

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

**Directors' Report and Accounts
for the year ended 31 December 1999**

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 1999.

Principal activities

The Company provides sales and marketing facilities for other companies within the Laporte group of companies.

Business review

Performance in the year was in line with expectation and is anticipated to continue to be so.

Profit and dividends

The loss after taxation for the year amounted to £90,000 (1998: loss £8,000). The directors do not propose to pay a dividend (1998: £nil).

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.

Political and charitable donations

The Company made no political or charitable donations in the year (1998: £nil).

Directors and their interests

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

J J Lakin (appointed 8 February 1999)
Y C Yang
A C Currie (resigned 31 October 1999)

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

Laporte Speciality Organics Far East Limited

Directors' report continued

The interests of the directors in the share capital of the ultimate parent company, Laporte plc, are shown below.

	As at 01.01.99 or date of appointment	Granted	Exercised	Redeemed	As at 31.12.99
<u>Share Option Schemes/Bonus Schemes</u>					
J J Lakin	-	2,129	-	-	2,129
<u>Floating Rate Loan Notes (a)</u>					
J J Lakin	£404,191	-	-	£22,500	£381,691

J J Lakin converted his shares in Inspec Group plc to Laporte Floating Rate Loan Notes (2008) at the date of the acquisition of the Inspec group by Laporte plc during 1998.

Y C Yang had no interests in the shares of the parent company during the year.

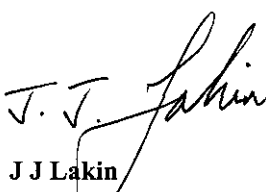
Year 2000

The company formed part of a group action programme, that proved worthwhile as no material malfunctions have been encountered to date by the Company's business arising from the Year 2000 date change. However, management will remain vigilant.

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


J J Lakin
Director
4 August 2000

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.

Laporte Speciality Organics Far East Limited

Auditor's Report to the members of Laporte Speciality Organics Far East Limited

We have audited 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 3, 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. 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, except that the scope of our work was limited as explained below.

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 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. However, the evidence available to us was limited by the following matter. The evidence available to us was limited because we were not appointed auditors of the company until part way through the current year, and during the year ended 31 December 1998 and subsequently for part of the current year, the company did not maintain adequate records of cash transactions. In consequence, we were unable to carry out auditing procedures necessary to obtain sufficient appropriate audit evidence regarding the nature of cash expenditure of approximately £151,000 in the current year. We disclaimed our audit opinion on the financial statements for the year ended 31 December 1998 in respect of the same matter in relation to the cash in hand of £56,000 appearing in the balance sheet at 31 December 1998 and the nature of cash expenditure of approximately £62,000 in the year then ended. Any adjustments to the cash balance at 31 December 1998 or transaction classifications could have a consequential effect on the loss for the year ended 31 December 1999 or year ended 31 December 1998.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Laporte Speciality Organics Far East Limited

Modified opinion arising from limitation in audit evidence

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1999. Because of the possible effect of the limitation in evidence available to us, we are unable to form an opinion as to whether the financial statements give a true and fair view of the loss for the year ended 31 December 1999. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the Companies Act 1985.

In respect solely of the limitation on our work relating to cash:

- we have not obtained all the information and explanations that are considered necessary for the purpose of our audit; and
- in our opinion proper accounting records have not been maintained.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor
London

10 August 2000

Laporte Speciality Organics Far East Limited

Profit and Loss Account

for the year ended 31 December 1999

	<i>Note</i>	1999 £000	1998 £000
Other operating income		102	149
Administrative expenses		<u>(195)</u>	<u>(153)</u>
Loss on ordinary activities before taxation	2	(93)	(4)
Tax on loss on ordinary activities	4	3	(4)
Loss on ordinary activities after taxation and retained loss for the year		<u>(90)</u>	<u>(8)</u>

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

Laporte Speciality Organics Far East Limited

Balance Sheet *at 31 December 1999*

	<i>Note</i>	£000	1999 £000	1998 £000
Fixed assets				
Tangible assets	5		10	18
Current assets				
Debtors	6	84		30
Cash at bank and in hand		43		59
		<u>127</u>		<u>89</u>
Creditors: amounts falling due within one year	7	<u>(48)</u>		<u>(21)</u>
Net current assets			79	68
Total assets less current liabilities			<u>89</u>	<u>86</u>
Creditors: amounts falling due after more than one year	8		(265)	(212)
Net liabilities			<u>(176)</u>	<u>(126)</u>
Capital and reserves				
Called up share capital	9		50	10
Profit and loss account	10		(226)	(136)
Equity shareholders' deficiency			<u>(176)</u>	<u>(126)</u>

