

**Last day for acceptances  
8 December 2004,  
15.00 hours  
Central European Time,  
subject to extension**

0854694



**OFFER DOCUMENT**

**concerning the recommended cash offer by**

**HAWKSLEASE FINANCE COMPANY LIMITED**

**for all outstanding  
ordinary listed shares with a nominal value of € 1 each in the capital of**

**EVC INTERNATIONAL N.V.**

**(incorporated in The Netherlands as a public limited liability company  
(*naamloze vennootschap*) with its statutory seat in Eijsden, The Netherlands)**

**DATED 8 November 2004**

## 1. IMPORTANT INFORMATION

*In order to make a balanced judgment regarding the matters discussed and elaborated in this Offer Document, EVC Shareholders are advised to read this Offer Document carefully and where necessary seek independent advice. In addition, EVC Shareholders may wish to consult with their tax advisors regarding the tax consequences of participating in the Offer.*

### 1.1 Responsibility

The information included in paragraphs 7 “Information relating to EVC”, 9 “Statements required pursuant to the Securities Market Supervision Decree”, 10 “EVC Extraordinary General Meeting” and 11 “Letter by the EVC Supervisory Board and the EVC Management Board in respect of their position regarding the Offer” and the information included in Annex 3, “Interim Report for the 9 months period ended 30 September 2004”, Annex 5 “Financial statements for the periods ended 31st December 2003, 2002 and 2001” and Annex 6, “Summary of the Offer in the Dutch language” paragraph “*Positie van het bestuur en de raad van commissarissen van EVC ten opzichte van het Bod*” of this Offer Document has been provided by EVC, while the information included in the other paragraphs and Annexes has been provided by HFCL, except for Annex 2 “Review of the interim financial information” and Annex 4 “Auditors’ Report” which have been provided by PricewaterhouseCoopers Accountants N.V. and paragraph 12 “Fairness Opinion”, which has been provided by Ernst & Young Transaction Advisory Services B.V.

The Offer Document is prepared in English and the summary in the Dutch language included in Annex 6 is for information purposes only to Dutch investors. In case of inconsistencies between the information in the Offer Document and the information in the Dutch language summary included in Annex 6, the information in the Offer Document prevails. When deciding to tender EVC Shares under the Offer, EVC Shareholders should base their decision on the information provided in the Offer Document.

HFCL and EVC are exclusively responsible for the accuracy and completeness of the information contained in this Offer Document, each solely with respect to the information provided by it. HFCL and EVC confirm that to the best of their knowledge and belief, as at the date of this Offer Document, the information provided by them contained in this Offer Document was true and accurate and no data has been omitted which, if it were included, would materially alter the purport of this Offer Document. The information included in this Offer Document reflects the situation as at the date of this Offer Document. Under no circumstances may the issue and distribution of this Offer Document be interpreted as implying that the information contained herein is true and accurate at a later date than the date of this Offer Document or that there has been no change in the information set out in this Offer Document or in the affairs of EVC and/or its Subsidiaries and/or its Group Companies or HFCL and/or its Subsidiaries and/or its Group Companies since the date of this Offer Document. Please be aware that certain financial and statistical information in this Offer Document may be rounded up or down and should therefore not be regarded as definitive.

The issue and distribution of this Offer Document does not imply in any way whatsoever that the information included herein is necessarily accurate, complete or up-to-date at any given time after the date of this Offer Document. This is without prejudice to any obligation of HFCL or EVC, as the case may be, to make a public announcement pursuant to Article 9b (1) of the Securities Market Supervision Decree.

This Offer Document contains forward-looking statements that involve risk and uncertainty. Projections as included or expectations as presented in this Offer Document are provided without any guarantee as to their future realisation. In some cases projections can be identified by terminology such as “may”, “will”, “should”, “could”, “would”, “expect”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “continue” or the negative of such terms or other similar expressions. Although each of HFCL and EVC, each with respect to the statements it has provided, believes the expectations reflected in such forward-looking statements are based on reasonable assumptions, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the accuracy and completeness of such statements. Any such forward-looking statements must be considered together with the fact that actual events and results may vary materially from such forward-looking statements due to, among other things, political, economic, or legal changes in the markets and environments in which HFCL and/or EVC does business, competitive developments or risks inherent to EVC's business plans and uncertainties, risk and volatility in financial markets and other factors affecting HFCL and/or EVC.

With the exception of HFCL and EVC, no person is entitled or authorised to provide any information or make any representations in connection with the Offer and the information included in this Offer Document. If any such information or representation is provided or made by any party other than HFCL or EVC, such information or representation, as the case may be, should not be relied upon as having been provided or made by or on behalf of either HFCL or EVC. Any information or representation not contained in this Offer Document must not be relied upon as having been provided by or made by or on behalf of HFCL or EVC.

Copies of this Offer Document (in English only) including the summary of this Offer Document in Dutch, the EVC Articles of Association, the EVC 2001, 2002 and 2003 annual reports, which are included by reference in this Offer Document, are available for inspection and may be obtained free of charge at:

**HAWKSLEASE FINANCE COMPANY LIMITED**

Hawkslease, Chapel Lane

Lyndhurst, Hampshire,

SO43 7FG, United Kingdom

Telephone: + 44 (0) 23 80287064

Fax: + 44 (0) 23 80287069

and at:

EVC International N.V.  
Ingenieur Rocourstraat 28  
6254 AD Eijsden  
The Netherlands  
Telephone: + 31 (0) 43 409 9191  
Fax: + 31 (0) 43 409 9198

and at:

Rabo Securities N.V.  
Rembrandt Tower  
Amstelplein 1  
1096 HA Amsterdam  
The Netherlands  
Telephone: + 31 (0) 20 462 4602  
Fax: + 31 (0) 20 460 4958

## 2. RESTRICTIONS

The making of the Offer in, or to persons resident in, or to nationals or citizens of, jurisdictions outside The Netherlands or to nominees of, or custodians or trustees for, citizens or nationals of other countries ("*overseas shareholders*") may be affected by the laws of the relevant jurisdictions. Such overseas shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of any overseas shareholder wishing to accept the Offer to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Offer, including obtaining any governmental, exchange control or other consents which may be required, or compliance with other necessary formalities needing to be observed and payment of any transfer or other taxes or duties due in such jurisdiction. Any such overseas shareholder will be responsible for any such transfer or other taxes or other payments by whomsoever payable and HFCL (and any person acting on behalf of HFCL) shall be fully indemnified and held harmless by such shareholder for any such transfer or other taxes or duties as HFCL (and any person acting on behalf of them) may be required to pay.

**If you are an overseas shareholder and you are in doubt about your position, you should consult your independent professional adviser in the relevant jurisdiction.**

In particular the Offer is not being made in or into and is not capable of acceptance in or from the United States, Canada, Australia or Japan. In addition it is not currently intended that the Offer will be made, directly or indirectly, in or into or by use of mails, or by any means or instrumentality (including, without limitation, by means of facsimile or electronic transmission, telephone or internet) of interstate or foreign commerce of, or any facilities of a securities exchange of, or in or into, the United States. Accordingly, copies of this document, the form of acceptance and any related offering documents are not being, and must not be, mailed or otherwise distributed or sent in or into the United States.

Persons receiving such documents (including without limitation, custodians, trustees and nominees) must not mail, forward, distribute or send them, directly or indirectly, in, into or from the United States, Canada, Australia or Japan or use United States, Canadian, Australian or Japanese mails or any such means or instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer. Doing so may, inter alia, invalidate any purported acceptance of the Offer. Persons wishing to accept the Offer must not use such mails or any such means or instrumentality or facility directly or indirectly for any purpose directly or indirectly related to acceptance of the Offer or such election.

Envelopes containing a Form of Acceptance should not be postmarked in the United States, Canada, Australia or Japan or otherwise despatched from the United States, Canada, Australia or Japan and all accepting offeree shareholders must provide addresses outside the United States, Canada, Australia or Japan for the return of the form of acceptance, share certificates and/or other document(s) of title.

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### 3. DEFINITIONS

The following definitions apply throughout this Offer Document.

<b><i>Acceptance Closing Date</i></b>	8 December 2004, 15.00 hours CET, being the last Euronext Stock Exchange Day of the Offer Acceptance Period or in case of extension of the Offer Acceptance Period by HFCL, the last day of such extended period;
<b><i>Acceptance Commencement Date</i></b>	9 November 2004, being the first Euronext Stock Exchange Day of the Offer Acceptance Period;
<b><i>AFM</i></b>	The Netherlands Authority for the Financial Markets ( <i>Autoriteit Financiële Markten</i> );
<b><i>CET</i></b>	Central European Time;
<b><i>Civil Code</i></b>	The Netherlands Civil Code ( <i>Burgerlijk Wetboek</i> );
<b><i>Delivery Date</i></b>	The fifth Euronext Stock Exchange Day after the day on which the Offer is honoured;
<b><i>Delivery Period</i></b>	The period during which the EVC Shares that have been tendered to HFCL pursuant to the Offer have to be delivered to HFCL through Rabo Securities N.V., as a paying and exchange agent, which period will commence on the first Euronext Stock Exchange Day after the Honouring Date and shall lapse at 10.00 hours CET on the Delivery Date;
<b><i>€</i></b>	Euro;
<b><i>Enichem</i></b>	Enichem S.p.a. and its Subsidiaries;
<b><i>Euronext Stock Exchange</i></b>	As the context requires, Euronext Amsterdam N.V. or the Official Segment of the Stock Market of Euronext Amsterdam N.V.;
<b><i>Euronext Stock Exchange Day</i></b>	A day on which the Euronext Stock Exchange is open for trading;
<b><i>EVC</i></b>	EVC International N.V.;
<b><i>EVC Articles of Association</i></b>	The articles of association of EVC dated 31 December 2003;
<b><i>EVC Class A Share(s)</i></b>	2,744,150 registered convertible class A share(s) with a nominal value of € 0.50 (each) in the share capital of EVC, all of which are currently held by

IVL II;

***EVC Directors***

The supervisory directors and the managing directors of EVC, whose names are set out in paragraphs 7.3 “EVC Supervisory Board” and 7.4 “EVC Management Board” of this Offer Document or, where the context so requires, the supervisory directors and the managing directors of EVC from time to time;

***EVC Extraordinary General Meeting***

The extraordinary general meeting of shareholders of EVC to be held on 24 November 2004;

***EVC Group***

EVC, its Subsidiaries and its Group Companies;

***EVC Management Board***

The management board of EVC and Mr. L. Heemskerk (acting director);

***EVC Shareholders***

Holders of EVC Shares;

***EVC Share(s)***

Listed ordinary share(s) with a nominal value of € 1 (each) in the share capital of EVC;

***EVC Supervisory Board***

The supervisory board of EVC;

***Fairness Opinion***

The independent fairness opinion dated 8 November 2004 rendered by Ernst & Young Transaction Advisory Services B.V. to the EVC Directors in relation to the Offer as included in paragraph 12 “Fairness Opinion”;

***Group Company***

With respect to HFCL: HFCL or any of its Subsidiaries;

With respect to EVC: a group company (*groepsmaatschappij*) as that term is defined in Article 2:24b of the Civil Code;

***HFCL***

Hawkslease Finance Company Limited;

***HFCL Board or HFCL Directors***

The directors of HFCL whose names are set out in paragraph 8.4 “HFCL Board” of this Offer Document or, where the context so requires, the directors of HFCL from time to time;

***Honouring Date***

The day on which the Offer is honoured by HFCL;

***ICI***

Imperial Chemical Industries PLC;

***ICL***

INEOS Capital Limited;



<b>INEOS</b>	The IVGL Group, ICL and all companies controlled by Mr. J.A. Ratcliffe;
<b>IVGL</b>	INEOS Vinyls Group Limited;
<b>IVGL Group</b>	IVGL, HFCL, IVHL, IVL and IVL II;
<b>IVHL</b>	INEOS Vinyls Holdings Limited;
<b>IVL</b>	INEOS Vinyls Limited;
<b>IVL II</b>	INEOS Vinyls (II) Limited;
<b>Offer</b>	The public offer being made by HFCL for all outstanding EVC Shares on the terms and conditions set out in this Offer Document;
<b>Offer Acceptance Period</b>	The period during which EVC Shareholders can tender their EVC Shares, which period starts on 9 November 2004 and which ends, subject to extension in accordance with Article 9o(5) of the Securities Market Supervision Decree, on 8 December 2004, 15.00 hours CET;
<b>Offer Document</b>	This offer document dated 8 November 2004;
<b>Offer Price</b>	An amount of € 3.50 per EVC Share, which HFCL offers to all EVC Shareholders;
<b>Securities Market Supervision Act</b>	The Act on the Supervision of the Securities Trade 1995 ( <i>Wet toezicht effectenverkeer 1995</i> );
<b>Securities Market Supervision Decree</b>	The Decree on the Supervision of the Securities Trade 1995 ( <i>Besluit toezicht effectenverkeer 1995</i> );
<b>Subsidiary</b>	With respect to HFCL: a subsidiary as that term is defined in section 736 of the United Kingdom Companies Act 1985;  With respect to EVC: a subsidiary (dochtermaatschappij) as that term is defined in Article 2:24a of the Civil Code;
<b>United States or US</b>	The United States of America, its territories and possessions, any state or political sub-division of the United States of America and the District of Columbia;

#### **4. SUMMARY OF THE OFFER AND INDICATIVE TIMETABLE**

This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offer Document. EVC Shareholders are advised to review the Offer Document in detail and to seek independent advice where appropriate in order to reach a reasoned judgement in respect of the contents of the Offer Document and the Offer itself. Unless the context requires otherwise, capitalised terms used in this Offer Document shall have the meanings set out in paragraph 3 "Definitions".

