ACORDIS UK LIMITED

DIRECTORS' REPORT

AND FINANCIAL STATEMENTS

FOR THE TWELVE MONTHS ENDED

31 DECEMBER 2002



Company Registered No. 149921

Report of the Directors for the year ended 31 December 2002

The Directors submit their report and the financial statements for the year ended 31 December 2002.

Principal activities

The principal activities of the Company are the manufacture of Acrylic fibres. A number of UK based central functions for the Acordis group are also provided by the Company, and the costs are recharged as appropriate.

Results and dividends

The profit and loss account and balance sheet, together with the appropriate notes, are set out on pages 5 to 18.

The Directors recommend that no dividend be paid on the Company's Ordinary shares of £1 each in respect of the year ended 31 December 2002 (2001 - £nil).

Going concern

The company incurred a loss of £14,342,000 in the year (2001: loss of £25,204,000) and at the year end net current liabilities amounted to £11,266,000 (2001: net current liabilities of £14,436,000). Budgets for 2003 and actual results in the year to date suggest little economic recovery in the short term. As a result, the company is reliant on the support of the parent company Acordis Beheer BV to ensure its continuing viability. In taking into account this support the Directors are of the view that the company has adequate resources to continue in existence for the foreseeable future and for this reason the financial statements are prepared on the going concern basis. Further details are provided on page 7 under "Basis of preparation".

Review of business and future prospects

The trading environment for Acrylics showed some modest recovery during 2002 and for large parts of the year activity was at or close to capacity (Textiles). However, volumes weakened dramatically during the latter part of the year driven largely by the uncertainties of pending military action in Iraq and the associated spiral in crude oil and therefore acrylonitrile prices.

Precursor activity was somewhat better than 2001 but downstream applications for carbon fibre have failed so far to make substantial penetration in targeted markets. As a consequence of the above, the Business recognised a substantial impairment of the carrying value of its previous investment in precursor capacity.

The outlook for 2003 will ultimately be determined by the recovery in the global economy and a more stable political climate. Whilst the Iraq war has been concluded relatively quickly the disruption/delay in resumption of oil exports are still having a negative impact on crude oil pricing, whilst in the Far East SARS has latterly impacted confidence and the Business climate. The Company continues to place great importance on a concerted reduction in its overall cost base so as to favourably position itself as and when the upturn does indeed take place.

The demolition of the former Viscose operation has proceeded to plan and was completed in May 2003.

A number of redundancies in the central functions of the Acordis Group (see Principal Activities) have taken place throughout the year following an earlier decision to concentrate such positions at its Arnhem site in Holland. The cost of severance has negatively impacted the final trading result.

Report of the directors for the year ended 31 December 2002 (continued)

Research and development expenditure

During the year work has continued on process improvement and product development in Acrylics. Overall expenditure on research and development during the year amounted to £359,000 (2001 - £425,000).

Directors

The Directors who held office during the year and up to the date of this report are given below:

J A Bednall (resigned 23 January 2002)
J A Cross
D T Powers

Directors' interests

The Company is exempted from disclosing the interests (if any) of the Directors and their families in the share capital of the ultimate holding company by virtue of the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985 (SI 1985 No. 802).

Employees

Where individuals become disabled whilst in the company's employment, reasonable effort is made to provide opportunities for continued employment within the potential aptitude and ability of the person concerned, and to provide such facilities, including any appropriate training, as may be necessary for that purpose.

In dealing with applications for employment and the training, career development and promotion of existing employees, efforts are made to ensure that a disabled individual's potential aptitude and ability are considered both without prejudice and as constructively as possible in relation to the opportunities available.

The Company provided information regarding the financial and economic factors affecting its performance to employees in literature circulated periodically.

Charitable donations

Individual charitable donations over £200 :-

	2002	2001
	£	£
The Stroke Association	250	-
Childline	-	500
St Andrews Hospice	-	400
Cancer Research	-	500
Total individual charitable donation over £200	250	1,400
Cumulative charitable donation below £200	267	143
Total charitable donations	517	1,543

Report of the Directors for the year ended 31 December 2002 (continued)

Policy and practice on payment of suppliers

The Company has a general policy to pay suppliers in accordance with the contract terms agreed with them or, in the absence of such contract terms, in accordance with the company's own standard terms of trading, providing circumstances permit this and that the supplier is also complying with all relevant terms and conditions. Trade creditors at 31 December 2002 were equivalent to 73 days of purchases (2001: – 71 days).

