

**LUBRIZOL ADIBIS HOLDINGS (UK)
LIMITED**

Report and Financial Statements

31 December 2002



LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the financial statements for the year ended 31 December 2002.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the group during the year was the manufacture and sale of a wide range of chemical additives for lubricants and fuels. The directors expect the company to continue developing new technologies in these markets.

The financial position of the group is shown on page 5.

DIVIDENDS AND TRANSFERS TO RESERVES

The profit after taxation for the year amounts to £1,785,000 (2001 - £672,000) which has been transferred to reserves.

The directors do not recommend the payment of a dividend (2001 £Nil).

DIRECTORS

The directors of the company who held office during the financial year and thereafter were:

Mr G P Baker
Mr C B Chapman
Mr G R Hill (US)

No director had any material interest, as defined by the Companies Act 1985, at either the beginning or end of the year in shares of the company, or any other Lubrizol group company in the United Kingdom.

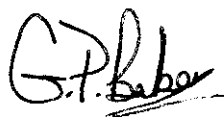
There were no contracts of significance during the year in which any director had a material interest.

AUDITORS

On 1 August 2003 Deloitte & Touche, the company's auditors, transferred their business to Deloitte & Touche LLP, a limited liability partnership, incorporated under the Limited Liability Partnership Act 2000. The company's consent has been given as treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

A resolution to reappoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 the group as at the end of the financial year and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED**

We have audited the financial statements of Lubrizol Adibis Holdings (UK) Limited for the year ended 31 December 2002 which comprise the consolidated profit and loss account, the balance sheets, the consolidated statement of total recognised gains and losses, the movement in consolidated shareholders' funds and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

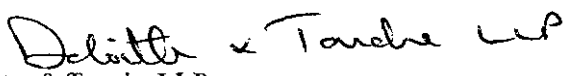
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 and the group as at 31 December 2002 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
Liverpool

29 September 2003

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
TURNOVER	2	23,109	20,142
Cost of sales		(18,541)	(16,703)
Gross profit		4,568	3,439
Administrative expenses		(2,310)	(2,632)
Other operating income		118	11
OPERATING PROFIT	3	2,376	818
Interest receivable and similar income	5	126	139
Interest payable and similar charges	6	-	(6)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,502	951
Tax on profit on ordinary activities	7	(717)	(279)
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	1,785	672

All activities arise from continuing operations.

A consolidated statement of historical cost profits and losses has not been prepared, as any differences are immaterial.

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

BALANCE SHEETS

31 December 2002

	Note	Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
FIXED ASSETS					
Investments	9	-	-	3,582	4,846
Tangible assets	10	270	150	-	-
		<u>270</u>	<u>150</u>	<u>3,582</u>	<u>4,846</u>
CURRENT ASSETS					
Stock	11	7,527	5,168	-	-
Debtors	12	3,667	2,541	412	-
Cash at bank and in hand		39	490	-	-
		<u>11,233</u>	<u>8,199</u>	<u>412</u>	<u>-</u>
CREDITORS: amounts falling due within one year	13	(4,522)	(4,634)	-	-
NET CURRENT ASSETS		<u>6,711</u>	<u>3,565</u>	<u>412</u>	<u>-</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,981	3,715	3,994	4,846
PROVISIONS FOR LIABILITIES AND CHARGES	12,14	(362)	(1)	-	-
TOTAL NET ASSETS		<u>6,619</u>	<u>3,714</u>	<u>3,994</u>	<u>4,846</u>
CAPITAL AND RESERVES					
Called-up share capital	15	5,087	5,087	5,087	5,087
Profit and loss account	16	1,532	(1,373)	(1,093)	(241)
EQUITY SHAREHOLDERS' FUNDS		<u>6,619</u>	<u>3,714</u>	<u>3,994</u>	<u>4,846</u>

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors



Director

4/9/03

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 2002

	2002 £'000	2001 £'000
Profit for the financial year	1,785	672
Currency translation differences on foreign currency net investments	<u>1,120</u>	<u>(1,875)</u>
Total recognised gains and losses relating to the year	<u><u>2,905</u></u>	<u><u>(1,203)</u></u>

RECONCILIATION OF MOVEMENT IN CONSOLIDATED SHAREHOLDERS' FUNDS

Year ended 31 December 2002

	2002 £'000	2001 £'000
Profit for the financial year	1,785	672
Currency translation differences on foreign currency net investments	<u>1,120</u>	<u>(1,875)</u>
Net addition to/(reduction in) shareholders' funds	2,905	(1,203)
Opening shareholders' funds	<u>3,714</u>	<u>4,917</u>
Closing shareholders' funds	<u><u>6,619</u></u>	<u><u>3,714</u></u>

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The financial statements consolidate the results of all companies within the group.

