

Bayer CropScience Holdings Limited
Annual report
for the year ended 31 December 2003

Registered Number 4421656



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for the year ended 31 December 2003
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Bayer CropScience Holdings Limited

Directors and advisors for the year ended 31 December 2003

Directors

M R A Hargraves	(Resigned 3 September 2003)
M O'Brien	(Resigned 30 January 2004)
K Kuesgen	(Appointed 3 September 2003)
L Courth	(Appointed 26 April 2004)

Secretary and registered office

M R A Hargraves
Hauxton
Cambridge
CB2 5HU

Registered auditors

PricewaterhouseCoopers LLP
Abacus House
Castle Park
Cambridge
CB3 0AN

Bayer CropScience Holdings Limited

Directors' report for the year ended 31 December 2003

The directors present their report and the audited financial statements for the year ended 31 December 2003.

Principal activities

The principal activity of the company is the holding of investments in subsidiary companies.

Review of business and future developments

The operating subsidiaries during the period were Bayer CropScience Limited, Bayer CropScience Nufarm Limited, Bayer Agriculture Limited and Pbi Home & Garden Limited. These companies are engaged in the research, development, manufacture, marketing and selling of crop protection chemicals, environmental and public health products, and home and garden products.

Dividends

The directors do not recommend the payment of a dividend (2002: £nil).

Directors and directors' interests

The directors who held office during the period are listed on page 1.

The directors had no interests in the shares or options of the company, of any subsidiaries, or its immediate parent undertaking.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that 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 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, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements. 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.

Bayer CropScience Holdings Limited

Directors' report for the year ended 31 December 2003 (continued)

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'M. J. H.', is written above the title 'Company secretary'.

Company secretary

Bayer CropScience Holdings Limited

Independent auditors' report to the members of Bayer CropScience Holdings 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 in to 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.

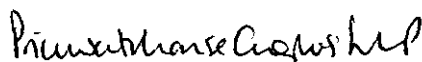
Basis of audit opinion

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 judgments 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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Cambridge 24 September 2004

Bayer CropScience Holdings Limited

Profit and loss account for the year ended 31 December 2003

	Notes	2003 £'000	2002 £'000
Interest receivable from group companies		17	-
Interest payable to group companies		(7,004)	(2,419)
Loss on ordinary activities before taxation	4	(6,987)	(2,419)
Tax credit on loss on ordinary activities	5	2,096	726
Loss for the financial year	10, 11	(4,891)	(1,693)

There are no recognised gains or losses other than as set out above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

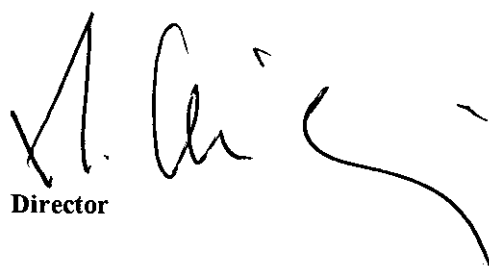
Bayer CropScience Holdings Limited

Balance sheet as at 31 December 2003

	Notes	2003 £'000	2002 £'000
Fixed assets			
Investments	6	183,660	183,660
Current assets			
Debtors	7	2,822	726
Cash at bank and in hand		17	-
		2,839	726
Creditors: amounts falling due within one year	8	(193,083)	(186,079)
Net current liabilities		(190,244)	(185,353)
Total assets less current liabilities		(6,584)	(1,693)
Net liabilities		(6,584)	(1,693)
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account	10	(6,584)	(1,693)
Equity shareholders' deficit	11	(6,584)	(1,693)

The financial statements on pages 5 to 10 were approved by the board of directors on and were signed on its behalf by:

2 Sept 2004


Director

Bayer CropScience Holdings Limited

Notes to the financial statements for the year ended 31 December 2003

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below. These have been reviewed by the directors in accordance with the requirements of Financial Reporting Standard ("FRS") 18, 'Accounting Policies', and have been applied consistently.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The directors consider it appropriate to prepare the accounts on the going concern basis as they have received confirmation from the ultimate parent company, Bayer AG, that it is its present intention to support the continued operations of the company for the foreseeable future.

Cashflow statement

Under FRS 1 (Revised), 'Cash flow statements', the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of Bayer AG, the ultimate parent company, whose consolidated financial statements are publicly available (see also note 13).

Group financial statements

The financial statements contain information about Bayer CropScience Holdings Limited as an individual company and do not contain consolidated financial information.