##### **The Offer**

HFCL makes a public offer in cash for all outstanding EVC Shares, offering the EVC Shareholders for each EVC Share an amount of € 3.50. See paragraph 13 "Invitation to EVC Shareholders" and paragraph 6 "Explanation of and background to the Offer" for further information. With respect to dividend, please see below under 'Dividend'.

##### **Offer Acceptance Period**

EVC Shareholders can tender their EVC Shares ultimately until 8 December 2004, 15.00 hours CET, subject to extension of the Offer Acceptance Period. Any extension of the Offer Acceptance Period will be announced no later than on 13 December 2004.

##### **Delivery of EVC Shares and Payment**

Holders of EVC Shares who have deposited their EVC Shares with a bank or stockbroker should make their acceptance of the Offer known to Rabo Securities N.V. via their respective bank or stockbroker during the period beginning on 9 November 2004 until 8 December 2004, 15.00 hours Central European Time, subject to extension of the Offer Acceptance Period. Holders of EVC Shares who have deposited their EVC Shares with a bank or stockbroker must deliver their EVC Shares through such bank or stockbroker within the Delivery Period (which is 5 Euronext Stock Exchange Days after the Honouring Date). HFCL will pay the Offer Price on the Delivery Date. Reference is further made to paragraph 13 "Invitation to EVC Shareholders".

Admitted institutions of the Stock Market of Euronext Amsterdam N.V. may tender EVC Shares for acceptance, only in writing, to Rabo Securities N.V., Rembrandt Tower, Amstelplein 1, 1096 HA Amsterdam, The Netherlands, department ECM (e-mail address: [prospectus@rabobank.com](mailto:prospectus@rabobank.com), fax +31 (0) 20 460 4958. In tendering, the admitted institutions declare that they have submitted EVC Shares in their custody and they bind themselves to surrender these EVC Shares upon the Offer being honoured (*gestanddoening*). Rabo Securities N.V., on behalf of HFCL, will pay admitted institutions to the Stock Market of Euronext Amsterdam N.V. a commission amounting to € 0.0175 per EVC Share tendered and delivered under the Offer with a maximum of € 5,000 per depot for the settlement of EVC Shares in exchange for cash. In principle, delivery of the EVC Shares and payment of the consideration to the EVC Shareholders will be free of charge for the EVC Shareholders who have accepted the Offer.

## Acceptance of the Offer by HFCL

In accordance with Article 9t(4) of the Securities Market Supervision Decree, no later than on the fifth Euronext Stock Exchange Day after the Acceptance Closing Date, HFCL will announce whether it honours the Offer.

## Position of the EVC Directors

The EVC Management Board and the EVC Supervisory Board have decided to unanimously and unconditionally recommend the Offer to EVC Shareholders.

## Conditions

The Offer is subject to the following conditions:

- (i) such number of outstanding EVC Shares are tendered that these, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, represent at least 95% of the outstanding EVC Shares at the date that HFCL honours the Offer (*het bod gestand doet*);
- (ii) no public announcement having been made before the expiry of the Offer Acceptance Period which indicates for the first time that a third party prepares or makes a public offer for EVC Shares, or that there is an indication that a third party has obtained the right to or has agreed to acquire shares issued or to be issued by EVC;
- (iii) before the Honouring Date no notification has been received from the AFM that the Offer has been made in conflict with Chapter IIA of the Securities Market Supervision Act, in which case the securities institutions (*effecteninstellingen*) pursuant to Article 32a of the Securities Market Supervision Decree would not be allowed to co-operate with the settlement of the Offer;
- (iv) no facts or circumstances having arisen prior to the end of the Offer Acceptance Period of which HFCL was not or could not be aware at the time of the public announcement dated 14 October 2004 and that are so fundamental in nature that HFCL cannot reasonably be expected to make the Offer unconditional; and
- (v) prior to the expiry of the Offer Acceptance Period (i) all approvals, licenses, exemptions and permissions of domestic and international authorities or third parties required in connection with the Offer having been obtained and (ii) neither domestic or international authorities nor third parties having taken or announced steps which could impede the Offer or in any other way could result in considerable effects for HFCL and (iii) all waiting periods in pursuance of applicable legislation and during which domestic or international authorities or third parties can take or announce the steps mentioned above or domestic or international authorities or third parties may oppose the Offer having expired.

HFCL may waive any or all of the conditions in (i), (ii), (iv) and (v) above in whole or in part.

### **Future legal structure**

HFCL intends to acquire all the EVC Shares, except for the outstanding EVC Shares directly or indirectly held by INEOS for its own account, and, should it acquire 95% or more of the issued share capital of EVC, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, intends to acquire those EVC Shares that have not been tendered under the Offer through a statutory buy-out procedure pursuant to section 2:92a of the Civil Code.

Both in the event that HFCL acquires 95% or more of the issued share capital of EVC, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, and in the event that HFCL acquires less than 95% of the issued share capital of EVC, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, HFCL reserves the right to use any other legally permitted method to acquire all EVC Shares, as well as to effect a liquidation, demerger or sale of all or substantially all of the assets of EVC or to effect a statutory merger (*juridische fusie*) between EVC and a Dutch subsidiary of HFCL, with the Dutch subsidiary of HFCL being the surviving entity and EVC being the disappearing entity. In addition, EVC and HFCL reserve the right to have HFCL contribute assets and/or cash to EVC against the issuance of shares in EVC.

### **Delisting**

If the Offer is honoured (*gestandgedaan*), HFCL intends to procure the making of an application by EVC for the removal of EVC Shares from the Official Price List of the Euronext Stock Exchange and for the cancellation of listing and/or trading in EVC Shares on the Euronext Stock Exchange. In principle, such cancellation can only take place upon acquisition by HFCL, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, of 95% of the EVC Shares.

EVC Shareholders who have chosen not to tender their EVC Shares risk holding shares in a thinly traded, illiquid stock.

### **Amendment of the EVC Articles of Association**

Following the honouring (*gestanddoening*) of the Offer and the possible delisting of EVC, HFCL may pursue the amendment of the EVC Articles of Association with the objective of converting EVC into a private limited liability company. There are currently no other intentions to amend the EVC Articles of Association, but HFCL reserves all rights in this respect.

### **Restrictions**

The Offer is subject to certain restrictions. See paragraph 2 “Restrictions”.

## Dividend

EVC is currently effectively restricted from making dividend distributions to its shareholders. This restriction is due to certain contractual conditions in EVC Group's finance facilities. This restriction may continue to apply irrespective of whether the Offer will be honored by HFCL.

## Indicative timetable

Expected Date and Time	Event
8 November 2004	Publication of this Offer Document
9 November 2004	Acceptance Commencement Date
24 November 2004	EVC Extraordinary General Meeting
8 December 2004, 15.00 hours CET (subject to extension of the Offer Acceptance Period)	Acceptance Closing Date
By 15 December 2004 (subject to extension of the Offer Acceptance Period)	Announcement about honouring ( <i>gestanddoening</i> ) the Offer
By 22 December 2004 (subject to extension of the Offer Acceptance Period)	Delivery Date

This summary is subject to the detailed terms and conditions set out in this Offer Document.

## **5. LETTER FROM THE CHAIRMAN OF HFCL**

**8 November 2004**

Dear EVC Shareholder,

I am writing to explain to you the background to this new public offer for the EVC Shares.

In February 2003 we explained to you that our strategy for EVC was progressing steadily against an external market background that remained difficult and unpredictable.

Our 2003 offer was principally to acquire further EVC Shares so that we could make available up to 10% of EVC's issued share capital for an employee participation scheme. We were successful in acquiring the necessary number of EVC Shares and are now progressing the terms of the employee scheme. The scheme's viability also clearly depended on a successful refinancing of EVC's bank and bond facilities and this was also achieved towards the end of 2003. The remaining work to be done on the participation scheme largely involves optimising the employee tax issues in each of the territories in which EVC operates. We currently expect that the scheme will finally be launched in 2005. This will have an important motivational impact on the workforce and clearly align the interests of the EVC Shareholders and EVC's employees.

INEOS have given further consideration to its future strategy for EVC following the expiry of its advisory agreement with EVC. This agreement had been in place since INEOS acquired control of EVC in March 2001. INEOS now believes that it is appropriate to seek to acquire all of the remaining EVC Shares which we do not already own. Our principal reasons for making this new Offer include:

- Despite the successful refinancing at the end of 2003 EVC's cash resources remain very limited. This cash constraint continually inhibits EVC's management Board from progressing major capital and restructuring programmes. Raising of further debt in EVC is not a realistic proposition for the medium term. However, a further equity injection would allow an acceleration of the recovery programme both by enabling early completion of fixed cost reduction programmes and by progressing business development projects. INEOS would be prepared to provide additional funding if EVC was fully integrated into the rest of the INEOS group of companies.
- Recognition that there continues to be very little liquidity for EVC Shareholders to trade. INEOS hold 86.4% of the issued capital of EVC with the remaining EVC Shareholders holding 13.6%. We believe that the remaining shareholdings are relatively concentrated with a small number of shareholders and consequently there have been very few share transactions over the last 12 months. This Offer presents EVC Shareholders with an opportunity to realise a fair value for their EVC Shares.

- The EVC share price continues to be volatile which, we believe, is a reflection, not just of the lack of liquidity, but also a lack of general interest in companies with relatively low market capitalisation. The cyclical nature of much of EVC's business only adds to this volatility.
- EVC operates in a highly competitive market and must continually realise further cost reductions. Once we are owners of 100% of the business, EVC will benefit from additional synergies with other INEOS group companies. For example, INEOS may consider consolidating its chlor alkali and PVC chain assets resulting in a degree of integration which would bring operating synergies not otherwise accessible. This would allow EVC to compete on a like for like basis with key European competitors who also have similar levels of integration. A delisting of the EVC Shares from the Euronext Stock Exchange Amsterdam will also result in further cost savings.

The HFCL Board has discussed with the EVC Directors HFCL's intention to make the Offer, the Offer Price, the reasons underlying the Offer, the resulting policy proposals regarding EVC and its associated business, as well as the method of financing the Offer. Following these discussions, the EVC Directors have decided to unanimously and unconditionally recommend the Offer. See paragraph 11 "Letter by the EVC Supervisory Board and the EVC Management Board in respect of their position regarding the Offer."

On 14 October 2004, INEOS and HFCL announced HFCL's intention to make the Offer. HFCL believe that our proposal provides you with an opportunity to realise what we believe is a realistic value for your EVC Shares in an otherwise illiquid market. The Fairness Opinion has confirmed that the Offer Price is fair and reasonable. Acceptance of our Offer will help to secure the long-term future of EVC and its employees.

When compared to the average price for EVC's Shares as quoted on the Euronext Amsterdam, the Offer Price is 37% above the average closing price over the first half of 2004. The Offer represents an enterprise valuation of EVC of € 367 million (adjusting for net debt of € 238.2 million at 30 September 2004). The Offer Price is 18% over the closing price on 8 July 2004, the date immediately prior to the announcement by the AFM of its decision to grant HFCL a dispensation to make another offer (see paragraph 6.3 "Basis for Offer"). The announcement by the AFM created significant speculation that a further public offer from HFCL would be forthcoming and the share price increased significantly as a consequence. For this reason we do not believe it is appropriate to compare the Offer Price to EVC's quoted share price after 8 July 2004.

