

Scapa (No. 2) Limited

**Directors' report and financial statements
for the period ended 31 March 2002**

Registered Number: 4003589



Scapa (No. 2) Limited

Directors' report and financial statements for the period ended 31 March 2002

Contents

Directors and Advisors for the period ended 31 March 2002	1
Directors' report for the period ended 31 March 2002	2
Independent auditors report to the members of Scapa (No2) Limited.....	4
Profit and loss account for the period ended 31 March 2002.....	5
Balance sheet as at 31 March 2002	6
Notes to the financial statements for the period ended 31 March 2002	7

Scapa (No. 2) Limited

Directors and Advisors for the period ended 31 March 2002

Directors

Mr R N Pike (resigned 18 January 2002)
Ms C A Green
Mr I A Baxter (resigned 6 August 2001)
Ms E J Rowe (appointed 6 August 2001)
Ms S Fletcher (appointed 18 January 2002)

Secretary

Ms C A Green

Registered Office

Oakfield House
93 Preston New Road
Blackburn
BB2 6AY

Registered number

4003589

Scapa (No. 2) Limited

Directors' report for the period ended 31 March 2002

The directors present their report and the audited financial statements of the company for the period from 22 June 2001 to 31 March 2002.

Principal activities

The company is engaged principally in providing intra-group finance services. During the period the company issued shares, loaned funds to other companies in the Group and received interest income.

Change of accounting reference date

On 22 April 2002 the company changed its accounting reference date to the 31 March.

Functional currency

The company considers that the US dollar is the currency of the primary economic environment in which it operates and, accordingly, the company has determined that its functional reporting currency should be in US dollars. During the period the company created a class of US dollar denominated shares, and re-designated its existing sterling share capital as deferred shares.

Directors and their interests

The directors who held office during the period and to the date of the report are given below:

Mr R N Pike (resigned 18 January 2002)
Ms C A Green
Mr I A Baxter (resigned 6 August 2001)
Ms E J Rowe (appointed 6 August 2001)
Ms S Fletcher (appointed 18 January 2002)

The directors who held office at 31 March 2002 had the following interests in the shares of the ultimate parent company, Scapa Group PLC, at the beginning and at the end of this financial period.

	Exec. Options to acquire 41 2/3p shares			Sharesave Options to acquire 41 2/3p shares			
	22 June 2001	Granted	31 March 2002	22 June 2001	Lapsed	Granted	31 March 2002
C A Green	40,000	2,000	42,000	9,735	(9,735)	22,203	22,203

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 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.

Scapa (No. 2) Limited

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.

By order of the board

A handwritten signature in cursive script, appearing to read 'C A Green', followed by a long, sweeping diagonal line extending towards the right.

C A Green
Secretary
19 December 2002

Scapa (No. 2) Limited

Independent auditors' report to the members of Scapa (No2) Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in note 1 of the related notes to the financial statements.

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, United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members 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.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

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 at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Manchester
19 December 2002

Scapa (No. 2) Limited

Profit and loss account for the period ended 31 March 2002

	Note	Period ended 31 March 2002 \$	Period ended 21 June 2001 \$
Operating loss		(44)	-
Interest receivable	2	72,202	-
Profit on ordinary activities before taxation		72,158	-
Tax on profit on ordinary activities	3	(21,647)	-
Profit on ordinary activities after taxation		50,511	-
Retained profit for the period	7	50,511	-

The company has no recognised gains or losses for the period other than as reflected in the profit and loss account above.

All of the above results are derived from continuing operations.

The notes on pages 7 to 10 form part of these financial statements.


Scapa (No. 2) Limited

Balance sheet as at 31 March 2002

	Note	31 March 2002 \$	21 June 2001 \$
Current assets			
Debtors: including \$2,000,000 due after more than one year	4	3,418,367	1
Cash at bank and in hand		1,985	-
		3,420,352	1
Creditors: amounts falling due within one year	5	(21,140)	-
Net current assets		3,399,212	1
Capital and reserves			
Called up equity share capital	6	1,000,001	1
Share premium account	7	2,348,700	-
Profit and loss account	7	50,511	-
Equity shareholders' funds	8	3,399,212	1

The notes on pages 7 to 10 form part of these financial statements.