Statement of Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

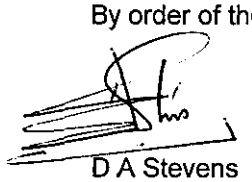
The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 7 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 14 March 2003 and the Directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. An elective resolution has been passed in accordance with Section 386 of the Companies Act 1985, as amended by the Companies Act 1989, dispensing with the requirement to re-appoint auditors annually.

By order of the Board



D A Stevens
Secretary

1 Holme Lane
Spondon
Derby
DE21 7BP

15 October 2003

Independent Auditors' Report to the Members of Acordis UK Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

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

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 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands

15 October 2003

ACORDIS UK LIMITED

Profit and loss account for the year ended 31 December 2002

	Note		2002 £'000		2001 £'000
Turnover	1 & 3				
Continuing operations		71,779		68,601	
Discontinued operations		-		11,437	
			71,779		80,038
Cost of sales	4		(67,548)		(80,280)
Exceptional cost of sales	4 & 6		(8,105)		(10,158)
Total cost of sales			(75,653)		(90,438)
Gross (loss)			(3,874)		(10,400)
Operating selling and distribution costs	4		(4,743)		(5,689)
Exceptional selling and distribution costs	4 & 6		-		(477)
Total selling and distribution costs			(4,743)		(6,166)
Operating administrative expenses	4		(5,814)		(7,508)
Exceptional administrative expenses	4 & 6		(1,663)		(2,149)
Total administrative expenses			(7,477)		(9,657)
Other operating income	5		2,877		2,539
Operating loss					
Continuing operations	4	(13,217)		(11,968)	
Discontinued operations	4 & 6	-		(11,716)	
Total operating loss			(13,217)		(23,684)
Net interest payable	10		(1,125)		(1,520)
Loss on ordinary activities before taxation	7		(14,342)		(25,204)
Taxation	11		-		-
Loss for the financial year	22		(14,342)		(25,204)

The notes on pages 7 to 18 form part of these financial statements.

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The company has no recognised gains and losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

Balance sheet as at 31 December 2002

	Note	2002 £'000	2002 £'000	2001 £'000	2001 £'000
Fixed Assets					
Tangible fixed assets	12 & 13		14,745		22,123
Investments	14		-		-
			14,745		22,123
Current Assets					
Stocks	15	9,581		8,225	
Debtors	16	15,276		14,530	
Cash at bank and in hand		1		29	
		24,858		22,784	
Current Liabilities					
Creditors (amounts falling due within one year)	17	(36,124)		(37,220)	
Net current liabilities			(11,266)		(14,436)
Total assets less current liabilities			3,479		7,687
Provisions for liabilities and charges	18		(743)		(609)
Net Assets			2,736		7,078
Capital and reserves					
Called up share capital	20		65,000		55,000
Profit & loss account	21		(62,264)		(47,922)
Equity shareholders' funds	22		2,736		7,078

Approved by the Board of Directors on 15 October 2003

D T Powers
DIRECTOR

The notes on pages 7 to 18 form part of these accounts.

Notes to the financial statements for the year ended 31 December 2002

1. Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

Basis of preparation of accounts

The accounts have been prepared on a going concern basis under the historical cost convention, the accounting policies set out below and applicable accounting standards. The validity of the going concern basis is dependent on the continuing support of the parent company, Acordis Beheer BV. As confirmation of support from the parent company has been obtained, the Directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Changes in accounting policies

FRS 19, 'Deferred tax', has been adopted in the financial statements.

The introduction of this standard has had no impact on the results of the company.

Consolidation

In accordance with Section 228 of the Companies Act 1985 the company has taken advantage of the exemption not to prepare consolidated financial statements. The company is consolidated in the group accounts of Acordis Beheer BV and Acordis BV. Both Acordis Beheer BV and Acordis BV are incorporated in the Netherlands. The financial statements present information about Acordis UK Ltd as an individual undertaking and not about its group.

Turnover

Turnover is the total amount of sales invoiced to customers, net of sales tax.

Tangible assets

Tangible fixed assets are stated at cost. Depreciation is calculated on a straight line basis so as to write-off the cost of each asset over their expected useful lives. The rates of depreciation vary generally between 2% and 6% on buildings and 10% and 33% on plant and equipment. Capital work in progress is not depreciated until it is commissioned. Land is not depreciated as it is deemed to have an indefinite life.