HFCL sincerely hope you will support our proposals by tendering your EVC Shares.

Yours faithfully

Jim Ratcliffe  
Chairman of HFCL

## **6. EXPLANATION OF AND BACKGROUND TO THE OFFER**

### **6.1 Description of the Offer**

On 14 October 2004 the HFCL board announced its intention to make a public offer by HFCL for all EVC Shares in accordance with Article 9b(2)(a) of the Securities Market Supervision Decree and the indicative terms of the Offer (see paragraph 5 “Letter from the Chairman of HFCL”).

For each EVC Share tendered and delivered under the terms and conditions set out in this Offer Document, HFCL will offer an amount of € 3.50 per EVC Share.

### **6.2 Background to and reasons for the Offer**

INEOS acquired its aggregate interest of 86.4% in the issued share capital of EVC by a series of public and private transactions. For further details of recent transactions by INEOS in EVC Shares, reference is made to paragraph 9(g) of this Offer Document.

HFCL is now making a public offer for the remaining outstanding EVC Shares to provide EVC Shareholders with an opportunity to dispose of their EVC Shares at the Offer Price.

In February 2003 HFCL made a public offer for all the EVC Shares at a price of € 1.60 per EVC Share. As the Offer Price is higher than the price per EVC Share under the public offer made in February 2003, HFCL has requested an exemption from the AFM pursuant to section 6c of the Securities Market Supervision Act 1995.

On 9 July 2004 the AFM announced its decision to grant HFCL a dispensation from the restriction as set out in section 6b of the Securities Market Supervision Act, and allow HFCL to make a public offer at a price per EVC Share that is higher than the price per EVC Share of € 1.60 offered under the public offer made by HFCL in February 2003 (see also Annex 1 “Press Releases” of this Offer Document). The basis for the current Offer Price is set out in paragraph 6.3 “Basis for Offer” below.

The principal reason for the Offer is that the EVC share price performance remains volatile and has generally lagged behind the main Dutch equity index in recent years. This can be attributed to the general lack of interest in companies with relatively low market capitalisation and the limited marketability of the shares. In the case of EVC, the latter is mainly caused by the small number of EVC Shares (14.1%) which are not held by INEOS. Since it is unlikely that the interest in and liquidity of the EVC Shares will increase in the future HFCL gives the EVC Shareholders an opportunity to sell their EVC Shares at a fair value.

INEOS, by way of HFCL, IVL and IVL II already hold 30,445,578 of the EVC Shares, each with a nominal value of € 1 and all of the 2,744,150 EVC Class A Shares, each with a nominal value of € 0.50.

As a result, the aggregate interest of INEOS in the issued share capital of EVC represents 86.4% of the issued share capital of EVC and 85.9% of the EVC Shares.



### 6.3 Basis for Offer

The Offer values each EVC Share at € 3.50 and the aggregate issued share capital of EVC at approximately € 128.9 million, based on the total number of issued EVC Shares.

The Offer Price represents a premium of 18%, based on the closing price of € 2.97 per EVC Share on the Euronext Stock Exchange on 8 July 2004, the date prior to the announcement that HFCL had received dispensation from the AFM (see paragraph 6.2). The Offer Price also represents a premium of 37%, based on the average quoted price during the first half of 2004. The average quoted price for the full 12 month period to July 2004 was € 2.07. The Offer Price represents a premium of 69% to this average.

The Offer Price has been reached on the basis of careful financial analysis of EVC taking into account the following factors:

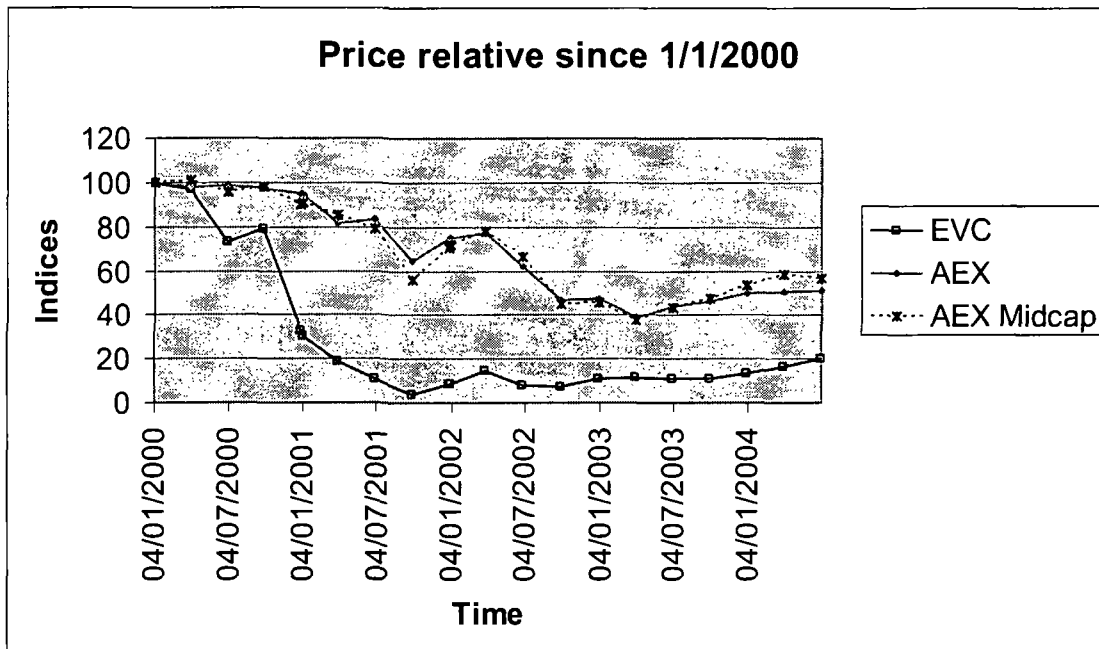
- An analysis of EVC's market value vis-à-vis companies in the same sector;
- An analysis of comparable (recent) valuation multiples, both domestic and international;
- The limited liquidity of the EVC Shares; and
- The inability of EVC to pay dividends pursuant to restrictions in its current financing agreements.

The highest, lowest and year-end prices of the EVC Shares on the Euronext Stock Exchange from January 2002 to September 2004 are set out below.

On 9 July 2004 the AFM announced its decision to grant HFCL a dispensation to make another offer as described in paragraph 6.2 above. This announcement created speculation that HFCL would be launching another offer for EVC Shares and consequently there was a significant rise in the EVC share price. The average share price for the period 9 July to 30 September was € 3.99 per share versus the average price for the period 1 January 2004 to 8 July 2004 of € 2.58 per share.

Year	Period-end Price (€)	Lowest Closing price (€)	Date of Lowest Closing price	Highest Closing price (€)	Date of Highest Closing Price
2002	1.50	0.85	12/9	2.30	20/3
2003	1.79	1.41	29/4	1.79	19/12
2004 01/01-08/07	2.97	1.75	6/1	3.10	16/2
2004 09/07-30/09	3.61	3.60	24/9	4.56	27/7

The following graph shows the relative share price performance of EVC since 1 January 2000.



#### 6.4 Implications of the Offer being declared unconditional

##### Future legal structure

HFCL intends to acquire all the EVC Shares, except for the outstanding EVC Shares directly or indirectly held by INEOS for its own account, and, should it acquire 95% or more of the issued share capital of EVC, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, intends to acquire those EVC Shares that have not been tendered under the Offer through a statutory buy-out procedure pursuant to section 2:92a of the Civil Code.

Both in the event that HFCL acquires 95% or more of the issued share capital of EVC, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, and in the event that HFCL acquires less than 95% of the issued share capital of EVC, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, HFCL reserves the right to use any other legally permitted method to acquire all EVC Shares, as well as to effect a liquidation, demerger or sale of all or substantially all of the assets of EVC or to effect a statutory merger (*juridische fusie*) between EVC and a Dutch subsidiary of HFCL, with the Dutch subsidiary of HFCL being the surviving entity and EVC being the disappearing entity. In addition, EVC and HFCL reserve the right to have HFCL contribute assets and/or cash to EVC against the issuance of shares in EVC.

##### Delisting

If the Offer is honoured (*gestandgedaan*), HFCL intends to procure the making of an application by EVC for the removal of EVC Shares from the Official Price List of the

Euronext Stock Exchange and for the cancellation of listing and/or trading in EVC Shares on the Euronext Stock Exchange. In principle, such cancellation can only take place upon acquisition by HFCL, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, of 95% of the EVC Shares.

EVC Shareholders who have chosen not to tender their EVC Shares risk holding shares in a thinly traded, illiquid stock.

#### **Amendment of the EVC Articles of Association**

Following the honouring (*gestanddoening*) of the Offer and the possible delisting of EVC, HFCL may pursue the amendment of the EVC Articles of Association with the objective of converting EVC into a private limited liability company. There are currently no other intentions to amend the EVC Articles of Association, but HFCL reserves all rights in this respect.

## **7. INFORMATION RELATING TO EVC**

### **7.1 History**

EVC was incorporated on 30 September 1986 as a Dutch public company (*naamloze vennootschap*). EVC has its statutory seat in Eijsden, The Netherlands, and it is registered with the trade register of the Chamber of Commerce and Industries of Zuid-Limburg under number 33189965.

EVC was created as a joint venture between ICI and Enichem in 1986. In November 1994, EVC was floated on the Amsterdam Stock Exchange, now known as the Euronext Amsterdam Stock Exchange, ICI and Enichem each retaining 15.8% of the EVC Shares at that time. ICI divested its EVC Shares to INEOS in January 2001.

In late 2000 EVC breached certain of its financial covenants under its loan documentation and commenced refinancing discussions with its banks. In March 2001, INEOS secured the continuing support of EVC's banks and agreed to inject € 75,000,000 of new equity, thereby acquiring 64.9% of the EVC share capital, through a rights issue at an issue price of € 4 per EVC Share.

Following the approval of its shareholders at an extraordinary general meeting in June 2001, EVC effected an additional bonus issue of EVC Shares to INEOS in the course of 2001. This bonus issue comprised a non-cash compensation for the non-compliance with certain cost warranties given by EVC to INEOS during the equity negotiations and led to INEOS increasing its holding of EVC Shares to 69.07% without any purchase price being due. In August 2002 INEOS agreed to purchase the EVC Shares held by Enichem for € 1.30 per EVC Share, thereby giving INEOS a 75.35% holding in EVC Shares.

In February 2003 INEOS made a public offer to purchase a number of additional EVC Shares in order to establish an EVC employee share scheme. INEOS acquired a further 11.07% of EVC Shares as a result of this public offer.

### **The PVC Industry**

EVC's business is focused on the Poly Vinyl Chloride ("PVC") industry. PVC is one of the world's most widely used thermoplastic materials and is widely used in the construction, packaging, wire and cable, transport, furniture, clothing and leisure industries. In 2001, worldwide PVC consumption totalled 26 million tonnes, generating sales estimated to be € 15 billion.

The PVC industry, in common with many other capital-intensive industries, is cyclical with prices and operating margins being closely correlated with the average operating rate, this in turn, reflecting at any particular time the balance between supply and demand. Capacity additions by the industry are often sanctioned at times when prices and margins are high. The lead time for capacity additions is typically one to two years and so planned new capacity may come on line after the economic cycle has peaked and demand is starting to weaken, thus accentuating the cyclical reversal in margins.

Over the recent past, there has been little by way of significant capacity increases in the industry, both for PVC and VCM, and for chlorine, a major base raw material. In Europe, whilst there has been little capacity expansion, there have been a number of industry consolidations, thereby further reducing the number of activity producers.

Over the past 15 years, PVC has received negative publicity from some environmentalists, who have targeted PVC as part of a more general campaign against the role of the chlorine chemistry in society. Whilst this has undoubtedly had some effect on demand, it has been secondary to the usual dynamics of inter-material competitions, sector maturity and underlying economic conditions.

### **EVC's business**

EVC is the largest PVC resin manufacturer in Western Europe with 1.4 million tonnes per annum of capacity. EVC is also a leading manufacturer and supplier of PVC compounds and certain rigid film products. Approximately 20% of EVC's PVC resin production is consumed internally by the Compounds and Film businesses.

