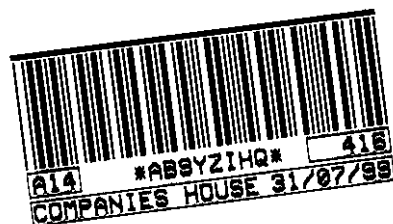


***SARCLEAR LIMITED***

**Directors' Report and Accounts  
for the year ended 31 December 1998**

***Registered Number: 2357551***



# ***Sarclear Limited***

## **Directors' report and accounts**

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## ***Sarclear Limited***

### **Directors' report**

The Directors present their annual report, together with the audited accounts of the Company, for the year ended 31 December 1998.

### **Principal activities**

Sarclear Limited is an intermediate holding company and did not engage in any trading activities during the year. The principal activities of the Company are concerned with deriving income from investments in subsidiary undertakings and unlisted overseas companies. This situation is expected to continue for the foreseeable future.

### **Business review**

	1998 £'000	1997 £'000
Profit before taxation	3,837	4,799
Taxation	(841)	19
Profit for year	2,996	4,818
Dividend	-	(4,950)
Transfer to/(from) reserves	2,996	(132)

### **Dividends**

No interim dividend was paid (1997: *£nil*). The directors recommend that no final dividend be paid in respect of the year (1997: *£4,950,000*).

## ***Sarclear Limited***

### **Directors' report continued**

#### **Directors and directors' interests**

The directors during the year were:

J A Brown	Director
N H Smith	Director and Company Secretary (appointed 13/05/98)
J Twentyman	Director (appointed 01/07/98)
J D Law	Director (resigned 26/06/98)
C E Beasley	Director and Company Secretary (resigned 13/05/98)

None of the directors held any beneficial interests in the share capital of the Company at any time during the year. The interests of the directors in the share capital of the ultimate parent company, Laporte plc, are shown below.

	<u>As at 01.01.98</u>	<u>Acquired in the Period</u>	<u>Options exercised/ lapsed</u>	<u>Disposals</u>	<u>As at 31.12.98</u>
<b><u>Ordinary Shares</u></b>					
J A Brown	-	-	-	-	-
N H Smith	-	1,500	-	-	1,500
<b><u>Share Option Schemes/Bonus Schemes</u></b>					
J A Brown	-	9,735	-	-	9,735
N H Smith	-	4,992	-	-	4,992
<b><u>Long-Term Incentive Scheme</u></b>					
J A Brown	7,866	8,278	7,866	-	8,278
N H Smith	-	10,761	-	-	10,761

J Twentyman had no interests in the shares of the parent company during the year.

## ***Sarclear Limited***

### **Directors' report continued**

#### **Year 2000**

Significant effort has been devoted throughout 1998 to addressing the implications of the year 2000 on the Laporte Group's operations. Across the Laporte Group, the total revenue costs associated with this programme are in the order of £3 million and incremental capital expenditure of £5m has been incurred.

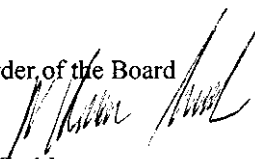
#### **Charitable and political contributions**

No political or charitable contributions were made in the year (1997: £nil).

#### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order, of the Board

  
**N H Smith**  
Secretary

29 July 1999

Nations House  
103 Wigmore Street  
London  
W1H 9AB

## ***Sarclear Limited***

### **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 and of the profit or loss 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

# ***Sarclear Limited***

## **Auditor's report to the members of Sarclear Limited**

We have audited the financial statements on pages 6 to 14.

### **Respective responsibilities of directors and auditors**

As described on page 4, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

### **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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company as at 31 December 1998 and of the profit of the Company for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
**London**

29 July 1999

## ***Sarclear Limited***

### **Profit and Loss Account** *for the year ended 31 December 1998*

	<i>Note</i>	<b>1998</b> <b>£'000</b>	<b>1997</b> <b>£'000</b>
<b>Operating profit</b>	<b>2</b>	<b>12</b>	<b>-</b>
Income from shares in group undertakings	4	1,630	4,950
Other interest receivable and similar income	3	5,177	2,234
Interest payable and similar charges	3	<u>(2,982)</u>	<u>(2,385)</u>
<b>Profit on ordinary activities before taxation</b>		<b>3,837</b>	<b>4,799</b>
Tax on profit on ordinary activities	5	<u>(841)</u>	<u>19</u>
<b>Profit on ordinary activities after taxation</b>		<b>2,996</b>	<b>4,818</b>
Dividends	6	<u>-</u>	<u>(4,950)</u>
<b>Retained profit for the year</b>	<b>14</b>	<b><u>2,996</u></b>	<b><u>(132)</u></b>

There is no material difference between the results as disclosed in the profit and loss account and the results on unmodified historical basis. All results arose from continuing operations. There are no recognised gains and losses other than as disclosed above.

