

**CRODA (CPI) LIMITED****DIRECTORS**

Mr J R Ainger  
Mrs A M McIntyre

**SECRETARY and REGISTERED OFFICE**

Mrs A M McIntyre  
55/57 Queen Street  
Edinburgh  
EH2 3PA

**REGISTERED NUMBER**

961

**REPORT OF THE DIRECTORS**

The directors submit their annual report and the audited accounts for the year ended 31 December 1999 to be presented at the Annual General Meeting of the Company to be held at Cowick Hall, Snaith, Goole, East Yorkshire DN14 9AA on Tuesday 25 April 2000.

**1. Profit and appropriations**

The result for the period is set out in the profit and loss account on page 4.

**2. Directors**

No director had any beneficial interest in the share capital of Croda (CPI) Limited. The ultimate parent company is Croda International Plc, a company registered in England.

The statement below shows the beneficial interests in the capital of Croda International Plc of the directors of the company on 31 December 1999.

	At 31.12.99			At 01.01.99 (or date of appointment)		
	Ordinary shares	Executive options †	SAYE options *	Ordinary shares	Executive options †	SAYE options *
J R Ainger	53,429	70,000	8,932	48,758	50,000	6,143
A M McIntyre	56,353	45,000	8,107	23,583	35,000	6,155

**† Executive Options**

	A	B	C	D
J R Ainger	20,000	10,000	20,000	20,000
A M McIntyre	20,000	5,000	10,000	10,000

- † A Options exercisable at 184p per share during the period 12 October 1995 to 11 October 2002.  
 B Options exercisable at 337p per share during the period 3 April 1999 to 2 April 2006.  
 C Options exercisable at 307p per share during the period 4 April 2000 to 3 April 2007.  
 D Options exercisable at 228p per share during the period 30 March 2002 to 29 March 2009 (granted in 1999).

**\* SAYE Options**

	A	B	C	D
J R Ainger	2,438	1,241	2,464	2,789
A M McIntyre	1,706	1,985	2,464	1,952

- \* A Options exercisable at 283p per share during the period 1 November 1999 to 30 April 2000.  
 B Options exercisable at 278p per share during the period 1 November 2000 to 30 April 2001.  
 C Options exercisable at 280p per share during the period 1 November 2001 to 30 April 2002.  
 D Options exercisable at 242p per share during the period 1 November 2004 to 30 April 2005 (granted in 1999).

G E Bates resigned as director and secretary on 4 March 1999 and Mrs A M McIntyre was appointed as a director and secretary on the same date.

**3. Statement of directors' responsibilities**

The following statement, which should be read in conjunction with the report of the auditors set out on page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that, in preparing the financial statements on pages 4 to 7 inclusive, the Company has used appropriate accounting policies, applied in a consistent manner and supported by reasonable and prudent judgements and estimates, and that all applicable accounting standards have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors 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.

**4. Auditors**

PricewaterhouseCoopers have indicated their willingness to continue in office and a resolution regarding their reappointment will be presented to the Annual General Meeting.

**5. Year 2000 Compliance**

Croda (CPI) Limited is a wholly owned subsidiary of Croda International Plc. A Year 2000 Compliance statement relating to the Croda International Plc group appears in that company's Annual Report.

**By Order of the Board**



**Mrs A M McIntyre** Secretary  
25 February 2000

## AUDITORS' REPORT TO THE MEMBERS OF CRODA (CPI) LIMITED

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 United Kingdom 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 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.

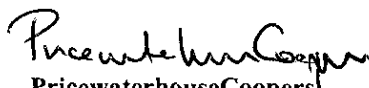
### Basis of audit opinion

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 affairs of the company at 31 December 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers**  
Chartered Accountants  
and Registered Auditors

25 February 2000

**CRODA (CPI) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £	1998 £
Income from fixed assets	2	<b>31,934</b>	37,871
Profit on ordinary activities before taxation		<b>31,934</b>	37,871
Tax on profit on ordinary activities	3	<b>(1,776)</b>	(2,494)
Profit on ordinary activities after taxation transferred to reserves		<b>30,158</b>	35,377

There were no recognised gains or losses except for those included above in the profit and loss account.

Movements in shareholders' funds are shown in note 6 to the accounts on page 6.

**CRODA (CPI) LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 1999**

	NOTES	31 December 1999		31 December 1998	
		£	£	£	£
Fixed Assets					
Shares in subsidiary undertakings	4		210,174		210,174
Debtors					
Amounts owed by Croda International Plc		2,851,384		2,823,226	
Creditors – amounts falling due within one year					
Corporate taxation		(2,000)		(4,000)	
Net current assets			2,849,384		2,819,226
			<u>3,059,558</u>		<u>3,029,400</u>
Capital and reserves					
Called up share capital	5	2,000,000		2,000,000	
Profit and loss account	6	1,059,558		1,029,400	
Shareholders' funds			<u>3,059,558</u>		<u>3,029,400</u>

Signed on behalf of the Board  
who approved the accounts on 25 February 2000

  
**J R Ainger**  
**Director**

**CRODA (CPI) LIMITED**  
**NOTES TO THE ACCOUNTS**

1. Accounting Policies

Basis of accounting

The accounts are prepared under the historical cost convention in compliance with the provisions of the Companies Act 1985 and applicable United Kingdom Accounting Standards.

Consolidated accounts are not required by virtue of S.228 of the Companies Act 1985.

2. Income from fixed assets

	1999 £	1998 £
Dividends received from subsidiary undertakings	31,934	37,871

3. Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax	2,000	4,000
Prior year (over)/underprovision	(1,745)	(3,400)
Withholding tax on overseas dividends	1,521	1,894
	<u>1,776</u>	<u>2,494</u>

United Kingdom corporation tax has been provided at a rate of 30.25% (1998- 31%).

4. Shares in subsidiary undertakings

	£
At 1 January 1999 and 31 December 1999	210,174

In the opinion of the directors the aggregate value of investments in subsidiary undertakings is not less than the amounts at which they are stated in the balance sheet.

5. Share capital

	Authorised 1999	1998 £	Allotted, called up and fully paid 1999	1998 £
Ordinary share of £1 each	3,000,000	3,000,000	2,000,000	2,000,000

6. Shareholders' funds

	Share capital £	Profit and loss account £	Total Share- holders' funds £
At 1 January 1999	2,000,000	1,029,400	3,029,400
Retained profit	-	30,158	30,158
At 31 December 1999	<u>2,000,000</u>	<u>1,059,558</u>	<u>3,059,558</u>

**CRODA (CPI) LIMITED**  
**NOTES TO THE ACCOUNTS**

7. Subsidiaries

- (i) None of the UK subsidiaries have traded during the year.
- (ii) Of the two foreign subsidiaries Croda Chemicals (SA) Pty, and Croda Zimbabwe Pvt Ltd have traded during the year.
- (iii) A full list of subsidiary undertakings is attached to the company's latest annual return as required by S.231 Companies Act 1985.

8. Directors' Emoluments

*None (1998 - None) of the directors received any emoluments in respect of his services to the company.*

9. Cash flow

The company is a wholly owned subsidiary of Croda International Plc and is included in the consolidated financial statements of this company which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996).

10. Ultimate Parent Company

The ultimate parent company is Croda International Plc, a company registered in England. Croda International Plc Group is the largest and smallest group of which the company is a member and for which Group accounts are prepared. Copies of the Group Accounts can be obtained from the Company Secretary at the registered office of the company.