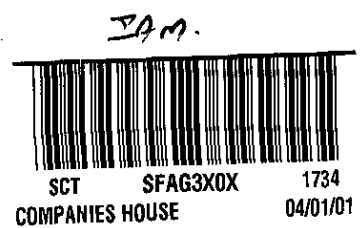


UCB T & R GRAHAM LIMITED
REPORT AND FINANCIAL STATEMENTS

31ST DECEMBER 1999

Registered Number: 20905

HLB Kidsons
Chartered Accountants



UCB T & R GRAHAM LIMITED

REPORT OF THE DIRECTORS

31st December 1999

The Directors present their annual report and the financial statements for the year ended 31st December, 1999.

The company continued to convert flexible packaging materials at Station Road, Wigton, Cumbria.

The profit on ordinary activities, after taxation, amounted to £1,772,000, which it is proposed should be added to reserves.

Full details of the company's results are shown in the attached financial statements.

Elective resolutions exempting the Directors from the need to lay accounts and reports before the company in General Meetings, exempting the company from holding Annual General Meetings and exempting the company from annually re-appointing its auditors remain in force.

The Directors of the company on the 31st December, 1999, were W. Lowther (Chairman), R. Stewart-Smith, and E.K. Theusinger (German). All the Directors were Directors throughout the year.

On 30th November 2000, R Stewart-Smith resigned as a Director and Company Secretary, with R S Turnbull appointed Director and D Horton appointed Company Secretary in his place.

The sole ordinary shareholder of the company on the 31st December, 1999, was UCB (Investments) Limited. The ultimate parent company is UCB S.A., incorporated in Belgium.

By order of the Board



D Horton
Secretary

21st December 2000

c/o HLB Kidsons
Breckenridge House
274 Sauchiehall Street
Glasgow,
G2 3EH.

UCB T & R GRAHAM LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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, we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- 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 in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records
- safeguarding the company's assets
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the Board


D Horton
Secretary

21st December 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF

UCB T & R GRAHAM LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 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 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 the company's affairs at 31st December, 1999, and of its results for the financial year then ended and have been properly prepared in accordance with the Companies Act 1985.



HLB Kidsons
Registered Auditors
Chartered Accountants

Leeds

22 December 2000

UCB T & R GRAHAM LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 1999

| | Note | 1999 £'000 | 1998 £'000 |
|--|------|---------------------|-------------------|
| Turnover | 2 | 575 | 727 |
| Cost of sales | | (180) | (295) |
| Gross profit | | <u>395</u> | <u>432</u> |
| Net operating expenses | | (123) | (97) |
| Profit on ordinary activities before taxation | 3 | 272 | 335 |
| Exceptional income | 4 | 1,500 | - |
| Taxation | 6 | - | (88) |
| Profit on ordinary activities after taxation | 13 | <u><u>1,772</u></u> | <u><u>247</u></u> |

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses or historical cost statement has been presented.

All deductions are shown in brackets.

The notes to the financial statements are on pages 6 to 11.

UCB T & R GRAHAM LIMITED

BALANCE SHEET

31st December 1999

| | Note | 1999 £'000 | 1999 £'000 | 1998 £'000 | 1998 £'000 |
|---|------|---------------|---------------|---------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | - | | - |
| Current assets | | | | | |
| Debtors | 8 | 1,522 | | 59 | |
| Cash and bank balances | | 14 | | 256 | |
| | | <u>1,536</u> | | <u>315</u> | |
| Creditors: | | | | | |
| Amounts falling due within one year | 9 | (23) | | (95) | |
| Net current assets | | | <u>1,513</u> | | <u>220</u> |
| Total assets less current liabilities | | | <u>1,513</u> | | <u>220</u> |
| Creditors: amounts falling due after more than one year | 9 | | <u>(100)</u> | | <u>(579)</u> |
| | | | <u>1,413</u> | | <u>(359)</u> |
| Capital and reserves: | | | | | |
| Called up share capital | 12 | | 2,350 | | 2,350 |
| Profit and loss account | 13 | | (937) | | (2,709) |
| Total shareholders' funds, attributable to equity shareholders | 11 | | <u>1,413</u> | | <u>(359)</u> |

The financial statements on pages 4 to 11 were approved by the Board of Directors on 21st December 2000.