Investments

Investments are stated at the lower of cost less provision for permanent diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes appropriate overheads. Consignment raw material and engineering stocks are excluded from stock.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

Notes to the financial statements for the year ended 31 December 2002 (continued)

1. Accounting Policies (continued)

Foreign currencies

Foreign currency assets and liabilities have been translated into sterling at the rates of exchange ruling at the year-end or, where appropriate, the forward cover rate. Exchange differences arising on transactions during the year are dealt with through the profit and loss account.

Deferred taxation

Deferred taxation is accounted for under Financial Reporting Standard 19 ("FRS 19"), 'Deferred tax'. Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. Deferred tax assets are only recognised to the extent that it is considered more likely than not that there will be future taxable profits against which they will reverse.

Operating leases

Rental charges in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pensions

The cost of providing retirement pensions and related benefits in respect of defined contribution schemes is charged to profit and loss account when incurred. The contributions are held in separately administered funds from the company's assets.

2. Cash flow statement and related party disclosure

The company is a wholly-owned subsidiary of Acordis BV and is included in the consolidated financial statements of Acordis BV, which are publicly available from the Company Secretary, Westervoortsedijk 73, PO Box 9600, Arnhem 6800TC, The Netherlands. 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). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Acordis group or investees of the Acordis group. For details of other related party transactions see note 26.

3. Turnover

All results and turnover derive from man-made fibre operations in the United Kingdom. The geographical analysis of turnover by destination is as follows.

	2002 £'000	2001 £'000
United Kingdom	14,096	16,077
Europe	17,329	22,382
Rest of World	40,354	41,579
Total Turnover	71,779	80,038

Notes to the financial statements for the year ended 31 December 2002 (continued)

4. Cost of sales and operating expenses

	2002			2001		
	Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
Cost of sales	(67,548)	-	(67,548)	(68,662)	(11,618)	(80,280)
Exceptional cost of sales	(8,105)	-	(8,105)	(209)	(9,949)	(10,158)
	(75,653)	-	(75,653)	(68,871)	(21,567)	(90,438)
Net operating expenses						
Selling and distribution costs	(4,743)	-	(4,743)	(4,969)	(720)	(5,689)
Exceptional selling and distribution costs	-	-	-	-	(477)	(477)
Administrative expenses	(5,814)	-	(5,814)	(7,268)	(240)	(7,508)
Exceptional administrative expenses	(1,663)	-	(1,663)	(2,000)	(149)	(2,149)
Other operating income	2,877	-	2,877	2,539	-	2,539
Total net operating expenses	(9,343)	-	(9,343)	(11,698)	(1,586)	(13,284)

5. Other operating income

Other operating income is the recharge of management fees to other Acordis group undertakings.

Notes to the financial statements for the year ended 31 December 2002 (continued)

6. Exceptional cost of sales

The exceptional cost of sales 2002 includes :-

	£000
Asbestos removal	1,670
Asset Impairment	6,478
Restructuring	(43)
Total	8,105

During 2001 the Company incurred Exceptional cost of sales of £10,158,000 comprising costs associated with the cessation of viscose production announced in 2001 (£9,949,000) and the continuation of the restructuring programme announced in 1999 (£209,000).

Exceptional selling and distribution expenses

The exceptional selling and distribution expenses incurred in 2001 were all redundancy costs relating to the cessation of viscose production.

Exceptional administrative expenses

The exceptional administrative expenses incurred in 2002 of £1,663,000 are all redundancy costs relating to the restructuring programme.

The exceptional administrative expenses incurred in 2001 of £2,149,000 were all redundancy costs relating to the cessation of viscose production of £149,000 and the restructuring programme of £2,000,000.

Notes to the financial statements for the year ended 31 December 2002 (continued)

7. Loss on ordinary activities before taxation is stated after charging / (crediting):

	2002 £'000	2001 £'000
Wages and salaries	14,553	18,227
Redundancy payments	1,620	7,076
Social security costs	1,147	1,802
Other pension costs (note 25)	779	1,014
Staff costs	18,099	28,119
Depreciation of tangible fixed assets – owned assets (note 12) :		
Depreciation	3,219	4,070
Asset impairment	6,478	Nil
Operating lease charges		
- land and buildings	128	125
- plant and machinery	635	826
Research and development expenditure	359	425
Other operating income (note 5)	(2,877)	(2,539)
Auditors' remuneration		
- audit services	35	33
- non-audit services	26	68
Loss / (Profit) on disposal of tangible fixed assets	10	(1,121)

8. Employees

The average number of persons employed during the year, all of whom were employed in the UK, was:

	2002 Number	2001 Number
Manufacturing	471	572
Administration	45	79
Total	516	651

9. Remuneration of Directors

The aggregate remuneration (excluding pension contributions) paid to Directors was £189,786 (2001- £721,897). In 2001, the highest paid Director received £412,677 and his accrued pension increased by £12,761 p.a. to £113,555 p.a.

