

ANGLO-DANISH FIBRE INDUSTRIES LIMITED

Report and Accounts

31 December 2001

 ERNST & YOUNG



Anglo-Danish Fibre Industries Limited

Registered No. 03270532

DIRECTORS

C J Linsner
M Mitchell
D W Carter

SECRETARY

D W Carter

AUDITORS

Ernst & Young LLP
PO Box 3
Lowgate House
Lowgate
Hull
HU1 1JJ

BANKERS

National Westminster Bank PLC
Business Service Centre
19 Silver Street
Kingston upon Hull
HU1 3QS

SOLICITORS

Irwin Mitchell
21 Queens Street
Leeds
LS1 2TW

REGISTERED OFFICE

Borwick Drive
Grovehill
Beverley
East Yorkshire
HU17 0HQ

 **ERNST & YOUNG**

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,101,668. The directors have declared a final dividend of £1,100,665.

PRINCIPAL ACTIVITY

The principal activity of the company in the year was the management of group companies, which perform the manufacture, distribution, and sale of purpose designed synthetic fibre, for use as an additive in concrete and related material and for other technical applications.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the year are considered to be satisfactory.

The directors aim to pursue management policies that will result in future growth through market development.

DIRECTORS

The directors during the year were:

C J Linsner
M Mitchell
D W Carter

None of the directors holding office have any beneficial interest in the share capital of the company.

The directors holding office at 31 December 2001 are also directors of the parent company, LCM Construction Products Limited. Their beneficial interests in the issued share capital of LCM Construction Products Limited are as disclosed in that company's accounts.

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

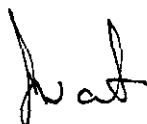
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 to enable them to ensure that the accounts 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

A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the Board



D W Carter
Secretary

26 April 2002

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ANGLO-DANISH FIBRE INDUSTRIES LIMITED**

We have audited the company's financial statements for the year ended 31 December 2001 which comprise Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

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 legal and regulatory requirements and United Kingdom 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 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Hull
26 April 2002

Anglo-Danish Fibre Industries Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2001

	Notes	2001 £	2000 £
TURNOVER		-	-
Cost of sales		-	-
GROSS PROFIT		-	-
Administrative expenses		(15)	(2,949)
Other operating income		1,104,784	732,048
OPERATING PROFIT	2	1,104,769	729,099
Interest receivable and similar income		7	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,104,776	729,099
Taxation	3	3,108	26,059
PROFIT FOR THE FINANCIAL YEAR		1,101,668	703,040
Dividends	4	1,100,665	620,000
PROFIT RETAINED FOR THE FINANCIAL YEAR	9	1,003	83,040

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2001

The company has no recognised gains or losses other than the profit for the year of £1,101,668 (2000 - £703,040)

Anglo-Danish Fibre Industries Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Investments	5	875,756	875,756
CURRENT ASSETS			
Debtors	6	1,328,971	251,690
CREDITORS: amounts falling due within one year	7	1,102,360	26,082
NET CURRENT ASSETS		<u>226,611</u>	<u>225,608</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,102,367</u>	<u>1,101,364</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,017,051	1,017,051
Profit and loss account	9	85,316	84,313
EQUITY SHAREHOLDERS' FUNDS	9	<u>1,102,367</u>	<u>1,101,364</u>

On behalf of the board:

M Mitchell

) *M Mitchell*
)
) Directors

C J Linsner

) *C J Linsner*
)

26 April 2002

ERNST & YOUNG

NOTES TO THE ACCOUNTS

at 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that taxation will be payable.

Consolidation

The company is exempt from preparing group accounts under S228 Companies Act 1985.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2001 £	2000 £
Auditors remuneration	-	-
Directors remuneration	-	-
Dividends receivable	(1,100,665)	(620,000)
	<u> </u>	<u> </u>

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK corporation tax:		
Current tax on income for the year	1,233	26,082
Adjustments in respect of prior years	1,875	(23)
	<u>3,108</u>	<u>26,059</u>

4. DIVIDENDS

	2001 £	2000 £
Equity dividends on ordinary shares:		
Interim dividend	-	620,000
Final dividend	1,100,665	-
	<u>1,100,665</u>	<u>620,000</u>

Anglo-Danish Fibre Industries Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

5. INVESTMENTS

Cost:	£
At 1 January 2001 and 31 December 2001	875,756

Details of the investments in which the company holds more than 20% of the nominal value of the share capital are as follows:

<i>Subsidiary undertakings</i>	<i>Nature of business</i>	<i>Percentage holding</i>	<i>Class of shares</i>	<i>Country of incorporation</i>
Fibrin (Humberside) Limited	Manufacture and sale of synthetic fibres	100	Ordinary	England and Wales
Cemfiber A/S	Manufacture and sale of synthetic fibres	100	Ordinary	Denmark
Water Night Limited	Sale of synthetics	100	Ordinary	England and Wales

6. DEBTORS

	2001	2000
	£	£
Amounts owed by subsidiary undertakings	1,328,971	251,690

7. CREDITORS: amounts falling due within one year

	2001	2000
	£	£
Amounts payable to parent undertaking	1,100,665	-
Corporation tax	1,695	26,082
	1,102,360	26,082

8. SHARE CAPITAL

	2001	Authorised 2000
	£	£
Ordinary shares of £1 each	1,250,000	1,250,000

	<i>Allotted, called up and fully paid</i>			
	2001 No.	2000 No.	2001 £	2000 £
Ordinary shares of £1 each	1,017,051	1,017,051	1,017,051	1,017,051

Anglo-Danish Fibre Industries Limited

NOTES TO THE ACCOUNTS

at 31 December 2001

9. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total shareholders funds £
At 1 January 2000	1,017,051	1,273	1,018,324
Profit for the year	-	703,040	703,040
Dividends	-	(620,000)	(620,000)
At 31 December 2000	1,017,051	84,313	1,101,364
Profit for the year	-	1,101,668	1,101,668
Dividends	-	(1,100,665)	(1,100,665)
At 31 December 2001	1,017,051	85,316	1,102,367

10. CONTINGENT LIABILITY

The company has provided a cross guarantee against the borrowings of the parent undertaking of £9,051,667 of which £7,618,145 was utilised at 31 December 2001 (2000 – 8,290,339). The borrowings are secured by a fixed and floating charge over the assets of the UK companies.

11. RELATED PARTY DISCLOSURES

Advantage has been taken of exemptions available under FRS 8 from disclosing transactions with other group companies.

12. PARENT UNDERTAKING AND CONTROLLING PARTY

The company's parent undertaking is LCM Construction Products Limited, in whose group accounts the company is included. Copies of its group accounts are available from its registered office, Borwick Drive, Grovehill, Beverley, East Yorkshire HU17 0HQ.