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The directors, who were the company's only employees, received no remuneration during the year or preceding period.



# VANTICO HOLDING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

### 3. OPERATING LOSS

Auditors' remuneration for audit services was settled by another group company.

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 December 2001 £'000	14 months to 31 December 2000 £'000
Bank interest payable	2,661	1,310
Interest payable to group companies	4,899	3,035
Other	-	239
	<u>7,560</u>	<u>4,584</u>

### 5. TAXATION

#### Tax on loss on ordinary activities

At 31 December 2001 the company had tax losses of approximately £916,000 (2000 - £2.3 million) available to carry forward against future taxable profits, subject to agreement with the Inland Revenue.

#### Deferred taxation

At 31 December 2001, the company had potential deferred tax assets of £2.1 million (2000 - £690,000) of which none was recognised.

### 6. INVESTMENTS HELD AS FIXED ASSETS

	Investment in subsidiary undertaking £'000
Cost	
At 1 January 2001 and at 31 December 2001	<u>60,970</u>

The company has one subsidiary undertaking, Vantico Limited, which is incorporated in England and Wales. Vantico Holding Limited holds all of the ordinary and "A" ordinary shares in this company, the principal activity of which is the development, manufacture and sale of performance polymers.

# VANTICO HOLDING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

### 7. DEBTORS

	2001 £'000	2000 £'000
Amounts owed by group undertakings	33,962	33,962

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £'000	2000 as restated £'000
Bank loan	260	260
Amounts owed to group undertakings (trading balance)	6,839	1,404
Amounts owed to group undertakings (interest on long-term debt)	1,896	2,705
Accruals	30	369
	9,025	4,738

### 9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £'000	2000 as restated £'000
Bank loan	25,490	25,705
Amounts owed to group undertakings	37,337	37,278
	62,827	62,983

The company has in issue to its parent undertaking Unsecured Discounted Loan Stock 2010 of redemption value £124,515,000 (2000 - £124,515,000). These bonds were issued at a discount which amortised at a constant rate on the carrying value of the debt. The unamortised discount of £86,595,000 (2000 - £86,595,000) has been deducted from the carrying value of the bonds. Issue costs of £583,078 (2000 - £642,000) have also been deducted from the carrying value of the debt and are being released to the profit and loss account over the term of the bonds.

The bank loan is repayable in 2007 and carries interest at 12.25%. This loan is secured by fixed and floating charges over the company's assets.

#### Maturity statement

	2001 £'000	2000 as restated £'000
In one year or less	260	260
In more than one year but not more than two years	260	260
In more than two years but not more than five years	780	779
In more than five years	61,787	61,944
	63,087	63,243

# VANTICO HOLDING LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

### 10. CALLED UP SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised, called up, allotted and fully paid		
35,410,654 ordinary shares of £1 each	<u>35,411</u>	<u>35,411</u>

### 11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £'000	2000 £'000
Retained loss for the year	(6,704)	(5,627)
Issue of shares	<u>-</u>	<u>35,411</u>
Net (reduction in) addition to shareholders' funds	(6,704)	29,784
Opening shareholders' funds	<u>29,784</u>	<u>-</u>
Closing shareholders' funds	<u>23,080</u>	<u>29,784</u>

### 12. RELATED PARTY TRANSACTIONS

The company has not disclosed transactions with other group companies in accordance with the exemption available to wholly owned subsidiaries under the terms of the Financial Reporting Standard 8. There were no other related party transactions.

### 13. ULTIMATE PARENT UNDERTAKING

The immediate parent undertaking is Vantico International SA.

The ultimate parent undertaking and controlling party is Vantico Holding SA.

Vantico Group SA is the parent undertaking of the smallest and largest group to consolidate these financial statements, copies of which may be obtained from the Company Secretary at 25A Boulevard Royal, L-2449 Luxembourg.

Vantico International SA, Vantico Group SA and Vantico Holding SA are incorporated in Luxembourg.

### 14. COMPARATIVE FIGURES

Comparative figures relating to the bank loan and loan stock have been restated this year, due to inaccuracies in the stated maturities of these debts last year.