The financial statements on pages 5 to 10 were approved by the board of directors on 19 December 2002 and were signed on its behalf by:



S Fletcher
Director

Scapa (No. 2) Limited

Notes to the financial statements for the period ended 31 March 2002

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US\$ at the rate of exchange ruling at the balance sheet date. At 31 March 2002 the US\$ exchange rate against sterling was 1.42 (21 June 2001: 1.42).

Cash flow statement

A cash flow statement has not been prepared because the company is a wholly owned subsidiary of Scapa Group plc. A consolidated cash flow statement is included in the accounts of that company.

2 Interest receivable

	Period ended 31 March 2002 \$	Period ended 21 June 2001 \$
Bank interest receivable	2,536	-
Receivable from parent undertaking	69,666	-
	72,202	-

3 Taxation

	Period ended 31 March 2002 \$	Period ended 21 June 2001 \$
UK corporation tax at 30%		
On current year profits	21,647	-
	21,647	-

There is no difference between the tax assessed for the period and the standard rate of corporation tax in the UK (30%).

Scapa (No. 2) Limited

4 Debtors

	31 March 2002 \$	21 June 2001 \$
Amount owed by parent undertaking	2,069,667	1
Amount owed by immediate parent undertaking	1,348,700	-
	3,418,367	1

5 Creditors: amounts falling due within one year

	31 March 2002 \$	21 June 2001 \$
Corporation tax	21,140	-
	21,140	-

6 Share capital

	Authorised		Allotted, called up and partly paid	
	31 March 2002	21 June 2001	31 March 2002	21 June 2001
	\$	\$	\$	\$
50,000,000 ordinary shares of US \$1 each	50,000,000	-	1,000,000	-
	£	£	£	£
1,000 deferred shares of £1 each	1,000	1,000	1	1

On 22 June 2001, following the adoption of amended Articles of Association, the company re-designated its £1 ordinary shares as deferred shares of £1 each and created a new class of ordinary shares of US\$1 each with an authorised share capital of US\$50,000,000.

On the same date the company issued one deferred share of £1 and one million ordinary shares to its then parent company, Scapa North America Inc, for a consideration of US\$32,000,000, of which US\$2,000,000 was payable immediately with the balance of US\$30,000,000 to be paid in annual instalments up to 31 March 2006 as called upon in accordance with the terms of the share issue.

A subsequent call of \$1,348,700 was made on 21 March 2002.

Scapa (No. 2) Limited

6 Share capital (continued)

The company's articles provide for further calls to be made on the issued shares as follows:

on or after 21 March 2003: \$1.77 per share
on or after 31 March 2004: \$1.77 per share
on or after 31 March 2005: \$1.77 per share
on or after 31 March 2006: \$31.77 per share

The total uncalled amount at 31 March 2002 is \$37,080,000.

The calls will be made upon the original subscriber to the shares.

7 Reserves

	Share premium \$	Profit and loss account \$	Total \$
At 22 June 2001	-	-	-
Issue of shares	2,348,700	-	2,348,700
Retained profit for the year	-	50,511	50,511
At 31 March 2002	2,348,700	50,511	2,399,211

8 Reconciliation of movement in equity shareholders' funds

	31 March 2002 \$	21 June 2001 \$
Retained profit	50,511	-
Issue of shares	3,348,700	-
Opening shareholders' funds	1	1
Closing shareholders' funds	3,399,212	1

9 Employees and auditors

The only employees of the company were the directors, who did not receive any remuneration in respect of their services (2001: nil). The auditors received no remuneration in this year (2001: nil).

Scapa (No. 2) Limited

10 Ultimate parent company

The company's immediate parent company is Scapa Denver (North) Limited, a company incorporated in England.

The directors regard Scapa Group PLC, a company incorporated in England and Wales, as the company's ultimate parent company and ultimate controlling party.

Copies of the group financial statements of Scapa Group PLC may be obtained from the Company Secretary, Scapa Group PLC, Oakfield House, 93 Preston New Road, Blackburn, BB2 6AY.