

***LAPORTE SPECIALITY ORGANICS FAR EAST
LIMITED***

Directors' Report and Financial Statements

for the year ended 31 December 2001

Registered Number: 2723173



Laporte Speciality Organics Far East Limited

Directors' report and financial statements

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Laporte Speciality Organics Far East Limited

Directors' report

The Directors present their annual report, together with the audited financial statements of the Company for the year ended 31 December 2001.

Principal activities

The Company provides sales and marketing facilities through a South Korean branch for other companies within the Degussa AG group.

Business review

The performance in the year was in line with expectations and it is anticipated to continue to be so.

	2001 £'000	2000 £'000
Loss before taxation	(65)	(32)
Taxation credit	<u>2</u>	<u>5</u>
Loss for the year	<u>(63)</u>	<u>(27)</u>

Dividends

The directors have been unable to propose payment of a dividend in respect of either this or the preceding year.

Payments to suppliers

The Company does not follow any code or standard on payment practice. Terms and conditions are agreed with suppliers. Payment is then made in accordance with the agreement, providing the supplier has met the terms and conditions.

Directors and their interests

The following persons served as directors of the Company during the year: -

JJ Lakin
DH Warner
SH Song (appointed 14.05.01)

DF Toner resigned as Company Secretary on 30 March 2001 and A Whalley was appointed on the same date. A Whalley later resigned on 1 June 2001 and Ms GA Stapleton was appointed on the same date.

None of the directors had any interest in the shares of the Company at any time during the year.

The ultimate parent company (see note 11) E.ON AG is incorporated in Germany. Therefore, pursuant to section 3 of the Companies (Disclosure of Director's Interests) (Exceptions) regulations 1985, directors' interests of the ultimate parent are not shown.

Laporte Speciality Organics Far East Limited

Directors' report continued

Auditors

On 26 September 1996, pursuant to section 386 of the Companies Act 1985, the company passed an elective resolution to dispense with the obligation to appoint Auditors annually. Therefore, KPMG Audit plc will continue as auditors for the foreseeable future.

By order of the Board



G A Stapleton

Secretary

19 November 2002

Nations House
103 Wigmore Street
London
W1U 1QS

Laporte Speciality Organics Far East 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.

Auditor's report to the members of Laporte Speciality Organics Limited

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, 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.

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 with the company 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 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.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

19 December 2002

Laporte Speciality Organics Far East Limited

Profit and Loss Account

for the year ended 31 December 2001

	<i>Note</i>	2001 £'000	2000 £'000
Administrative expenses		(193)	(191)
Other operating income		<u>127</u>	<u>159</u>
Operating loss	2	(66)	(32)
Interest receivable		<u>1</u>	<u>-</u>
Loss on ordinary activities before taxation		(65)	(32)
Taxation on loss on ordinary activities	4	<u>2</u>	<u>5</u>
Loss on ordinary activities after taxation		(63)	(27)
Dividends		<u>-</u>	<u>-</u>
Retained loss for the year	10	<u>(63)</u>	<u>(27)</u>

All activities comprise continuing operations.

There is no difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

Laporte Speciality Organics Far East Limited

Balance Sheet *at 31 December 2001*

	Note	2001		2000	
		£'000	£'000	£'000	£'000
Fixed Assets					
Tangible assets	5		6		6
Current Assets					
Debtors falling due within one year	6	32		76	
Cash at bank and in hand		<u>31</u>		<u>19</u>	
		63		95	
Creditors					
Amounts falling due within one year	7	<u>(13)</u>		<u>(31)</u>	
Net current assets			50		64
Total assets less current liabilities			<u>56</u>		<u>70</u>
Creditors falling due after one year	8		(331)		(273)
Net Assets			<u>(275)</u>		<u>(203)</u>
Capital and reserves					
Called up share capital	9		50		50
Profit and loss account	10		(325)		(253)
Equity shareholders' funds			<u>(275)</u>		<u>(203)</u>

The accounts on pages 6 to 12 were approved by the Board on 19 November 2002 and signed on its behalf by:



D H Warner
Director

Laporte Speciality Organics Far East Limited

Statement of recognised gains and losses *for the year ended 31 December 2001*

	2001 £'000	2000 £'000
Loss for the financial year	(63)	(27)
Currency translation differences	(9)	-
Total recognised gains and losses	(72)	(27)

Reconciliation of movements in shareholders' funds *for the year ended 31 December 2001*

	2001 £'000	2000 £'000
Loss for the financial year	(63)	(27)
Currency translation differences	(9)	-
Net reduction to shareholders' funds	(72)	(27)
Shareholders' funds at start of year	(203)	(176)
Shareholders' funds at end of year	(275)	(203)

Laporte Speciality Organics Far East 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 convention in accordance with applicable UK Accounting Standards.