EVC has eight PVC resin manufacturing sites, five of which also produce Vinyl Chloride Monomer ("VCM"), plus one owned by Dow. The sites are located in Italy, the UK and Germany. EVC's compound activities are conducted at six sites, located in Italy, the UK, France and Switzerland and EVC's film activities are carried out by several units in Italy and Germany. EVC has its head office in Eijsden, The Netherlands. As at 30 September 2004, EVC had approximately 2,967 employees.

External sales of EVC's products are spread across Western Europe with a concentration in the areas where EVC's operations are located. Approximately 9% of EVC's sales are made outside Western Europe. In 2003, VCM and PVC resin accounted for 64.9% of EVC's sales, and compounds and rigid film products for 35.1%.

## **7.2 Organisation**

EVC has a two-tier board structure consisting of the EVC Management Board, which is entrusted with the management and the EVC Supervisory Board, which is supervising and guiding the EVC Management Board in the discharge of its management duties.

### **7.3 EVC Supervisory Board**

The EVC Supervisory Board consists of three members. Two are appointed upon nomination by INEOS and there is one independent member, Mr. W. Prinselaar, who is not in any way connected to INEOS or any member of INEOS. The members are:

**Andrew Currie** (Chairman) (aged 48 – British) is Director of ICL, INEOS Chlor Enterprises Limited and INEOS Fluor Limited and Chairman of INEOS Silicas Holdings Limited. He was re-appointed on 22 May 2003 as a member of the EVC Supervisory Board and Chairman; his present term expires in 2006.

**Willem Prinselaar** (aged 62 – Dutch) is Managing Partner with Privast Capital Partners in Brussels. He was re-appointed in May 2004; his present term expires in 2007.

**Antoine Verrijckt** (aged 57 – Belgian) is Director of ICL and Chairman of INEOS Oxide Limited, INEOS Phenol Limited and INEOS Chlor Limited. He was re-appointed at the annual general meeting of shareholders in May 2002. His present term expires in 2005.

The remuneration of the members of the EVC Supervisory Board is determined by the general meeting of shareholders of EVC. The aggregate remuneration that was paid to members of the EVC Supervisory Board in 2003 amounted to € 25,000. At present, only the independent member of the EVC Supervisory Board member, Mr. W. Prinselaar receives an annual remuneration of € 25,000. The other members are not remunerated. Expenses, inter alia incurred in attending meetings, are also reimbursed.

The EVC Supervisory Board has chosen its domicile at EVC's business address in Eijsden, The Netherlands.

The composition of the EVC Supervisory Board will not change as a result of the honouring of the Offer.

#### **7.4 EVC Management Board**

At the date of the Offer Document, the EVC Management Board comprises of 3 members:

**Calum MacLean** (CEO) (aged 40 – British), was Business Director of Inspec Group from 1995. In 1998, he became Business Director of INEOS Plc before joining INEOS Acrylics Limited in early 2000. He was appointed CEO of INEOS Chlor Enterprises Limited in January 2003 and became Chairman of INEOS Chlor Enterprises Limited on 1 October 2004.

**Jeff Seed** (aged 47 – British) has worked for over 20 years, first with ICI and later with INEOS, in the chlorine and acrylics businesses, where he had various roles in manufacturing and technology. He has operating experience in UK, Taiwan, Thailand, Japan, Malaysia, France, Finland and South Africa. He is responsible for Operations, Safety, Health and Environment, Engineering, R&D, HR and Purchasing.

**David Thompson** (aged 46 – British) has worked for 13 years for BP Chemicals, primarily in the petrochemicals area. Prior to joining EVC, he was managing director of James Robinson Ltd. (a subsidiary of Yule Catto PLC), a manufacturer of dyes & fine chemicals in the UK, Germany and India. He is responsible for commercial activities of all businesses. He was appointed CEO of the EVC Film business on 1 October 2004.

The aggregate remuneration paid and benefits in kind, including pension and social security contributions and termination indemnities, paid to current and former members of the EVC Management Board for 2003 was € 717,792.

Mr. J. Hudson resigned from the EVC Management Board effective as per 31 August 2004 to take up a new opportunity outside of the EVC and INEOS groups.

EVC proposes to formally appoint Mr. L. Heemskerk as a member of the EVC Management Board at the EVC Extraordinary Meeting. As per the date of the Offer Document, Mr. L. Heemskerk already acts as if he were a member of the EVC Management Board. The details of Mr. L. Heemskerk are as follows:

**Leen Heemskerk** (aged 41 - Dutch) has worked for 14 years in different finance functions for Unilever, ICI and INEOS. In 2001 he became Finance & IT Director for INEOS Chlor, the INEOS-owned chlor-alkali business. On 1 September 2004 he took over the management of the Finance and IT function for EVC.

These changes in the EVC Management Board are not related in any way to the Offer.

The composition of the EVC Management Board will not change as a result of the honouring of the Offer.

**7.5 Selected Figures EVC for the years ended 31 December 2003, 2002 and 2001 and Interim Report for the 9 months to 30 September 2004.**

**EVC Group**

**Summary Financial Data**

	9 months to September 2004	9 months to September 2003	Calendar Years		
			2003	2002	2001
	Unaudited	Unaudited			
€ (million)					
<b>Results</b>					
Turnover	902.2	791.1	1,032.2	1,053.8	1,071.6
Operating profit / (loss) after Exceptional items	10.2	(0.1)	(3.6)	(13.7)	(68.2)
Net Result	(14.1)	(17.9)	(25.6)	(40.1)	(86.5)
Depreciation and amortization	35.4	42.0	49.5	61.6	65.6
<b>Balance Sheet figures</b>					
Shareholder's equity	164.7	194.7	174.3	208.7	257.9
Total Debt	272.6	219.6	278.8	233.9	246.4
Total Assets	697.9	673.4	717.2	725.6	770.2
<b>Cashflow</b>					
Cashflow before financing	(16.1)	(2.0)	(15.1)	(27.0)	(16.3)
Net Capital Expenditure	(31.6)	(28.6)	(36.9)	(36.2)	(17.0)
<b>Ratios</b>					
Earnings per share	(0.38)	(0.50)	(0.70)	(1.11)	(2.82)
Total Debt as % Total Debt plus Equity	62.6%	91.9%	61.5%	52.8%	48.8%
<b>Employees</b>					
As at period end (including India)	2,967	2,972	2,912	2,990	3,213

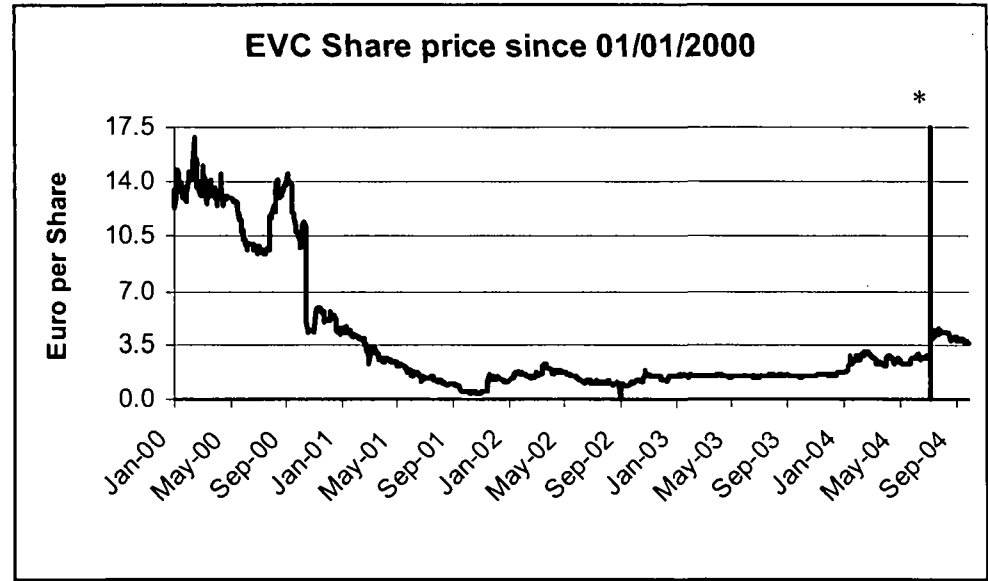


On 30 March 2004 the INEOS Advisory Agreement expired. No new Advisory Agreement has been agreed yet but from March 2004 onwards only incurred costs were charged to EVC by INEOS. The net effect for the first nine months of 2004 is a favourable variance of € 2.9 million versus the first nine months 2003 (reported under Operating Expenses (see Annex 3 of this Offer Document)).

The Interim Report for the 9 months period ended 30 September 2004 is included in Annex 3 of this Offer Document and the Report on Review of Interim Financial Information is included in Annex 2 of this Offer Document. An Auditors' Report is included in Annex 4 of this Offer Document and further details of the EVC financial results for the years 2001 to 2003 is included in Annex 5.

**7.6 Share price**

The following graph shows the share price development of EVC for the period 1 January 2000 to September 2004.



\* Date of AFM announcement regarding dispensation

The table below shows the share price development EVC since October 2003

Date		Share price (EUR)
1 October 2003		1.48
3 November 2003		1.60
1 December 2003		1.62
2 January 2004		1.79
2 February 2004		2.79
1 March 2004		2.79
1 April 2004		2.21
3 May 2004		2.49
1 June 2004		2.70
1 July 2004		2.85
8 July 2004		2.97
9 July 2004	AFM Announcement (see section 6.3)	3.90
1 August 2004		4.28
1 September 2004		4.00
1 October 2004		3.60

## 7.7 Capital and shares

The authorised share capital of EVC amounts to € 65 million divided into 63,627,925 ordinary listed shares with a nominal value of € 1 each, these being the EVC Shares, and 2,744,150 registered convertible class A shares with a nominal value of € 0.50 each, these being the EVC Class A Shares.

The issued share capital of EVC amounts to € 36,8 million divided into 35,443,984 EVC Shares and 2,744,150 EVC Class A Shares. All these shares are fully paid-up. EVC Shares are either registered shares or bearer shares, at the choice of the EVC Shareholders. At the EVC Shareholder's request, bearer EVC Shares may be converted into registered EVC Shares and vice versa.

Bearer EVC Shares are represented by one single Necigef Global Certificate, which is held and managed by Euroclear Netherlands on behalf of all holders of EVC Shares in bearer form.

The EVC Management Board shall keep a register containing the names and addresses of all holders of EVC Shares in registered form. For EVC Shares in registered form no share certificates are issued.

The transfer of a registered EVC Share or the transfer of a right-in-rem (*'pand- of vruchtgebruik recht'*) therein shall be effected by means of a deed and, except where EVC itself is a party to the transaction, acknowledgement in writing of the transfer by EVC.

## **7.8 Major shareholdings as referred to in the Disclosure of Major Holdings in Listed Companies Act 1996**

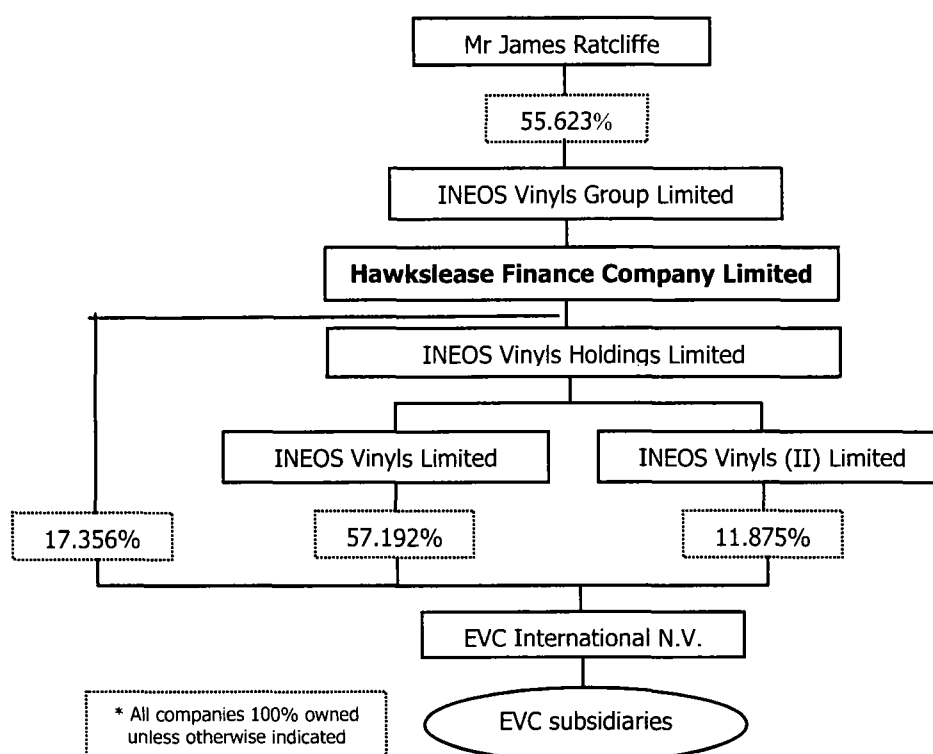
To the knowledge of EVC, there are currently no persons or entities with a capital interest or voting rights exceeding 5% of the issued capital of EVC as referred to in the Disclosure of Major Holdings in Listed Companies Act 1996 (*Wet melding zeggenschap 1996*), except for Mr. J.A. Ratcliffe, through INEOS (see paragraph 8.5 "Relation to INEOS"). To the extent that the register on the website of the AFM implies otherwise with respect to the two non-INEOS shareholders shown on these notifications seem to EVC to be outdated. In March 2001 EVC performed an equity rights issue (see paragraph 7.1 "History" above) which are likely to have diluted the interests of these two non-INEOS shareholders below 5%.