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 the ultimate parent company, Bayer AG, a company incorporated in Germany.

Deferred taxation

Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS 19, 'Deferred tax'. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

2 Employees

The company has no employees.

3 Directors' emoluments

The emoluments of the directors during the period were paid by other group companies for services to the group as a whole and the directors received no separate emoluments for their services to this company.

No recharge for any of their services was made to the company and no apportionment of their total remuneration for these services is practicable. Where required by local legislation their remuneration is disclosed in the accounts of their employer.

4 Loss on ordinary activities before taxation

The services of the auditors have been provided by Bayer CropScience Limited with no specific recharge to Bayer CropScience Holdings Limited.

Bayer CropScience Holdings Limited

5 Tax credit on loss on ordinary activities

	2003 £'000	2002 £'000
Current tax:		
UK corporation tax on losses of the period	(2,096)	(726)
The tax credit represents amounts due from other group companies for the surrender of tax losses.		
The company does not have any deferred tax.		
The tax assessed for the period is at the standard rate of corporation tax in the UK of 30% as explained below:		
	2003 £'000	2002 £'000
Loss on ordinary activities before taxation	(6,987)	(2,419)
Loss on ordinary activities multiplied by the standard rate in the UK of 30% (2002: 30%)	(2,096)	(726)

6 Fixed asset investments

	Investments in subsidiaries £'000
Cost	
At 1 January 2003 and at 31 December 2003	183,660

Details of the subsidiary companies are as follows:

Name of undertaking (all registered in England and Wales)	Principal activity	Description of shares	Proportion of shares held
Bayer AGCO Limited	Investment company	Ordinary	100%
Bayer Agriculture Limited	Agrochemicals	Ordinary	100%*
Bayer CropScience Limited	Agrochemicals	Ordinary	100%*
Bayer CropScience Nufarm Limited	Agrochemicals	Ordinary	75%*
Bayer M&BE Limited	Dormant	Ordinary	100%*
Reldy Limited	Dormant	Ordinary	100%*
Sedagri Limited	Dormant	Ordinary	100%*
FBC Industrial Chemicals Limited	Dormant	Ordinary	100%*
Pbi Home & Garden Limited	Agrochemicals	Ordinary	100%*
Twinagro Limited	Non trading	Ordinary	100%*
Trustee of the CropScience Pension Fund Limited	Non trading	Ordinary	100%*

* indirectly held

The value of the investment in subsidiaries is shown at cost. In the opinion of the directors, the expected future profit streams of the subsidiary company supports the value shown in the balance sheet and will lead to dividend payments to Bayer CropScience Holdings Limited in the future.

Bayer CropScience Holdings Limited

7 Debtors

	2003 £'000	2002 £'000
Amounts falling due within one year:		
Amounts due from subsidiary undertakings in relation to group relief	2,822	726
	2,822	726

8 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Amounts owed to fellow subsidiary undertakings	193,083	186,079

9 Called up share capital

	2003 £	2002 £
Authorised		
100 ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
1 ordinary share of £1, fully paid	1	1

10 Reserves

	Profit and loss account £'000
At 1 January 2003	(1,693)
Loss for the financial year	(4,891)
At 31 December 2003	(6,584)

11 Reconciliation of movements in equity shareholders' deficit

	2003 £'000	2002 £'000
Opening equity shareholders' deficit	(1,693)	-
Loss for the financial year	(4,891)	(1,693)
Closing equity shareholders' deficit	(6,584)	(1,693)

Bayer CropScience Holdings Limited

12 Related party transactions

The company has taken advantage of the exemption available to 90% subsidiaries under FRS 8, 'Related Party Disclosures', not to disclose transactions with other group companies and investors in the group. Consolidated financial statements have been drawn up at 31 December 2003 for Bayer AG, the ultimate parent company, which include the audited results of the company and on which the above exemption is based (see also note 13).

13 Ultimate and immediate parent undertaking

At 31 December 2003 the company's immediate parent undertaking is considered by the directors to be Bayer CropScience AG, which is incorporated in Germany. The company's ultimate parent undertaking is Bayer AG, which is incorporated in Germany, and is the parent undertaking of the smallest and largest group to consolidate these financial statements.

Copies of the financial statements of Bayer AG may be obtained from:

The Company Secretary
Bayer AG
Kaiser-Wilhelm Allee
51368 Leverkusen
Germany