All of the Directors were accruing retirement benefits under the Akzo Nobel CPS Pension Scheme, which is a defined benefit scheme. (2001: All). Contributions of £3,456 were also paid in respect of money purchase benefits for one Director (2001:Nil)

Notes to the financial statements for the year ended 31 December 2002 (continued)

10. Net interest payable

	2002 £'000	2001 £'000
Interest on bank and other borrowings fully payable within five years	(716)	(608)
Other interest payable	(462)	(912)
Interest Receivable	53	-
Net interest payable	(1,125)	(1,520)

11. Taxation

	2002 £'000	2001 £'000
Loss on ordinary activities before taxation	(14,342)	(25,204)
Loss on ordinary activities multiplied by standard rate in the UK 30% (2001: 30%)	4,303	7,561
Effects of:		
Expenses not deductible for tax purposes	(206)	(26)
Movement in accelerated capital allowances	(1,566)	683
Movement in other timing differences	156	(1,430)
Losses carried forward	(1,350)	-
Losses surrendered to fellow subsidiaries without charge	(1,337)	(6,788)
Current taxation charge for the period	-	-

The company's taxation charge is £Nil because of the taxable losses arising during both years.

Notes to the financial statements for the year ended 31 December 2002 (continued)

12. Tangible assets

	Land & buildings (note 13)	Plant & machinery	Fixtures, fittings, tools & equipment	Capital work in progress	Total
Cost	£'000	£'000	£'000	£'000	£'000
At 1 January 2002	13,385	93,115	7,303	2,187	115,990
Additions	-	-	-	2,327	2,327
Disposals	-	(1,030)	-	-	(1,030)
Reclassification	-	2,061	170	(2,231)	-
At 31 December 2002	13,385	94,146	7,473	2,283	117,287
Accumulated Depreciation					
At 1 January 2002	11,723	77,834	4,310	-	93,867
Charge for the year	167	2,404	648	-	3,219
Asset impairment	-	6,478	-	-	6,478
Disposals	-	(1,022)	-	-	(1,022)
At 31 December 2002	11,890	85,694	4,958	-	102,542
Net book Value					
At 31 December 2002	1,495	8,452	2,515	2,283	14,745
At 31 December 2001	1,662	15,281	2,993	2,187	22,123

Included within the above cost of Land & building is £89,000 (2001: £89,000) of land which is not depreciated.

Notes to the financial statements for the year ended 31 December 2002 (continued)

13. Land and buildings

	2002 £'000	2001 £'000
The value of land and buildings comprises:		
Freehold		
Cost	13,385	13,385
Depreciation	(11,890)	(11,723)
Net book value	1,495	1,662

FRS 15 was adopted in 2000 and the company on implementation changed its accounting policy to state the carrying value of land and buildings at depreciated historical cost.

14. Investments

	2002 £'000	2001 £'000
Cost	151	151
Less Provision for permanent diminution of value	(151)	(151)
Net book Value	-	-

The investment represents 600 Ordinary shares of 50,000 Yen per share, in a wholly owned subsidiary, Acordis Japan KK, registered in Japan and is valued at cost. The Company's principal activity is as a selling office, the results of which are consolidated in the financial statements of Acordis BV, a company registered in the Netherlands.

The cost amount of this investment was written off during 2000 due to a permanent diminution in value.

15. Stocks

	2002 £'000	2001 £'000
Raw materials and consumables	5,418	3,602
Work in progress	268	311
Finished goods and goods for resale	3,895	4,312
	9,581	8,225

In the opinion of the directors there is no material difference between the value as shown and the replacement cost of stock.

Stocks with a value of £723,000 (2001- £509,000) are held on a consignment basis from suppliers. These are purchased when issued to production and are excluded from the above figures in accordance with Financial Reporting Standard No. 5.

Notes to the financial statements for the year ended 31 December 2002 (continued)

16. Debtors

	2002 £'000	2001 £'000
Trade debtors	11,688	9,946
Amounts owed by group undertakings	2,934	2,396
Other debtors	204	1,495
Prepayments and accrued income	450	693
	15,276	14,530

The amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

17. Creditors due in under one year

	2002 £'000	2001 £'000
Bank overdraft	10,485	13,751
Trade creditors	16,444	11,476
Amounts owed to group undertakings	454	2,001
Other creditors	4,861	3,632
Capital creditors	900	1,257
Taxation and social security	140	319
Accruals and deferred income	2,840	4,784
	36,124	37,220

The amounts due to group undertakings are unsecured, interest free and repayable on demand.