## 8. INFORMATION RELATING TO HFCL

### 8.1 History

HFCL was incorporated in England on 24 January 2002 as a legal entity for INEOS to hold investments and loans. HFCL is a private limited company registered at the Companies House under company number 04359903 and having its registered offices in Lyndhurst, Hampshire, United Kingdom.

The INEOS interest in EVC is structured as follows:



### 8.2 Current position

HFCL is a holding company for INEOS' interests in EVC shares. In March 2002 HFCL was assigned the benefit of certain external loans made to IVHL in March 2001 when IVHL entered into the subscription agreement described in paragraph 9(g) below. As consideration for the assignment, HFCL entered into new external loans on similar terms to those which were assigned to it. On 18 December 2002, HFCL acquired 2,313,940 EVC Shares from ICL at a price of € 1.30 each. On 2 May 2003 HFCL acquired the entire share capital of IVHL through a share for share exchange. On 26 September 2003 the entire issued share capital of HFCL was acquired by IVGL in a share for share exchange.

### 8.3 Capital and shares

As of the date of this Offer Document, the HFCL capital stock that is subscribed and fully paid, amounts to GBP 1,000.00 comprising 100,000 ordinary shares with a par value of GBP 0.01.

### 8.4 HFCL Board

Mr. J.A. Ratcliffe and Mr. J. Reece are the Board Members for HFCL.

### 8.5 Relation to INEOS

As at the date of this Offer Document, all shares in the capital of HFCL are held by IVGL. IVGL is part of INEOS. Mr. J.A. Ratcliffe controls IVGL and also controls ICL (see corporate structure in paragraph 8.1 “History” above).

The INEOS interest in EVC is structured as follows.

Entity (controlled by J.A. Ratcliffe)	Number of shares held	Since	Purchase Price
IVL	2,313,940 EVC Shares	22 March 2001	€ 4.17
IVL	18,741,761 EVC Shares	22 March 2001	€ 4
IVL II	3,000,000 EVC Shares	28 June 2001	€ 4*
	2,744,150 EVC Class A Shares	28 June 2001	€ 2*
HFCL	2,313,940 EVC Shares	18 December 2002	€ 1.30
	3,338,203 EVC Shares	28 March 2003	€ 1.60**
	737,734 EVC Shares	28 April 2003	€ 1.60**

\* Consideration for these share issues was via the waiver of INEOS’s claim for compensation from EVC resulting from EVC breaching certain cost warranties during the equity rights issue.

\*\* Acquired through the 2003 public offer.

IVL, IVL II and HFCL acquired their respective interests in EVC as set out in the following table.

Entity (controlled by J.A. Ratcliffe)	Number of shares held	Since	Purchase Price
IVL	2,313,940 EVC Shares	22 March 2001	€ 4.17
IVL	18,741,761 EVC Shares	22 March 2001	€ 4
IVL II	3,000,000 EVC Shares	28 June 2001	€ 4*
	2,744,150 EVC Class A Shares	28 June 2001	€ 2*
HFCL	2,313,940 EVC Shares	18 December 2002	€ 1.30**
	3,338,203 EVC Shares	28 March 2003	€ 1.60***
	737,734 EVC Shares	28 April 2003	€ 1.60***

\* Consideration for these share issues was via the waiver of INEOS's claim for compensation from EVC resulting from EVC breaching certain cost warranties during the equity rights issue.

\*\* ICL purchased 2,313,940 EVC Shares on 31 July 2002 from Enichem. The EVC Shares purchased by ICL were subsequently transferred to HFCL on 18 December 2002 at the original purchase price.

\*\*\* Acquired through the 2003 public offer.

For tax planning reasons HFCL may transfer a number of its EVC Shares - up to a maximum of 10% of EVC's issued share capital - to another company that is part of INEOS.

## 8.6 Recent notifications pursuant to section 2 of the Disclosure of Major Holdings in Listed Companies Act 1996

The most recent notification made by Mr. Ratcliffe, shareholder of HFCL, under section 2 of the Disclosure of Major Holdings in Listed Companies Act 1996 (*Wet melding zeggenschap 1996*) and available on the website of the AFM is the 69.07% indirect real interest of Mr. J.A. Ratcliffe as notified per 28 June 2001.

The aggregate interest of Mr. Ratcliffe through IVL, IVL II and HFCL presently represents 86.4 % of the issued share capital of EVC.

For further details of holdings and recent transactions by INEOS in EVC Shares, reference is made to paragraph 7.8 "Major Shareholdings as referred to in the Disclosure of Major Holdings in Listed Companies Act 1996" and 9(g) of this Offer Document.

## **8.7     Financing for the Offer**

HFCL will finance the Offer by intra group loans from INEOS Holdings Limited, a company under common INEOS control.

## **9. STATEMENTS REQUIRED PURSUANT TO THE SECURITIES MARKET SUPERVISION DECREE**

The EVC Directors and the HFCL Directors declare, each with respect to the information proposed by them, as follows:

- (a) The Offer is made by HFCL. The Offer Price and the other conditions of the Offer as well as the period, within which the Offer can be accepted, are stated in paragraph 13 "Invitation to EVC Shareholders" of this Offer Document;
- (b) Consultations have taken place between HFCL and the EVC Directors regarding the Offer and these consultations have resulted in agreement on the Offer under the terms and subject to the conditions set out in this Offer Document;
- (c) The Offer relates to all issued and outstanding EVC Shares;
- (d) The Offer is made to all EVC Shareholders without prejudice to the restrictions described in paragraph 1 "Important Information" of this Offer Document;
- (e) At the time of the publication of this Offer Document IVL, IVL II and HFCL held 30,445,578 of the EVC Shares and all of the 2,744,150 EVC Class A Shares, in the aggregate representing 86.4% of the issued share capital of EVC;
- (f) None of the EVC Shareholders have irrevocably committed themselves to accept the Offer.
- (g) INEOS has acquired EVC Shares in the three years preceding the publication of this Offer Document by way of transfer and issuance (see also paragraph 8.5 "Relation to INEOS" of this Offer Document):
  - (i) On 28 June 2001 IVL II acquired 3,000,000 ordinary registered EVC shares and 2,744,150 EVC Class A Shares as compensation for EVC breaching certain warranties under the subscription agreement dated 22 March 2001, whereby IVL acquired through cash subscription 18,741,761 EVC Shares at an issue price of € 4 per EVC Share. Details of this subscription agreement were set out in the prospectus dated 8 March 2001, relating to an offering of EVC Shares by EVC. The consideration made by INEOS for the bonus issue was to waive its claim for a cash compensation; the EVC Shares issued were valued at € 4 per EVC Share and € 2 per EVC Class A Share. The issue was approved at the extraordinary general meeting of shareholders of EVC on 22 June 2001.
  - (ii) On 31 July 2002, ICL purchased from Enichem 2,313,940 EVC Shares at a price of € 1.30 each, in aggregate for a total amount of € 3,008,122. These EVC Shares were subsequently transferred to HFCL on 18 December 2002 for the same price per EVC Share.



- (iii) On 28 March 2003 and 28 April 2003 HFCL acquired 3,338,203 and 737,734 EVC Shares respectively following a public offer by HFCL for all EVC Shares at a price of € 1.60 per EVC Share, in aggregate for a total amount of € 6,521,499.
- (h) The information set out in Article 9p of the Securities Market Supervision Decree has been provided to the AFM;
- (i) EVC does not have a works council as referred to in the Works Council Act (*Wet op de ondernemingsraden*). The interests of the employees of EVC will not be affected by the Offer;
- (j) The AFM and the Euronext Stock Exchange have been informed about the Offer;
- (k) The composition of the EVC Management Board and EVC Supervisory Board will not change as a result of the honouring of the Offer;
- (l) Following the honouring (*gestanddoening*) of the Offer and the possible delisting of EVC, HFCL may pursue the amendment of the EVC Articles of Association with the objective of converting EVC into a private limited liability company. There are currently no other intentions to amend the EVC Articles of Association, but HFCL reserves all rights in this respect;
- (m) Except for the transactions listed under (g) above no transactions have taken place with individuals or with legal entities within the meaning of Article 9i, sections s, t or u of the Securities Market Supervision Decree.

## 10. EVC EXTRAORDINARY GENERAL MEETING

The EVC Extraordinary General Meeting will be held on 24 November 2004 at 9.00 hours CET at the Novotel Amsterdam, Europa Boulevard 10, 1083 AD Amsterdam, The Netherlands.

The purpose of the shareholder's meeting is, inter alia, to discuss the Offer made by HFCL in the manner set out in Article 9q of the Securities Market Supervision Decree.

The agenda for the EVC Extraordinary General Meeting will be as follows:

- (a) Opening;
- (b) Offer by HFCL for the outstanding EVC Shares;
- (c) Discharge (*kwijting*) of Mr. J. Hudson for his management as a member of the EVC Management Board for the period 1 January 2004 to 31 August 2004;
- (d) Appointment of Mr. L. Heemskerk as member of the EVC Management Board as per the date of the EVC Extraordinary General Meeting;
- (e) Questions;
- (f) Close.

The details for the EVC Extraordinary General Meeting have also been published in the Euronext Amsterdam Daily Official List and *Het Financieele Dagblad* on the date of this Offer Document.

**11. LETTER BY THE EVC SUPERVISORY BOARD AND THE EVC  
MANAGEMENT BOARD IN RESPECT OF THEIR POSITION  
REGARDING THE OFFER**

8 November 2004

Dear EVC Shareholder,

HFCL has today issued a public offer for EVC Shares at a price of € 3.50 per EVC Share.

Subject to extension of the Offer Acceptance Period in accordance with Article 9o(5) of the Securities Market Supervision Decree, the Offer Acceptance Period closes on 8 December 2004, 15.00 hours CET with transfer of money ultimately on 22 December 2004.

**A. EVC Board position pursuant to Article 9q(2) of the Securities Market Supervision Decree**

- The EVC Management Board and the EVC Supervisory Board have decided to unanimously and unconditionally recommend the Offer.
- The majority of members of the EVC Management Board and the EVC Supervisory Board are INEOS nominees. Messrs. Currie, Verrijckt and MacLean have an indirect holding in EVC Shares (see below "Salient points for EVC Shareholders", paragraph 9). In addition, all members of the EVC Management Board will be entitled to join the new EVC employee participation scheme.
- The EVC Management Board advise EVC Shareholders to carefully read the foregoing in conjunction with the paragraph "Salient points for EVC Shareholders". In addition, the EVC Management Board advise EVC Shareholders to take due notice of the other parts of the Offer Document.

Other than as set out in paragraph 7.4 "EVC Management Board", no EVC Management Board or EVC Supervisory Board member will resign as a consequence of this Offer.

**Rationale for Mr. W. Prinselaar's recommendation**

INEOS have given further consideration to its future strategy for EVC following the expiry of its advisory agreement with EVC. This agreement had been in place since INEOS acquired control of EVC in March 2001. In the end, I have been informed that INEOS decided that it would serve the interest of both INEOS and EVC Group best if INEOS would be able to acquire the EVC Shares that are not currently owned by INEOS by means of a public offer.