Rs. [Signature]

)
) Director
)

All deductions are shown in brackets.

The notes to the financial statements are on pages 6 to 11.

UCB T & R GRAHAM LIMITED

NOTES TO THE ACCOUNTS

31st December 1999

Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis modified by the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards. Advantage has been taken on the exemption, granted by paragraph 3(c) of FRS 8, from reporting transactions with fellow group undertakings on the basis that the consolidated financial statements in which the company is included are publicly available.

Depreciation

Depreciation is being charged by equal annual instalments, with the exception of the year in which the asset is first available for use when an amount proportionate to the period of the year for which the asset was in use is charged, so as to write off each asset's cost or valuation, less any residual value, over its anticipated economic life.

Government grants are treated as deferred credits and released to the profit and loss account at the same rate as the depreciation charged on the corresponding fixed assets, in order to spread the benefit over the same period.

The following periods have been used in determining the amount of depreciation charged:

| | |
|---------------------|--------------|
| Buildings | 20 years |
| Plant and machinery | 4 to 6 years |

Stocks

Stocks have been valued at the lower of cost and net realisable value. Cost has been determined by the "first in, first out" method and is based on purchase price or production costs, including related fixed and variable production overheads and depreciation. Net realisable value is based on estimated selling price, less the cost of disposal.

Deferred taxation

Deferred taxation is provided where applicable, on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Transactions expressed in foreign currencies have been translated into sterling at the rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities have been translated at rates ruling at the Balance Sheet date. Any exchange differences have been included in operating profit.

UCB T & R GRAHAM LIMITED

NOTES TO THE ACCOUNTS

31st December 1999

(continued)

Accounting policies (continued)

Cashflow statement

No cashflow statement is prepared as the company is a wholly owned subsidiary undertaking and the ultimate parent undertaking prepares a consolidated cashflow statement.

Pension costs

Contributions to the Group's pension scheme are charged to the profit and loss account, so as to spread the cost of pensions over the employees' working lives within the Group.

Analysis of turnover by destination

All sales to third parties were within the United Kingdom.

Operating profit

| | 1999 £'000 | 1998 £'000 |
|--|---------------|---------------|
| Auditors' remuneration and expenses - audit services | 1 | 1 |

Exceptional income

| | | |
|----------------------------|-------|---|
| Profit on sale of property | 1,500 | - |
|----------------------------|-------|---|

The freehold property had been fully written down in the company's accounts in prior years.

Directors and employees

| | | |
|---|--------|--------|
| Wages and salaries | 116 | 113 |
| Social security costs | 7 | 8 |
| Other pension costs | 6 | 7 |
| | 129 | 128 |
| | Number | Number |
| Average numbers employed, including directors | 6 | 7 |

All the Directors were either members of the Board, managers or consultants of either intermediate or ultimate parent companies, and were remunerated by those companies in respect of their services to the Group as a whole.

UCB T & R GRAHAM LIMITED

NOTES TO THE ACCOUNTS

31st December 1999

(continued)

| | | | |
|----|-----------------------------------|-------------------|-------------------|
| 6. | Taxation | 1999 | 1998 |
| | | £'000 | £'000 |
| | Tax on ordinary activities at 31% | - | 88 |
| | | <u> </u> | <u> </u> |

| | | | | |
|----|---|--|--|------------------------|
| 7. | Tangible fixed assets | Freehold land and buildings £'000 | Plant and machinery £'000 | Total £'000 |
| | At cost or valuation | | | |
| | At 31st December 1998 and 31st December 1999 | - | 89 | 89 |
| | | <u> </u> | <u> </u> | <u> </u> |
| | Depreciation | | | |
| | At 31st December 1998 and 31st December 1999 | - | 89 | 89 |
| | | <u> </u> | <u> </u> | <u> </u> |
| | Net book amount | | | |
| | 31st December 1998 and 31st December 1999 | - | - | - |
| | | <u> </u> | <u> </u> | <u> </u> |

| | | | |
|----|--|-------------------|-------------------|
| 8. | Debtors: amounts falling due within one year | 1999 | 1998 |
| | | £'000 | £'000 |
| | Amounts owed by parent undertaking and fellow subsidiary undertakings | 11 | 56 |
| | Prepayments and accrued income | 1,511 | 3 |
| | | <u> </u> | <u> </u> |
| | | 1,522 | 59 |
| | | <u> </u> | <u> </u> |