Investments

Investments held as fixed assets are stated at cost less provision for impairment.

Tangible fixed assets

Depreciation is not provided on freehold land. On other assets, depreciation is provided in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Land and buildings	2%
Machinery and equipment	10-33%
Fixtures and fittings	5-100%

Assets in the course of construction are not depreciated.

The 100% relates to small value items that are considered portable.

Stock

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and a share of the production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion.

Pension and other post retirement benefits

The expected cost of providing pensions, calculated periodically by professionally qualified actuaries, is charged to the profit and loss account, so as to spread the cost over the service lives of employees in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

Lubrizol South Africa (Proprietary) Limited has provided post retirement benefits in the year and in the future the company will be accruing the costs of post retirement medical benefits over the working life of the employees. This has not led to a restatement of comparatives as explained in note 14.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

The financial statements of foreign subsidiaries are translated into sterling, the balance sheet at the closing rate and the profit and loss account at the average rate of exchange and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate is taken direct to reserves.

Operating lease rentals

Rentals on operating leases are charged against profit in the year to which they relate.

Goodwill

Goodwill arising on consolidation is capitalised and amortised over its estimated useful economic life.

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES (continued)

Deferred taxation

FRS 19 'Deferred Tax' is effective for accounting periods ending on or after 23 January 2002, therefore, the accounting policy for deferred taxation has been changed in accordance with FRS 19. This has not led to a restatement of comparative figures.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and allowances. Turnover, all of which arises in South Africa, is attributable to one activity, the sale of chemical additives and lubricants.

3. OPERATING PROFIT

	2002 £'000	2001 £'000
Operating profit is after charging:		
Depreciation – owned assets	44	45
Rentals under operating leases		
Hire of plant and machinery	54	59
Other operating leases	-	1
Loss on foreign exchange differences	-	701
Auditors' remuneration		
Group audit fees	14	14
Company audit fees	3	3
Other services	-	-
	<u> </u>	<u> </u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors did not receive any remuneration for their services to this company or subsidiary companies, nor are they members of the Company's pension scheme.

	2002 £'000	2001 £'000
Staff costs during the year (including directors):		
Wages and salaries	275	343
Social security costs	49	91
Pension costs	42	53
	<u> </u>	<u> </u>
	366	487
	<u> </u>	<u> </u>
	2002	2001
	No.	No.
Average number of persons employed:		
Production	14	14
Administration	15	18
	<u> </u>	<u> </u>
	29	32
	<u> </u>	<u> </u>

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2001 £'000
Bank interest	126	139

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £'000	2001 £'000
Interest payable to group undertakings	-	6

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
Analysis of tax charge on ordinary activities		
South African tax at 30% (last year 30%)	(818)	(275)
Adjustment in respect of prior years	(16)	-
	<u>(834)</u>	<u>(275)</u>
Deferred tax		
Timing differences, origination and reversal	101	(4)
Adjustment in respect of prior years	16	-
	<u>(717)</u>	<u>(279)</u>
	<u>(717)</u>	<u>(279)</u>

Factors affecting tax charge for the current year

The tax assessed for the year is higher than that resulting from applying the standard rate of tax in South Africa of 30% (last period 30%)

The differences are explained below:

	2002 £'000	2001 £'000
Profit on ordinary activities before tax	2,502	951
Tax at 30% thereon:	(750)	(285)
Effects of:		
Expenses not deductible for tax purposes	(180)	6
Capital allowances in excess of depreciation		
Utilisation of tax losses	11	9
Movement in short term timing differences	6	(4)
Post retirement benefit aid	95	-
Prior period adjustments	(16)	-
Current tax charge for year	<u>(834)</u>	<u>(275)</u>

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

8. PROFIT ON PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's loss after tax for the year was £852,000.

9. FIXED ASSET INVESTMENT

Company

Shares in subsidiary undertakings:

Cost and net book value	£'000
As at 1 January 2002	4,846
Disposals	(1,264)
As at 31 December 2002	3,582

The subsidiary undertakings during the year were:

Company	Country of incorporation	Nature of business	Proportion of shares held
Lubrizol Adibis Africa (Proprietary) Limited	South Africa	Marketing of lubricating oil additives	100%
Lubrizol South Africa (Proprietary) Limited	South Africa	Importation and distribution of lubricating oil additives	100%

All subsidiary undertakings have been included in the consolidation.