Obviously, given my position towards a similar offer by HFCL in February 2003, we discussed the best way on how to arrive at a situation that could enable me to

recommend the Offer. To this end, consideration was given to three different institutions that could provide a fair value assessment. The decision was made to engage Ernst & Young Transaction Advisory Services B.V. who studied all the documents it deemed necessary and relevant and who has been in continuous discussions with the EVC Management Board, the EVC Supervisory Board and some external sources, close to the industry. Based on the information provided and retrieved, Ernst & Young Transaction Advisory Services concluded in its letter of 8 November 2004 as included on pages 41 to 43 of this Offer Document: "the offer price for the shares in EVC, as set out in the Offer Document, is reasonable and fair, from a financial point of view, to the shareholders of EVC". I have no reason to doubt or dispute the outcome of the Fairness Opinion of Ernst & Young Transaction Advisory Services.

I am of the opinion that there are many opportunities available to EVC, but that these can only be realised if sufficient financial means are available. As stated earlier, different options on how to proceed after the termination of the advisory agreement were considered, but INEOS has decided that the best way forward is to make an offer to the minority shareholders in order to be able to take the company private and ensure the potential of a long term strategy that will build on the integrated strengths of INEOS as well as their financial capabilities as a major chemical group. I can support this vision. Taking this into consideration, the Offer and the outcome of the Fairness Opinion, I unconditionally recommend the Offer.

## **B. Salient points for EVC Shareholders**

In deciding whether or not to accept the Offer, there are a number of salient points that EVC Shareholders should be aware of and take into consideration. These are as follows:

### **1. Economic climate**

The EVC business, being primarily a commodity business, has a distinct cyclicity. The cyclicity is very much dependant on the state of the European and world economies.

The sales prices for PVC resin can be extremely volatile and have a major influence on EVC's financial performance.

There has been a lack of capacity expansion projects in the PVC, VCM and chlorine industries in recent years. Subject to economic conditions, this could result in a tightening of the PVC supply / demand position.

### **2. Fixed cost programme and associated spend**

In early 2001, the then new EVC Management Board implemented a fixed cost reduction programme. EVC has made continued progress to reduce costs and by June 2004 had achieved a total reduction in its cost base of circa € 50 million. Further savings require cash spend for both capital investment (to automate processes to enable the manpower reduction) and severance costs.

### **3. Ability to aggressively grow the EVC Group**

In the three years since the appointment of the current EVC Management Board and EVC Supervisory Board, there has been significant change and improvement in EVC Group's financial position and performance in moving towards the delivery of the strategic objectives as set out in 2001, namely:

- a. to stabilize the financial position;
- b. address the underlying fixed costs of EVC; and
- c. improve profitability through business development opportunities.

All three objectives have been delivered, to varying degrees. The financial position of EVC has stabilized as evidenced by the successful refinancing of EVC's debt facilities in late 2003. The fixed cost base has been reduced by approximately € 50 million since the full year 2000; the reduction being in line with the target values but delivered one year earlier than planned. Underlying profitability has improved, but primarily by the delivery of fixed cost reductions. Investment into business expanding opportunities has not been as fast as desired due to the limited availability of financing. In the mid to late 1990s, EVC overstretched itself financially by investing into new opportunities. The present EVC Management Board has been more conservative, needing to ensure funds were available to support the EVC Group in the turbulent market place over the last three years.

There are significant opportunities open to EVC including but not limited to the further reduction of fixed costs, enhanced production performance, expansion of business areas, both geographically as well as by product application, and raw material integration. All require access to significant funding levels which are not readily available to EVC. Having increased the level of borrowings last year (net debt at 30 September 2004 was € 238.2 million) the EVC Management Board believe EVC to be fully leveraged.

Absence of other cash sources will restrict EVC's ability to aggressively grow the businesses and, ultimately, the profitability of the EVC Group.

### **4. Bank financing**

In November 2003 EVC completed the refinancing of its debt facilities. The new facilities include a € 124 million syndicated bank facility and a € 160 million Eurobond.

The new facilities required significant security pledges over assets of the EVC Group, contain challenging covenant targets, and restrict any distribution to shareholders (via dividend payments, share buy-back, or any other format).

In September 2004 EVC breached one of its bank covenants as a direct consequence of losses incurred following unplanned shutdowns at two of its major production sites. As described in the Third Quarter press release (Annex 3) EVC has requested a waiver from the bank syndicate and this waiver has now been received.

## **5. INEOS Chlor Limited**

INEOS Chlor Limited, part of INEOS, has decided to embark on a significant regeneration and re-investment programme at its chlorine manufacturing site in Runcorn, UK. The capital expenditure for the programme is significant and INEOS Chlor Limited has approached a number of key customers to support part of the costs of this investment. EVC is the largest customer of INEOS Chlor Limited. Following detailed analysis of the potential impact to the EVC's UK operations, EVC has decided to support the request as it will provide additional long term security of raw material supply. The support is in the form of a GBP 11 million medium term loan facility.

## **6. Acquisition of chlorine production assets in Italy**

EVC is currently in negotiations with Syndial S.p.A. to acquire the Syndial S.p.A. chlorine production facilities at the Porto Marghera and Assemini sites in Italy. It is expected that the negotiations will be concluded and ownership of the assets achieved in late 2004. The purpose of the acquisition is to ensure direct control over the production of chlorine, a key raw material for the production of VCM, in Italy, thereby securing long term supplies for the EVC production assets in Italy. The Porto Marghera chlorine assets require major capital investment to convert from a mercury to membrane production process. EVC, via new non recourse subsidiary legal entities will obtain additional financing facilities to fund its share of the capital investment.

## **7. Legal Proceedings**

- a. A number of legal cases are in progress related to the emission of chemical substances from EVC (Italia) S.p.A. plant at Porto Marghera, Italy. These include an accidental release of VCM into the air in June 1999. The cases are a mixture of criminal proceedings and civil actions. On 24 October 2003 the presiding Judge issued verbal sentences (suspended indefinitely) against five employees and indicated that fines totaling € 457,500 would be levied against EVC (Italia) S.p.A. The court has yet to issue a written and argued judgement but EVC (Italia) S.p.A. have indicated that, upon receipt, an appeal will be issued. It is believed that an appeal will be successful.
- b. In late 2002 the Venice Province commenced legal proceedings for a civil action against a number of companies with manufacturing operations at Porto Marghera, Italy for alleged pollution of the Venice Lagoon resulting from above legal limit discharges at the SM 15 discharge point. EVC (Italia) S.p.A. is included in the civil action. EVC believes it has no liability as it purchases effluent treatment and water purification services from a third company. This third party, which is included in the civil action, is responsible for meeting the legal limits. A hearing on 28 March 2004 confirmed this position.
- c. In 2002 the Public Prosecutor of Ravenna, Italy commenced preliminary investigations into the operations of the VCM and PVC

operations at the EVC (Italia) S.p.A. site for potential emissions above legal limits. It is uncertain whether a legal case will be brought.

- d. In 2002 the Public Prosecutor of Brindisi, Italy started a criminal investigation to ascertain the responsibility for illnesses to former employees in plants manufacturing VCM, PVC and EDC at the Brindisi site. Representatives of the companies, including EVC Italia S.p.A., which owned and managed the plants from the early 1960s until closure in 1999, are under investigation. On 30 September 2002 the Public Prosecutor notified the completion of the preliminary investigation. At this moment, we are not able to assess the likelihood of civil actions for damages.

EVC has taken external legal advice with respect to the legal proceedings ((a) – (d)) above. The EVC Management Board anticipates a favourable outcome for each and, therefore, EVC does not expect an adverse effect from these legal proceedings on the financial position of the EVC Group.

## **8. Dividend distributions**

EVC is currently effectively restricted from making a dividend distribution to its shareholders. The restriction is due to certain contractual conditions in the EVC Group finance facilities.

## **9. Director shareholdings in EVC**

None of the EVC Supervisory Board or EVC Management Board members have a direct interest in EVC shareholdings.<sup>1</sup> Two members of the EVC Supervisory Board, Mr. A. Currie and Mr. A. Verrijckt and Mr. C. MacLean, Chief Executive Officer of the EVC Management Board, are also shareholders in IVGL which, via its subsidiaries HFCL, IVL and IVL II, is the majority EVC Shareholder. Both Mr. A. Currie and Mr. A. Verrijckt currently hold a 13.397% interest in IVGL. Mr. MacLean holds 2.512% interest in IVGL.

## **10. Resignation of Mr. J. Hudson from the Management Board of EVC**

Mr. Hudson resigned from his position on the EVC Management Board and from the EVC Group to take up a new opportunity outside of the EVC and INEOS groups. Mr. Hudson's position with EVC ceased on 31 August 2004. On the EVC Extraordinary General Meeting, Mr. L. Heemskerk will be nominated to be appointed as CFO of EVC at the forthcoming EVC Extraordinary General Meeting.

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<sup>1</sup> Mr. Prinselaar, member of the EVC Supervisory Board, is entitled to the 7/12 part of 1,200 EVC Shares which belong to the community of property which has been dissolved ("*ontbonden huwelijksgemeenschap*") as a consequence of the decease of Mrs. Prinselaar in 2002.

## **11. September 2004 results**

The EVC Interim Report for the nine months to September 2004 is included in Annex 3.

Eijsden, 8 November 2004

### **EVC Management Board**

C. MacLean

J. Seed

D. Thompson

L. Heemskerk (acting director)

### **EVC Supervisory Board**

A. Currie

W. Prinselaar

A. Verrijckt



## 12. FAIRNESS OPINION

### **STRICTLY CONFIDENTIAL AND PRIVATE**

The Supervisory Board and Management Board of EVC International N.V.  
Ingenieur Rocourstraat 28  
6245 AD EIJSDEN  
The Netherlands

Amsterdam, 8 November 2004

### **Fairness opinion related to the Offer Price of the public offer of HFCL on all outstanding ordinary shares of EVC International N.V.**

Dear Sirs,

You have requested Ernst & Young Transaction Advisory Services B.V. (hereafter: "EY TAS"), as independent adviser, to give its opinion as to the reasonableness and fairness of the Offer Price of the proposed public offer vis-à-vis the shareholders of EVC International N.V. (hereafter: "EVC" or the "Company") on the intended public offer (hereafter: the "Public Offer") made by Hawkslease Finance Company Limited (hereafter: "HFCL") on the ordinary shares in EVC with a nominal value of EUR 1.00 per share.

As set forth in the offer document dated 8 November 2004 (hereafter: the "Offer Document"), the offer amounts to EUR 3.50 per ordinary share in cash.

As we are informed, you will take this opinion into account with your recommendation to the shareholders of EVC to support the Public Offer, as set forth in the Offer Document.

This opinion is based on the motives underlying the Public Offer and its consequences for EVC and its shareholders, as set forth in the Offer Document. Our opinion exclusively focuses on the fairness of the cash offer made to the shareholders of EVC of EUR 3.50 per ordinary share, as set forth in the Offer Document.

For the purpose of this opinion, we have exclusively examined and considered several matters including, but not limited to, the following matters:

#### *Publicly available information*

- Certain publicly available information with respect to EVC, including the annual reports of EVC for the financial years ended 31 December 2001, 2002 and 2003 as well as the unaudited interim results for the current year as per 30 September 2004;
- The terms and conditions of the Public Offer and related issues;

- The historic development of EVC's stock price, market capitalisation, trading volumes and dividend payments;
- Certain publicly available information on companies engaged in businesses comparable to the Company's business and reported market prices for such companies' shares;
- Certain publicly available terms of transactions involving companies comparable to EVC;
- Analyst research reports and press releases.

#### *Company information*

- Certain relevant internal financial reports, budgets and forecasts regarding EVC and its business units, including reports and presentations that EVC prepared for its strategy days in 2002 and 2004;
- Reports from external parties prepared in relation to the refinancing of EVC in 2003;
- The minutes of the Management Board meetings and Supervisory Board meetings since 1 January 2002;
- All agreements between EVC and the INEOS Group of companies;
- Oral and written explanations from the Management Board concerning the current situation and developments at EVC;
- Other financial analyses and reports as deemed appropriate by us in this context.

#### *Meetings and discussions*

- Meetings with members of the Supervisory Board of EVC;
- Discussions with the Management Board and senior management of EVC regarding its past and current operations and financial situation, as well as its expected future strategic and financial development;
- Meetings with relevant external parties.