18. Provisions for liabilities and charges

	Waste Tip Capping Provision £'000
At 1 January 2002	609
Charged to profit and loss account	134
At 31 December 2002	743

A provision for the capping of waste tips on the Grimsby site was established in 1999. It is anticipated that this provision will be fully utilised by the end of 2005.

Notes to the financial statements for the year ended 31 December 2002 (continued)

19. Deferred taxation

The Company's full potential deferred tax asset/(liability) is as follows:

	2002 £'000	2001 £'000
Accelerated capital allowances	884	(614)
Other timing differences	1,113	2,343
Losses carried forward	5,275	3,575
	7,272	5,304

No deferred tax asset has been recognised in these financial statements, owing to the uncertainty of recovery of these tax losses.

20. Called up share capital

	2002 £'000	2001 £'000
Authorised:		
£1 ordinary shares	65,000	55,000
	65,000	55,000
Alloted, issued and fully paid:		
£1 ordinary shares	65,000	55,000
	65,000	55,000

On 2 May 2002 the authorised share capital was increased by £10,000,000 to £65,000,000. 10,000,000 ordinary shares of £1 were allotted fully paid at par to increase the issued and paid up capital to £65,000,000.

Details of further increases in the authorised and issued share capital in May 2003 are shown in note 27.

Notes to the financial statements for the year ended 31 December 2002 (continued)

21. Reserves

	Profit & Loss account £'000
At 1 January 2002	(47,922)
Loss for the financial year	(14,342)
At 31 December 2002	(62,264)

22. Reconciliation of movements in shareholders' funds

	2002 £'000	2001 £'000
Opening shareholder's funds	7,078	79
Loss for the financial year	(14,342)	(25,204)
Increase in called up equity share capital (note 20)	10,000	32,203
Net (decrease)/increase in shareholders funds	(4,342)	6,999
Closing shareholders' funds	2,736	7,078

23. Commitments

	2002 £'000	2001 £'000
Capital expenditure contracted for but not provided for in The financial statements.	83	298

The company has annual commitments in respect of operating leases as follows:

Land and Buildings

	2002 £'000	2001 £'000
Expiring in five years or more	100	100

Notes to the financial statements for the year ended 31 December 2002 (continued)

23. Commitments (continued)

Plant and Machinery

Annual commitments payable under non-cancellable operating leases expiring:

	2002 £'000	2001 £'000
Within one year	19	71
In two to five years	230	278
In five years or more	49	6
	298	355

24. Contingent liabilities

The company and certain other fellow subsidiaries are parties to a Group bank facility under which the gross balances standing to the credit of the Company on these accounts at the period end may be used to offset liabilities of other subsidiaries to the bank. The gross amount outstanding to the credit of the Company under this arrangement at the period end was £10,485k (2001 : £13,751k).

25. Pension commitments

In accordance with the venture capital buyout agreement of Acordis, the company's employees continue to participate in the Akzo Nobel (CPS) pension scheme. The scheme is sponsored by Akzo Nobel UK Limited and details are provided in their financial statements.

The company's contributions to the scheme amount to £779k (2001: £1,014k), being 6.3% of members pensionable salary. Therefore, the scheme represents a defined contribution scheme for the company.

26. Related party transactions

No Director during the year has been materially interested in any contract with the Company, which is significant in relation to the Company's activities.

27. Subsequent events

On the 6 May 2003, the authorised share capital was increased by £10,000,000 to £75,000,000. 10,000,000 ordinary shares of £1 were allotted fully paid at par to increase the issued and paid up capital to £75,000,000.

28. Immediate and ultimate parent undertaking and controlling party.

Acordis UK Limited is a wholly owned subsidiary of Acordis International Holdings BV, which is itself a wholly owned subsidiary undertaking of Acordis BV, a company incorporated in the Netherlands. The ultimate holding company and controlling party is Acordis BV, which is the parent undertaking of the largest group to consolidate these financial statements. The parent of the smallest group to consolidate these financial statements is Acordis Beheer BV.

Copies of the consolidated financial statements of Acordis BV and Acordis Beheer BV are available from the Company Secretary, Westervoortsedijk 73, PO Box 9600 Arnhem 6800TC, The Netherlands.