The trade of Lubrizol Adibis Africa (Proprietary) Limited was transferred to Lubrizol South Africa (Proprietary) Limited on 1 November 2001 and Lubrizol Adibis Africa (Proprietary) Limited was deregistered in 2002. Disposals represents the repayment of capital of £412,000 when Lubrizol Adibis Africa (Proprietary) Limited was deregistered and the remainder of the investment of £852,000 was written off.

10. TANGIBLE FIXED ASSETS

Group	Construction in progress £'000	Freehold land and buildings £'000	Machinery and equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 January 2002	3	76	180	197	456
Foreign exchange translation differences	1	18	42	34	95
Additions	6	1	98	39	144
Disposals	(4)	(4)	(29)	(9)	(46)
At 31 December 2002	6	91	291	261	649
Accumulated depreciation					
At 1 January 2002	-	22	130	154	306
Foreign exchange translation differences	-	6	32	29	67
Charge for year	-	3	21	20	44
Disposals	-	-	(29)	(9)	(38)
At 31 December 2002	-	31	154	194	379
Net book value					
At 31 December 2002	6	60	137	67	270
At 31 December 2001	3	54	50	43	150

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS Year ended 31 December 2002

11. STOCKS

	2002 £'000	2001 £'000
Group		
Raw materials and consumables	30	28
Work in progress	84	154
Finished goods	7,413	4,986
	<u>7,527</u>	<u>5,168</u>

12. DEBTORS

	Group		Company	
	2002 £'000	2001 £'000	2002 £'000	2001 £'000
Group				
Trade accounts receivable	2,731	2,049	-	-
Amounts owed by group undertakings	453	28	412	-
Other debtors	467	393	-	-
Prepayments and accrued income	16	71	-	-
	<u>3,667</u>	<u>2,541</u>	<u>412</u>	<u>-</u>

Included within other debtors is £173,000 of South African tax overpaid (2001 £160,000) and a deferred tax asset of £133,000 (2001 – nil).

The movement on deferred tax during the year was:

	£'000
Provision at 1 January 2002	(1)
Credit for the year	117
Foreign exchange movements	17
	<u>133</u>
Provision at 31 December 2002	<u>133</u>

The amounts of deferred taxation provided in the financial statements are:

	2002 £'000	2001 £'000
Capital allowances in excess of depreciation	11	-
Other timing differences	122	1
	<u>133</u>	<u>1</u>

The deferred tax asset is being recognised because based on the current profitability of Lubrizol South Africa (Proprietary) Ltd it is considered more likely than not that the asset will be recovered.

A deferred tax asset has not been recognised in respect of timing differences relating to non-trade losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £60,000. The asset would be recovered against future non-trading profits of the parent company.

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

13. CREDITORS

	2002 £'000	2001 £'000
Group		
Bank loans and overdraft	345	-
Trade accounts payable	599	116
Amounts owed to group undertakings	3,537	4,313
Accruals and deferred income	41	205
	<u>4,522</u>	<u>4,634</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

Post retirement medical aid benefits

During the year, Lubrizol South Africa (Proprietary) Limited has provided post retirement benefits and £362,000 has been charged to the income statement in the current year.

The plan obligations at 31 December 2002 have been valued by an actuary. The prior year figures have not been adjusted for the effect of the plan obligations as it was not possible to quantify the obligation at an earlier date, due to difficulties and cost of obtaining the necessary information. The movement during the year was as follows:

	2002 £'000
Balance at 1 January 2002	-
Charge in the year	362
Balance at 31 December 2002	<u>362</u>

15. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised, allotted and fully paid		
5,087,325 ordinary shares of £1 each	<u>5,087</u>	<u>5,087</u>

16. RESERVES

	Group 2002 £'000	Group 2001 £'000	Company 2002 £'000	Company 2001 £'000
At 1 January	(1,373)	(170)	(241)	(241)
Retained profit	1,785	672	(852)	-
Foreign exchange translation differences	1,120	(1,875)	-	-
At 31 December	<u>1,532</u>	<u>(1,373)</u>	<u>(1,093)</u>	<u>(241)</u>

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

17. OPERATING LEASES

Annual commitments for the group under non-cancellable operating leases are as set out below:

	Land and buildings £'000	Other £'000
Operating leases which expire:		
Within one year	-	58
In the second to fifth years	-	12
	<u>-</u>	<u>70</u>

18. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Group and Company

There were no contingent liabilities and capital commitments at the year end (2001 Nil).

19. PENSIONS

The company does not have any employees and does not participate in any pension scheme.

However, Lubrizol South Africa (Proprietary) Limited and Lubrizol Adibis Africa (Proprietary) Limited (its subsidiaries) participate in a defined benefit scheme, the Lubrizol South Africa Pension Fund.