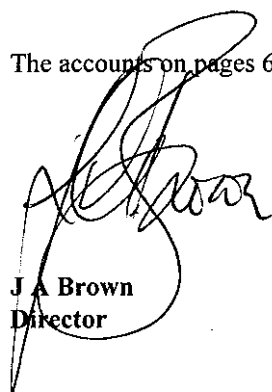


# Sarclear Limited

## Balance Sheet at 31 December 1998

	Note	1998 £000	1997 £000
<b>Fixed assets</b>			
Tangible assets	7	15	15
Investments	8	122,528	158,096
		<u>122,543</u>	<u>158,111</u>
<b>Current assets</b>			
Cash		8,463	293
Debtors	10	<u>303,030</u>	<u>29,810</u>
		311,493	30,103
<b>Creditors: amounts falling due within one year</b>	11	(299,778)	(22,510)
<b>Net current assets</b>		<u>11,715</u>	<u>7,593</u>
<b>Total assets less current liabilities</b>		134,258	165,704
<b>Creditors: amounts falling due after more than one year</b>	12	(45,607)	(80,049)
<b>Net assets</b>		<u>88,651</u>	<u>85,655</u>
<b>Capital and reserves</b>			
Called up share capital	13	144	144
Share premium account	14	9,851	9,851
Profit and loss account	14	<u>78,656</u>	<u>75,660</u>
<b>Equity shareholders' funds</b>		<u>88,651</u>	<u>85,655</u>

The accounts on pages 6 to 14 were approved by the Board on 29 July 1999 and signed on its behalf by:



**J A Brown**  
Director

## ***Sarclear Limited***

### **Reconciliation of movements in shareholders' funds**

	<b>1998</b>	<b>1997</b>
	<b>£000</b>	<b>£000</b>
<b>Profit for the financial year</b>	<b>2,996</b>	<b>4,818</b>
Dividends	-	(4,950)
	<hr/>	<hr/>
<b>Net addition to/(reduction in) shareholders' funds</b>	<b>2,996</b>	<b>(132)</b>
Opening shareholders' funds	<b>85,655</b>	<b>85,787</b>
	<hr/>	<hr/>
<b>Closing shareholders' funds</b>	<b>88,651</b>	<b>85,655</b>

# ***Sarclear Limited***

## **Notes to the financial statements**

### **1. Principal accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### **Basis of accounting**

The Company's financial statements have been prepared under the historical cost in accordance with applicable UK Accounting Standards.

The Company is exempt by virtue of S228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its Group.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cashflow statement on the grounds that a parent company includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Laporte plc, the Company has taken advantage of the exemption in FRS 8 and has not disclosed transactions or balances with entities which form part of the Group. The consolidated financial statements of Laporte plc, within which this company is included, can be obtained from Nations House, 103 Wigmore Street, London W1H 9AB.

#### **Depreciation**

No depreciation is charged on freehold land.

#### **Investments**

Fixed asset investments are valued at cost less any permanent diminution in value.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or the forward cover rate. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

# ***Sarclear Limited***

## **Notes to the financial statements**

### **2. Operating profit, directors and employees**

Operating profit of £12,000 (1997:nil) relates to other operating income.

The audit fee is borne by the ultimate holding company. There were no employees during the year. All the directors are employees of other Group undertakings and receive no emoluments in respect of services provided to the company.