UCB T & R GRAHAM LIMITED

NOTES TO THE ACCOUNTS

31st December 1999

(continued)

9. Creditors

| | Amounts falling due within one year | | Amounts falling due after more than one year | |
|---|--|---------------|---|---------------|
| | 1999 £'000 | 1998 £'000 | 1999 £'000 | 1998 £'000 |
| Amounts owed to parent undertaking and fellow subsidiary undertakings | 1 | 25 | 100 | 579 |
| Taxation and social security | - | 48 | - | - |
| Accruals and deferred income | 22 | 22 | - | - |
| | <u>23</u> | <u>95</u> | <u>100</u> | <u>579</u> |

10. Commitments under operating leases

There were no financial commitments under non-cancellable operating leases at 31st December, 1999 or 31st December, 1998.

11. Reconciliation of movements in shareholders' funds

| | 1999 £'000 | 1998 £'000 |
|-------------------------------|---------------|---------------|
| Profit for the financial year | 1,772 | 247 |
| Opening shareholders' funds | (359) | (606) |
| | <u>1,413</u> | <u>(359)</u> |
| Closing shareholders' funds | 1,413 | (359) |

12. Share capital

| 1999 and 1998 | Authorised | | Allotted, called up and fully paid | |
|-------------------------------------|------------------|-------|---------------------------------------|-------|
| | No. of shares | £'000 | No. of shares | £'000 |
| Ordinary shares of £1 each (equity) | 2,350,000 | 2,350 | 2,350,000 | 2,350 |

UCB T & R GRAHAM LIMITED

NOTES TO THE ACCOUNTS

31st December 1999

(continued)

13 Reserves

1999
£'000

Profit and loss account

| | |
|----------------------|---------|
| At 1st January, 1999 | (2,709) |
| Profit for the year | 1,772 |

| | |
|------------------------|-------|
| At 31st December, 1999 | (937) |
|------------------------|-------|

14 Future capital expenditure

There were no commitments in respect of future capital expenditure at 31st December, 1999 or 31st December, 1998.

5 Parent companies

The company is controlled by and is a wholly owned subsidiary of UCB S.A. (incorporated in Belgium) through that company's majority ownership of UCB (Investments) Limited (registered in England).

6 Borrowings

The company has guaranteed certain borrowings of other UCB Group UK companies.

UCB T & R GRAHAM LIMITED

NOTES TO THE ACCOUNTS

31st December 1999

(continued)

17 Pension scheme

(a) Nature of scheme

The company participates in the UCB British Pension Scheme which is constituted through a separate independent trust. The scheme is a contributory, funded, defined benefit scheme, the benefits of which are based on final pensionable pay.

(b) Pension costs

Contributions to the UCB British Pension Scheme are assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest assessment of the scheme was made as at the 1st January, 1997. Contributions from the company of £6,000 (1998: £7,000) were paid to the scheme in the year. Contributions totalling £1,000 (1998: £1,000) were payable to the scheme at the year end and are included in creditors.

(c) Actuarial valuation

At the date of the latest actuarial valuation of the UCB British Pension Scheme the market value of the scheme assets was £106,946,000, the actuarial value of those assets represented 101.9% of the benefits that have accrued to members after allowing for expected increases in earnings. Members of the scheme contribute 6% of contributory pay and the respective employing companies contribute 12½% of members' contributory pay. In the opinion of the actuary, there is no immediate requirement for the company to increase its rate of contribution.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investment and the rates of increases in salaries, wages and pensions. It was assumed that the investment return would be 9% per annum, that pay increases would average 7% per annum plus historically based incremental scales for salaries/wages and that the rate of increase in present and future pensions would be 5% per annum.