Under Financial Reporting Standard 1 (revised 1996), the Company is exempt from the requirement to prepare a cash flow 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 Degussa AG, 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 Degussa AG, within which this company is included, can be obtained from Degussa AG, Bennigsenplatz 1, 40474 Düsseldorf.

Foreign currencies

The Company maintains its accounting records in Korean Won. In preparing the Company's financial statements, monetary assets and liabilities are translated in to sterling at the closing rate, non-monetary assets and liabilities at the rate ruling at the date of transaction and the profit and loss account is translated at the average rate.

Deferred taxation

Provision is made for deferred taxation using the liability method only to the extent that it is considered probable that a liability will occur in the future.

Depreciation

The original cost, less estimated residual values, of tangible fixed assets are depreciated on a straight line basis over their estimated useful economic lives as follows:-

- | | |
|-----------------------|----------------------------|
| • Fixtures & fittings | - maximum of fifteen years |
| • Plant & machinery | - maximum of fifteen years |

Laporte Speciality Organics Far East Limited

Notes to the financial statements

2. Operating loss

The operating loss is stated after charging :

	2001	2000
	£'000	£'000
Depreciation of fixed assets	<u>1</u>	<u>10</u>

The auditor's remuneration for 2001 has been borne by Degussa UK Holdings Limited, a fellow group company.

3. Directors and employees

	2001	2000
	£'000	£'000
Wages and salaries	97	55
Social security costs	3	3
Other pension costs	11	2
	<u>111</u>	<u>60</u>
Average numbers employed	No.	No.
Administration	3	3

None of the directors received any emoluments from the Company for their services. All the directors are employed by other group companies.

4. Tax on profit on ordinary activities

	2001	2000
	£'000	£'000
UK corporation tax credit at 30% (2000 : 30%)	<u>(2)</u>	<u>(5)</u>

At 31 December 2001 there was no unprovided deferred taxation (2000 : Nil).

Laporte Speciality Organics Far East Limited

Notes to the financial statements (continued)

5. Tangible assets

	Fixtures & Fittings £'000
<i>Cost</i>	
At beginning of year	55
Currency translation differences	3
At end of year	<u><u>58</u></u>
<i>Depreciation</i>	
At beginning of year	49
Charge for year	1
Currency translation differences	2
At end of year	<u><u>52</u></u>
<i>Net book value</i>	
At end of year	<u><u>6</u></u>
At beginning of year	<u><u>6</u></u>

6. Debtors : Amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed by group undertakings	-	53
Other debtors	29	21
UK Corporation tax	2	-
Social security	1	2
	<u><u>32</u></u>	<u><u>76</u></u>

7. Creditors: Amounts falling due within one year

	2001 £'000	2000 £'000
Taxation and social security	-	23
Accruals and deferred income	13	8
	<u><u>13</u></u>	<u><u>31</u></u>

Laporte Speciality Organics Far East Limited

Notes to the financial statements

8. Creditors: Amounts falling due after one year

	2001 £'000	2000 £'000
Amounts owed to fellow group companies	<u>331</u>	<u>273</u>

9. Called up share capital

	2001		2000	
	No. 000	£'000	No. 000	£'000
Authorised				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Issued and fully paid				
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
Issued and not fully paid				
Ordinary shares of £1 each	<u>40</u>	<u>40</u>	<u>40</u>	<u>40</u>

10. Pensions

Pensions are provided to employees in accordance with South Korean law.

11. Reserves

	Profit and Loss £'000
Balance at start of year	(253)
Currency translation differences	(9)
Retained profit for the financial year	<u>(63)</u>
Balance at end of year	<u>(325)</u>

12. Ultimate holding company

The Company's immediate parent company is Laporte Speciality Organics Ltd, a company registered and incorporated in England and Wales. The Company's ultimate parent company is E.ON AG, a company registered and incorporated in Germany. The consolidated financial statements of E.ON AG can be obtained from E.ON-Platz 1, 40479 Düsseldorf.

The company is also consolidated in the accounts of Degussa AG, a company registered and incorporated in Germany. The consolidated financial statements of Degussa AG can be obtained from Bennigsenplatz 1, 40474 Düsseldorf.