The scheme is funded with assets held separately by the Trustees from those of the member companies.

Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent actuarial valuation at 31 December 2002 showed that the market value of the scheme's assets was 6,636,443 Rands and represented 93.3% of the benefits that had accrued to members, after allowing for expected future increases in payroll costs. The actuarial valuation assumes the membership size will remain constant, with leavers replaced by new members. The discount rate, expected future salary increases, and expected return on plan assets was 10.7%, 9.0%, and 12.0% respectively.

The pension cost charge for the year was £42,000 (2001 £53,000).

The group is adopting the transitional approach to FRS 17. The additional disclosure requirements are set out below for the Lubrizol South Africa Pension Fund.

	31 December 2002 £'000	31 December 2001 £'000
Fair value of scheme assets - managed funds	479	384
Actuarial value of the liability	(514)	(334)
Scheme (deficit)/surplus	(35)	50
Related deferred tax asset/(liability)	11	(15)
Net pension (deficit)/asset	(24)	35

The above figures are based on a full actuarial valuation as at 31 December 2002 by a qualified independent actuary.

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

19. PENSIONS (continued)

The assumptions made at 31 December 2002 were:

	2002	2001
	%	%
Inflation	8.0	8.0
Salary increase	9.0	9.0
Pension increases in payment	2.7	3.6
Discount rate	10.7	11.6
Expected return on investments	12.0	12.0

If the above pension liability were recognised in the financial statements at 31 December 2002, the group profit and loss reserves would be as follows:

	31 December 2002 £'000	31 December 2001 £'000
Profit and loss account reserves as reported	1,532	(1,373)
Adjustments		
FRS 17 scheme (deficit)/surplus	(35)	50
Related deferred tax liability	11	(15)
Profit and loss account reserves on FRS 17 basis	<u>1,508</u>	<u>(1,338)</u>
Analysis of the amount that would have been charged to operating profit under FRS 17		2002 £'000
Current service cost		38
Past service costs		-
Total included within operating profit		<u>38</u>
Analysis of the amount that would have been charged to finance costs under FRS 17		2002 £'000
Expected return on scheme assets		50
Interest cost/(discount) on scheme liabilities		(51)
Net finance charge		<u>(1)</u>
Analysis of the actuarial loss that would have been recognised in the statement of total recognised gains and losses under FRS 17		2002 £'000
Difference between actual and expected return on scheme assets		(83)
Experience gains arising on scheme liabilities		35
Effects of changes in assumptions underlying the present value of scheme liabilities		(46)
Total actuarial gains and losses recognised in the statement of total recognised gain and losses		<u>(94)</u>

LUBRIZOL ADIBIS HOLDINGS (UK) LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

19. PENSIONS (continued)

	2002 £'000
Analysis of the movement in the scheme deficit during the year	
Opening surplus in the scheme	50
Current service cost	(38)
Contributions	48
Past service costs	-
Other finance income	(1)
Actuarial gains	(94)
Closing deficit in the scheme	(35)

History of experience gains and losses

	2002
Difference between expected and actual return on scheme assets:	
Amount (£'000)	83
Percentage of scheme assets (%)	17%
Experience gains and losses on scheme liabilities:	
Amount (£'000)	34
Percentage of scheme liabilities (%)	7%
Total amount recognised in statement of total recognised gains and losses:	
Amount (£'000)	94
Percentage of scheme liabilities (%)	18%

Post retirement medical aid benefits

FRS 17 information is only available at 31 December 2002 and therefore it is not possible to disclose this information. The liability, valued on an FRS 17 basis at 31 December 2002 is £365,000. This is fully provided as disclosed in note 14.

The assumptions made at 31 December 2002 were:

	%
Discount rate	10.7
Medical premium increase assumption	8.5

20. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The immediate parent company is Lubrizol Europe BV, a company incorporated in the Netherlands, the smallest group of which the reporting company is a member.

The ultimate parent company is Lubrizol Corporation incorporated in the United States of America, the parent undertaking of the largest group for which group financial statements are drawn up and of which the reporting company is a member.

Copies of the group financial statements of Lubrizol Corporation are available from 29400 Lakeland Boulevard, Wickliffe, Ohio, 44092 USA.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions contained in Financial Reporting Standard 8 - Related Party Transactions, not to present transactions with fellow group companies.

22. CASH FLOW STATEMENT

The company has taken advantage of the exemption for subsidiaries in FRS 1 Cash Flow Statements from the requirement to present a cashflow statement.

A consolidated cashflow statement is presented in the financial statements of the ultimate parent company.