### **3. Interest**

	1998 £'000	1997 £'000
<b>Interest receivable</b>		
Amounts from group undertakings	5,130	2,234
Net exchange gains	47	-
	<u>5,177</u>	<u>2,234</u>
<b>Interest payable and similar charges</b>		
On bank loans and overdrafts	(2,198)	(1,575)
Amounts to group undertakings	(784)	(699)
Net exchange losses	-	(111)
	<u>(2,982)</u>	<u>(2,385)</u>

### **4. Income from shares in group undertakings**

	1998 £'000	1997 £'000
Income from shares in group undertakings	1,630	4,950

# ***Sarclear Limited***

## **Notes to the financial statements**

### **5. Tax on profit on ordinary activities**

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax at 31.0 % (1997 : 31.5 %)	(524)	57
Overseas taxation	(317)	(9)
Adjustment relating to an earlier year	-	(29)
	<u>(841)</u>	<u>19</u>

There is currently no unprovided deferred taxation (1997: Nil)

### **6. Dividends**

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
Equity shares:		
Final dividend proposed	-	4,950

### **7. Tangible assets**

	<b>Freehold land £'000</b>
<i>Cost and net book value</i>	
At beginning and end of year	<u>15</u>

# Sarclear Limited

## Notes to the financial statements

### 8. Investments

	Shares in group undertakings £'000	Loans to group Companies £'000	Total £'000
<b>Cost</b>			
At beginning of year	122,528	35,568	158,096
Additions	10,487	-	10,487
Disposals	(10,487)	-	(10,487)
Transfer to debtors	-	(35,568)	(35,568)
<b>At end of year</b>	<b>122,528</b>	<b>-</b>	<b>122,528</b>
<b>Provisions</b>			
At beginning and end of year	-	-	-
<b>Net book value</b>			
At 31 December 1998	<b>122,528</b>	<b>-</b>	<b>122,528</b>
At 31 December 1997	<b>122,528</b>	<b>35,568</b>	<b>158,096</b>

During the year the Company sold its investment in A W Compounders to Laporte Chemicals, a member of the Laporte Group. A share for share exchange effected the transaction. The Company received additional shares in Laporte Chemicals equivalent to the book value of its holding in A W Compounders immediately before the transfer in accordance with S132 Companies Act 1985.

### 9. Principal subsidiaries

Details of the company's principal operating subsidiary undertakings are as follows:

<i>Name of company</i>	<i>Country of registration, incorporation and operation</i>	<i>Holding %</i>	<i>Class and percentage of shares held</i>	<i>Nature of business</i>
<b>Subsidiary undertakings</b>				
Plaskem Holdings Pty	Australia	100	Ordinary	Holding company
Evode Industries (Export) Ltd	Ireland	100	Ordinary	Dormant
<b>Participating interests</b>				
Laporte Chemicals Ltd	UK	19	Ordinary	Holding Company

# Sarclear Limited

## Notes to the financial statements

### 10. Debtors

	1998 £'000	1997 £'000
<b>Due within one year</b>		
Amounts due by group undertakings	303,000	29,746
Other debtors	30	64
	<u>303,030</u>	<u>29,810</u>

### 11. Creditors: due within one year

	1998 £'000	1997 £'000
Bank overdraft	187,338	-
Short term borrowings	111,624	14,128
Amounts owed to group undertakings	13	7,674
Taxation and social security	581	57
Other creditors/accruals	222	651
	<u>299,778</u>	<u>22,510</u>

### 12. Creditors: due after more than one year

	1998 £'000	1997 £'000
Bank loans	-	37,198
Amounts due to group undertakings	45,607	42,851
	<u>45,607</u>	<u>80,049</u>

### 13. Called up share capital

	1998 £'000	1997 £'000
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Issued and fully paid		
143,770 ordinary shares of £1 each	<u>144</u>	<u>144</u>

## ***Sarclear Limited***

### **Notes to the financial statements**

#### **14. Reserves**

	Share premium £'000	Profit and loss £'000	Total £'000
Balance at start of year	9,851	75,660	85,511
Retained profit for the financial year	-	2,996	2,996
Balance at end of year	9,851	78,656	88,507

#### **15. Ultimate holding company**

The Company's immediate holding company is Laporte Amalgamation Plc, a company registered and incorporated in England & Wales.

The Company's ultimate holding company is Laporte plc, a company registered and incorporated in England and Wales. The Company is included within the consolidated accounts of Laporte plc. Accounts for Laporte plc are available at Nations House, 103 Wigmore Street, London W1H 9AB.