The above information was provided to us by members of the Management Board of EVC. In addition, we have studied and considered financial data on the valuation of companies in the same industries and markets as EVC. We have also examined the share price performance of EVC. Other financial analyses and studies have been carried out to the extent that these were considered relevant for assessing the Offer Price of the Public Offer and the consequences for the shareholders of EVC.

For the purpose of this fairness opinion, we have relied on the accuracy, fairness and completeness of all financial and other information provided to us in all material respects and the fact that such information is non-misleading in all material respects, without verifying this data independently. With respect to the forecasts and expectations supplied to us, we have assumed that these are within reason based on the most accurate estimates and assessments of the management of EVC. We have assumed and we have received comfort from the Management Board and Supervisory Board of EVC that no information was kept from us that might have affected this opinion. We do not accept any liability whatsoever in this respect. We have not been party to, or invited to be party to, the meetings and offer price negotiations. We have not performed an independent review of the valuation of the assets and liabilities. Our opinion does not relate to the legal, tax and accounting aspects of the transaction.

In addition, this opinion is based on the economic, monetary and market circumstances at the time of writing. Unexpected developments may affect this opinion and its underlying assumptions. We do not have any obligation to amend or revise our opinion in case such developments shall occur.

We are aware of the fact that several members of the Management Board as well as the Supervisory Board may have no independent position towards INEOS and that INEOS has effective control over EVC. Taking this into account, we have taken certain specific measures during our engagement to secure our independent position.

Based on and subject to the foregoing, we are of the opinion that on the date of the signing of this opinion the Offer Price for the ordinary shares in EVC, as set out in the Offer Document, is reasonable and fair, from a financial point of view, to the shareholders of EVC.

This fairness opinion is exclusively addressed to the Supervisory Board and Management Board of EVC and may not be disclosed to any third party, except for the fact that this fairness opinion may be published in the Offer Document for information purposes only. The opinion set out in this letter should not be regarded as a recommendation made by EY TAS to the shareholders of EVC as to whether or not accept the offer. This fairness opinion may be relied upon only by the Supervisory Board and Management Board of EVC.

This English text of this fairness opinion is the only authentic text.

Yours sincerely,  
Ernst & Young Transaction Advisory Services B.V.

### 13. INVITATION TO EVC SHAREHOLDERS

With reference to the statements and restrictions included in this Offer Document, the EVC Shareholders are invited to tender their EVC Shares in the manner and on the conditions described below:

1. For each EVC Share, the holder of such EVC Share is offered an amount of € 3.50 per EVC Share in cash. EVC Shareholders who have deposited their EVC Shares with a bank or stockbroker should make their acceptance of the Offer known to Rabo Securities N.V. via their respective bank or stockbroker during the period beginning on 9 November 2004 until 8 December 2004, 15.00 hours CET, subject to extension of the Offer Acceptance Period.
2. Admitted institutions of the Euronext Stock Exchange may only make their applications to accept the Offer at the office of Rabo Securities N.V. (fax: +31 (0) 20 460 4958) by no later than 15.00 hours CET on 8 December 2004, subject to extension of the Offer Acceptance Period in accordance with Article 9o(5) of the Securities Market Supervision Decree. By their application, which must be in writing, the admitted institutions of the Euronext Stock Exchange declare that they hold the tendered EVC Shares and are obliged to deliver the EVC Shares, which they have tendered to HFCL, if and when the Offer has been honoured by HFCL. The admitted institutions of the Euronext Stock Exchange must deliver the EVC Shares, in respect of which the Offer will have been accepted, to HFCL through Rabo Securities N.V. by no later than 10.00 hours CET on the Delivery Date.
3. The Offer is subject to the following conditions:
  - (i) such number of outstanding EVC Shares are tendered that these, together with the outstanding EVC Shares directly or indirectly held by INEOS for its own account, represent at least 95% of the outstanding EVC Shares at the date that HFCL honours the Offer (*het bod gestand doet*);
  - (ii) no public announcement having been made before the expiry of the Offer Acceptance Period which indicates for the first time that a third party prepares or makes a public offer for EVC Shares, or that there is an indication that a third party has obtained the right to or has agreed to acquire shares issued or to be issued by EVC;
  - (iii) before the Honouring Date no notification has been received from the AFM that the Offer has been made in conflict with Chapter IIA of the Securities Market Supervision Act, in which case the securities institutions (*effecteninstellingen*) pursuant to Article 32a of the Securities Market Supervision Decree would not be allowed to co-operate with the settlement of the Offer;
  - (iv) no facts or circumstances having arisen prior to the end of the Offer Acceptance Period of which HFCL was not or could not be aware at

the time of the public announcement dated 14 October 2004 and that are so fundamental in nature that HFCL cannot reasonably be expected to make the Offer unconditional; and

- (v) prior to the expiry of the Offer Acceptance Period (i) all approvals, licenses, exemptions and permissions of domestic and international authorities or third parties required in connection with the Offer having been obtained and (ii) neither domestic or international authorities nor third parties having taken or announced steps which could impede the Offer or in any other way could result in considerable effects for HFCL and (iii) all waiting periods in pursuance of applicable legislation and during which domestic or international authorities or third parties can take or announce the steps mentioned above or domestic or international authorities or third parties may oppose the Offer having expired.

HFCL may waive any or all of the conditions in (i), (ii), (iv) and (v) above in whole or in part.

- 4. In accordance with Article 9o(5) of the Securities Market Supervision Decree, any extension of the Offer Acceptance Period will be announced no later than on the third Euronext Stock Exchange Day after the Acceptance Closing Date. Subject to extension of the Offer Acceptance Period, no later than the fifth Euronext Stock Exchange Day after the Acceptance Closing Date, an announcement will be made in accordance with Article 9t(4) of the Securities Market Supervision Decree whether or not the Offer will be honoured. If the Offer is honoured, the EVC Shares rendered for acceptance must be delivered to HFCL through Rabo Securities N.V., as a paying and exchange agent, no later than 10.00 hours CET on the Delivery Date.

Rabo Securities N.V., on behalf of HFCL, will pay admitted institutions to the Euronext Stock Exchange a commission of € 0.0175 amounting to € 0.0175 per EVC Share tendered and delivered under the Offer with a maximum of € 5,000 per depot for the settlement of EVC Shares in exchange for cash. In principle, delivery of the EVC Shares and payment of the consideration will be free of charge for the EVC Shareholders who have accepted the Offer.

- 5. Certain financial information on EVC is set out in paragraphs 7.5 "Selected Figures EVC for the years ended 31 December 2003, 2002 and 2001 and Interim Report for the 9 months to 30 September 2004", 7.6 "Share price" and 7.7 "Capital and shares". The Report on Review of Interim Financial Information is included in Annex 2 of this Offer Document and the Interim Report for the 9 months period ended 30 September 2004 is included in Annex 3 of this Offer Document. An Auditors' Report is included in Annex 4 of this Offer Document and further details of the EVC financial results for the years 2001 to 2003 are included in Annex 5.
- 6. Netherlands law is applicable to this Offer Document and the Offer.

Copies of this Offer Document in English only including the summary of this Offer Document in the Dutch language, the EVC Articles of Association, the EVC 2001, 2002 and 2003 annual reports, which are included by reference in this Offer Document, are available for inspection and may be obtained free of charge at the below addresses. In case of inconsistencies between the information in the Offer Document and the information in the Dutch language summary included in Annex 6, the Offer Document prevails.

HAWKSLEASE FINANCE COMPANY LIMITED

Hawkslease, Chapel Lane  
Lyndhurst, Hampshire,  
SO43 7FG, United Kingdom  
Telephone: + 44 (0) 23 80287064  
Fax: + 44 (0) 23 80287069

and at:

EVC International N.V.  
Ingenieur Rocourstraat 28  
6254 AD Eijsden  
The Netherlands  
Telephone: + 31 (0) 43 409 9191  
Fax: + 31 (0) 43 409 9198

and at:

Rabo Securities N.V.  
Rembrandt Tower  
Amstelplein 1  
1096 HA Amsterdam  
The Netherlands  
Telephone: + 31 (0) 20 460 4602  
Fax: + 31 (0) 20 460 4958  
E mail: [prospectus@rabobank.com](mailto:prospectus@rabobank.com)

8 November 2004

## ANNEX 1

### PRESS RELEASES

EVC International N.V.

Eijssden, 9 July 2004

#### Dispensation with respect to public offer on EVC shares

EVC International N.V. (EVC) announces that the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) today announced its decision to grant Hawkslease Finance Company Limited (HFCL), a company controlled by INEOS, a dispensation from the restriction as set out in Section 6b of the Securities Market Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*), to make (whether or not through an affiliate) a public offer at a price per share that is higher than the price per share of EUR 1.60 offered under the public offer made by HFCL in February 2003. INEOS currently controls approximately 86.4% of the shares in EVC.

Pursuant to Section 6b of the Securities Market Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*), HFCL was prohibited for a period of three years after the offer document with respect to the offer in February 2003 was made available (i.e. from 6 February 2003 until 6 February 2006) to, directly or indirectly, acquire additional shares from the same class as the class to which the offer related for a price and subject to terms and conditions which were more favourable than the price and terms and conditions as offered under the offer of February 2003. Under Section 6c of the Securities Market Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*), the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) has however the authority to grant a dispensation from this prohibition set out in Section 6b of the Securities Market Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*). The Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) considers this press release to be a press release as set out in Section 9b(1) of the Securities Market Supervision Decree 1995 (*Besluit toezicht effectenverkeer 1995*).

EVC intends to issue a press release no later than on 20 August 2004, to inform its shareholders on any developments since the date hereof.

The Management Board and the Supervisory Board of EVC International N.V.

#### For further information:

John Hudson

Chief Financial Officer

Tel +44-2380-287 043

Fax +44-2380-287 046



Press Release  
[www.evc-int.com](http://www.evc-int.com)



## JOINT PRESS RELEASE

*Public announcement as referred to in article 9b (2) sub a of the Securities Market Supervision Decree 1995 (Besluit toezicht effectenverkeer 1995)*

### Proposed offer by HFCL for all EVC Shares

Lyndhurst, UK/Eijsden, Netherlands

14 October 2004

Hawkslease Finance Company Limited (HFCL) and EVC International N.V. (EVC) announce that HFCL, a company controlled by INEOS, intends to make a firm public offer for all ordinary shares in the capital of EVC with a nominal value of EUR 1 listed on the Official Market of Euronext Amsterdam (the EVC Shares).

The proposed offer price amounts to EUR 3.50 in cash for each ordinary EVC Share.

The offer proposal has been made to the Management Board and Supervisory Board of EVC. EVC and HFCL believe that the expectation is justified that agreement can be reached between EVC and HFCL on the terms and conditions of the intended offer. The Management Board and Supervisory Board of EVC have decided to unanimously and unconditionally recommend the proposed offer.

INEOS currently holds approximately 85.9% of all EVC Shares.

If the intended public offer is made, the honouring of such public offer will be subject to customary conditions, including at least 95% of the outstanding EVC Shares having been tendered.

It is expected that within 30 days an offer document will be published in the Netherlands which will include the further terms and conditions of the proposed offer.

### For further information:

John Reece  
Chief Financial Officer  
Hawkslease Finance Company Limited  
Tel. +44 2380 287000  
Fax +44 2380 287069

Leen Heemskerk  
Chief Financial Officer  
EVC International N.V.  
Tel. +44 2380 287043  
Fax +44 2380 287046

## PRESS RELEASE

[www.ineos.com](http://www.ineos.com)  
[www.evc-int.com](http://www.evc-int.com)

1 of 1



## ANNEX 2

### REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

#### *Introduction*

We have reviewed the interim report of EVC International N.V. for the 9 months' period ended 30 September 2004 as included in pages 5 through 10 in Annex 3 of this Offer Document. This interim report is the responsibility of the company's management. Our responsibility is to issue a report on this interim report based on our review.

#### *Scope*

We conducted our review in accordance with standards for review engagements generally accepted in The Netherlands. These standards require that we plan and perform the review to obtain moderate assurance as to whether the interim report is free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

#### *Opinion*

Based on our review, nothing has come to our attention that causes us to believe that the interim report for the 9 months' period ended 30 September 2004 does not comply with accounting principles for interim financial reporting generally accepted in The Netherlands.

8 November 2004

**PricewaterhouseCoopers Accountants N.V.**

## ANNEX 3

EVC International N.V.