The financial statements on pages 6 to 12 were approved by the Board on 4 August 2000 and signed on its behalf by:


J J Lakin
Director

Laporte Speciality Organics Far East Limited

Reconciliation of movements in shareholders' funds

	1999	1998
	£000	£000
Loss for the financial year	(90)	(8)
New share capital subscribed	40	-
Net reduction in shareholders' funds	(50)	(8)
Opening deficit in shareholders' funds	(126)	(118)
Closing deficit in shareholders' funds	(176)	(126)

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.

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

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 W1U 1QS.

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 |

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.

Foreign currencies

The Company maintains its accounting records in Korean Won. Transactions in currencies other than Korean Won are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than Korean Won 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.

2. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	1999	1998
	£000	£000
Depreciation of tangible fixed assets	<u>13</u>	<u>17</u>

Auditor's remuneration was borne by the parent company.

Laporte Speciality Organics Far East Limited

Notes to the financial statements

3. Directors and employees

	1999	1998
	£000	£000
Wages and salaries	49	43
Social security costs	-	1
Other pension costs	8	3
	<u>57</u>	<u>47</u>

	No.	No.
Average numbers employed		
Administration	<u>3</u>	<u>3</u>

	1999	1998
	£000	£000
Directors' emoluments	<u>18</u>	<u>14</u>

Details of share options are set out in the directors' report.

4. Tax on loss on ordinary activities

	1999	1998
	£000	£000
Corporation tax at 30.25% (1998: 31%)	<u>(3)</u>	<u>4</u>

At 31 December 1999 there was no unprovided deferred taxation (1998 : nil).

5. Tangible assets

	Plant & machinery	Fixtures and fittings	Total
	£000	£000	£000
Cost			
At beginning of year	16	30	46
Additions	-	7	7
Disposals	-	(2)	(2)
Transfers	(16)	16	-
At end of year	<u>-</u>	<u>51</u>	<u>51</u>
Depreciation			
At beginning of year	5	23	28
Charge for year	-	13	13
Transfers	(5)	5	-
At end of year	<u>-</u>	<u>41</u>	<u>41</u>
Net book value			
1999	<u>-</u>	<u>10</u>	<u>10</u>
1998	<u>11</u>	<u>7</u>	<u>18</u>

Laporte Speciality Organics Far East Limited

Notes to the financial statements

6. Debtors

	1999	1998
	£000	£000
Due within one year		
Other debtors	25	23
Amounts due by group undertakings	54	5
Tax recoverable	5	2
	<u>84</u>	<u>30</u>

7. Creditors: due within one year

	1999	1998
	£000	£000
Accruals	19	12
Corporation tax	29	9
	<u>48</u>	<u>21</u>

8. Creditors: due after more than one year

	1999	1998
	£000	£000
Amounts due to group undertakings	<u>265</u>	<u>212</u>

9. Called up share capital

	1999	1998	1999	1998
	No.	No.	£000	£000
	000	000		
Authorised				
Ordinary shares of £1 each	<u>100</u>	<u>10</u>	<u>100</u>	<u>10</u>
Issued and not paid				
Ordinary shares of £1 each	40	-	40	-
Issued and fully paid				
Ordinary shares of £1 each	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>
	<u>50</u>	<u>10</u>	<u>50</u>	<u>10</u>

40,000 ordinary £1 shares were allotted to Laporte Speciality Organics Limited during the year. These were unpaid at the year end.

10. Reserves

	Profit and loss	Total
	account	
	£000	£000
Balance at start of year	(136)	(136)
Retained loss for the financial year	(90)	(90)
Balance at end of year	<u>(226)</u>	<u>(226)</u>

Laporte Speciality Organics Far East Limited

Notes to the financial statements

11. Ultimate holding company

The Company's immediate parent company is Laporte Speciality Organics Limited, 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 only group in which the results of the Company are consolidated is that headed by Laporte plc. The accounts of Laporte plc are available at Nations House, 103 Wigmore Street, London W1H 9AB.