Publication of the Financial Results for Quarter Three 2004 and the Nine months to September 2004

Eijsden, 20 October 2004

EVC International N.V. ("EVC"), Europe's largest PVC manufacturer, today announced its unaudited results for the third quarter 2004.

### Key Features

	Third Quarter		Nine Months	
	2004 (EUR millions)	2003 (EUR millions)	2004 (EUR millions)	2003 (EUR millions)
Group turnover	287.0	240.8	902.2	791.1
Operating profit/(loss)	(3.7)	(1.9)	10.2	(0.1)
Net result	(12.7)	(9.9)	(14.1)	(17.9)

### Market Conditions

The Quarter Three market demand for S-PVC in Western Europe and Asia followed seasonal patterns which, together with a number of planned and unplanned production shutdowns, led to a further tightening in the supply chain.

West European market prices for Suspension PVC (S-PVC) continued to increase through the third quarter of 2004 such that the average headline prices for the first three quarters of 2004 were approximately 160 Euro per tonne (24%) higher than in the same period of 2003. S-PVC market prices in Quarter Three were 8.7% higher than in Quarter Two.

The positive sales price effect was partially offset by higher prices for the key raw materials however unitary PVC margins continued to increase in Quarter Three. Ethylene prices were 4.6% higher in Quarter Three than in Quarter Two. Chlorine prices have been fairly static in a continued tight market.

### EVC operational issues Quarter Three 2004

Major problems were encountered on the recommissioning of EVC's VCM plant at Runcorn, UK, following the extensive six week planned shutdown in June and July. In addition at Porto Marghera, Italy, a failure on an HCl (Hydrochloric acid) condenser in August resulted in the plant being shutdown for two weeks. The two events caused a combined production loss of some 47 kte of PVC. Both plants have been fully operational since the second week of September.

### Financial Review

#### Result of operations

##### Quarter Three

Group Turnover for the third quarter 2004 was EUR 287.0 million, up 46.2 million on the equivalent quarter last year. The increase was driven by higher sales prices (S-PVC market prices were some 44% higher) and higher turnover in the Compounds and Film segment offset by the volume losses described above.



Press Release  
www.evc-int.com

Cost of turnover at EUR 279.0 million was 45.2 million higher than Quarter Three in 2003 due primarily to higher raw material prices, lower plant efficiencies and high maintenance costs due to shutdowns.

Operating expenses were EUR 11.7 million, up 2.8 million year on year. Quarter Three 2003 included EUR 1.6 million of exceptional gains on customer and supplier settlements within operating expenses.

Operating loss before taxation for the Quarter was EUR 3.7 million compared with EUR 1.9 million in the previous year. The Operating loss in the third quarter for Polymers and the Compounds and Film segment were EUR 3.3 million and EUR 0.4 million respectively.

Polymers operating loss in Quarter Three 2004 was an improvement of EUR 7.2 million over the corresponding period in 2003 due to improved unitary margins and offset by lower volumes due to the extended plant shutdowns. The Compounds and Films business performance was EUR 9.0 million worse than in 2003 because of the continued increase in PVC input prices which it has not been possible to recover from customers in a highly competitive market. The strength of the Euro also continues to impact returns from overseas sales.

Net financial expenses, at EUR 5.3 million were EUR 0.8 million higher than 2003 as a direct result of the higher borrowing and interest rates due to the refinancing in November 2003. Taxation at EUR 3.3 million was comparable to the equivalent period in 2003 despite the higher loss; this is a result of the new tax legislation which came into effect in Germany on 1 January 2004.

The Group net result was a loss of EUR 12.7 million in the quarter, a EUR 2.8 million increased loss versus the previous year.

#### **Nine months results**

Group turnover for the first nine months increased by EUR 111.1 million, or 14.0%, to EUR 902.2 million due to higher PVC resin prices and higher turnover in the Compounds and Film division. S-PVC sales volumes were reduced because of the production losses referred to above.

Overall, base raw material costs were higher in the first nine months of 2004 compared to 2003. The European quarterly contract price for ethylene was some 24% higher in 2004. For the first nine months the Group returned a gross margin of EUR 50.5 million, a EUR 24.5 million increase versus 2003. The 2003 results were impacted by a major shortfall in the supply of chlorine under one of its long term supply contracts. EVC estimated that the total costs of the supply disruption (reported as exceptional costs within Cost of turnover) for the first nine months of 2003 were EUR 10.4 million. In Quarter Two 2004 EVC received an initial payment of EUR 8.0 million from its insurers in relation to the chlorine supply disruption and discussions continue with the insurers on the total claim quantum.

Operating expenses at EUR 40.3 million were EUR 14.2 million higher than the equivalent period of 2003, this being primarily due to a EUR 16.7 million exceptional credit received in 2003 following conclusion of a product liability claim process. Excluding exceptional items operating expenses reduced by EUR 4.2 million year on year.



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The Group delivered an operating profit of EUR 10.2 million compared to an operating loss of EUR 0.1 million last year.

For the first nine month period the Polymers segment recorded an operating profit of EUR 0.8 million which was EUR 35.3 million better than the equivalent period of 2003. This improvement is due to the higher average unitary margins available in the market place and the negative impact on the 2003 results of the chlorine supply problems. Compounds and Film delivered an operating profit of EUR 9.4 million (2003: EUR 34.4 million), a net reduction of some EUR 8.3 million excluding the EUR 16.7 million exceptional gain from customer and supplier settlements in 2003.

Taxation was EUR 7.6 million for the first nine months of 2004 compared to a charge of EUR 4.0 million in 2003. The increase is driven both by the improved results and the effect of the change in German tax legislation.

Net financial expense increased by EUR 2.7 million to EUR 16.1 million as a result of higher borrowings and interest rates.

The net result for the first nine months was a loss of EUR 14.1 million compared to a loss of EUR 17.9 million in 2003.

#### ***Cash flow***

Group net cash flow before financing activities was an outflow of EUR 16.1 million for the nine months compared with a EUR 2.0 million outflow in the previous year. The negative movement on working capital is mainly due to the increase in trade debtors caused by significantly higher prices, partially offset by reductions in stock.

#### **Financial position**

As at the end of September 2004, the Group had gross borrowings of EUR 272.6 million, down EUR 6.2 million from December 2003. After deducting cash balances of EUR 34.4 million the net debt position at the end of September was 238.2 million, up EUR 15.2 million compared to the EUR 223.0 million as at the end of 2003.

#### ***Covenant compliance***

As a result of the production difficulties referred to above the Group has been unable to meet one of its covenant tests as at 30 September 2004. A request for a waiver of this covenant test has been submitted to the banking syndicate and approval has been given.

#### ***Acquisition of compounding entity***

EVC acquired a small compounds facility (Dub Plastiques and Sebuca S.A.) in France on 1 September 2004. The acquisition will deliver additional geographic presence and production capacity in the French market. The acquisition has been financed out of existing cash funds.

#### **Outlook**

The underlying trends seen in the first half of 2004 have continued into Quarter Three with improving Polymer margins being offset by continued margin pressure in the downstream businesses. This underlying market trend is expected to continue for the remainder of 2004.



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**Share offer**

On 14 October 2004 a press release was issued announcing that Hawkslease Finance Company Limited (HFCL), a company controlled by INEOS, intends to make a firm public offer for all ordinary shares in the capital of EVC with a nominal value of EUR 1 listed on the Official Market of Euronext Amsterdam. The proposed offer price amounts to EUR 3.50 in cash for each ordinary EVC Share. The Management Board and Supervisory Board of EVC have decided to unanimously and unconditionally recommend the proposed offer. It is expected that within 30 days of the share offer announcement an offer document will be published in the Netherlands which will include the further terms and conditions of the proposed offer.

**For further information:**

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## Summary Consolidated Profit and Loss Account (Unaudited)

	Notes	3 months ended		9 months ended	
		30-Sep-04 (EUR in millions)	30-Sep-03 (EUR in millions)	30-Sep-04 (EUR in millions)	30-Sep-03 (EUR in millions)
Net turnover	1	287.0	240.8	902.2	791.1
Cost of turnover	4	(279.0)	(233.8)	(851.7)	(765.1)
Gross margin		8.0	7.0	50.5	26.0
Operating expenses	2, 4	(11.7)	(8.9)	(40.3)	(26.1)
Operating profit/(loss)		(3.7)	(1.9)	10.2	(0.1)
Net financial income and expenditures	3	(5.3)	(4.5)	(16.1)	(13.4)
Loss from ordinary operations before taxation		(9.0)	(6.4)	(5.9)	(13.5)
Taxation		(3.3)	(3.4)	(7.6)	(4.0)
Loss from ordinary operations after taxation		(12.3)	(9.8)	(13.5)	(17.5)
Minority interest		(0.4)	(0.1)	(0.6)	(0.4)
<b>Net result</b>		<b>(12.7)</b>	<b>(9.9)</b>	<b>(14.1)</b>	<b>(17.9)</b>
Earning/(loss) per share (in EUR)		(0.4)	(0.3)	(0.4)	(0.5)



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## Consolidated Balance Sheet (Unaudited)

	Notes	30 September 2004 (EUR in millions)	31 December 2003 (EUR in millions)
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets		0.7	1.0
Tangible fixed assets		354.6	353.5
Financial fixed assets		-	0.9
<b>Total fixed assets</b>		<b>355.3</b>	<b>355.4</b>
<b>Current assets</b>			
Stock	6	112.9	128.9
Trade debtors		161.6	130.5
Other assets		33.7	46.6
Cash and bank balances		34.4	55.8
<b>Total current assets</b>		<b>342.6</b>	<b>361.8</b>
<b>Total assets</b>		<b>697.9</b>	<b>717.2</b>
<b>Shareholders' equity and liabilities</b>			
<b>Group equity</b>			
Shareholders' equity		158.4	168.7
Minority interest		6.3	5.6
<b>Group equity</b>		<b>164.7</b>	<b>174.3</b>
Provisions		42.3	43.6
<b>Long term liabilities</b>			
Loans	7	264.7	270.1
<b>Current liabilities</b>			
Loans and overdrafts		7.9	8.7
Trade creditors		173.6	174.2
Other current liabilities		44.7	46.3
<b>Total current liabilities</b>		<b>226.2</b>	<b>229.2</b>
<b>Total shareholders' equity and liabilities</b>		<b>697.9</b>	<b>717.2</b>

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# Consolidated Statement of Cash Flow (Unaudited)

For the nine months ended 30 September  
2004  
(EUR in millions)

2003  
(EUR in millions)



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## Net cash flow from operating activities

Operating (loss)/profit	10.2	(0.1)
<b>Adjustments for movements in working capital</b>		
(increase)/decrease in stock	16.1	28.5
(increase)/decrease in trade debtors	(31.1)	(6.0)
(increase)/decrease in other assets	6.9	7.2
increase/(decrease) in trade creditors	(1.0)	(2.8)
increase/(decrease) in other current liabilities	(8.2)	(26.4)
Total movements in working capital	(17.3)	0.5
Depreciation and amortisation	35.4	42.0
Increase/(decrease) in provisions	(0.9)	(2.5)
Net cash flow from operating profit after adjustments	27.4	39.9
Net financial income received/(paid)	(11.7)	(12.3)
Taxes received/(paid)	(0.2)	(1.0)
<b>Net cash (used)/provided by operating activities</b>	<b>15.5</b>	<b>26.6</b>

## Net cash flow from investing activities

Investments in intangible fixed assets	(0.1)	0.4
Investments in tangible fixed assets	(31.6)	(29.2)
Proceeds from sales of fixed assets	0.1	0.2
<b>Net cash used in investing activities</b>	<b>(31.6)</b>	<b>(28.6)</b>
<b>Net cash flow before financing activities</b>	<b>(16.1)</b>	<b>(2.0)</b>

## Net cash flow from financing activities

Increase/(decrease) in short term borrowings	(5.8)	(5.7)
<b>Net cash used in financing activities</b>	<b>(5.8)</b>	<b>(5.7)</b>
Net cash flow	(21.9)	(7.7)
Foreign currency translation differences	0.5	(0.9)
<b>Movement in cash and bank balances</b>	<b>(21.4)</b>	<b>(8.6)</b>
Cash and bank balances at the beginning of the year	55.8	36.1
<b>Cash and bank balances at the end of September</b>	<b>34.4</b>	<b>27.5</b>

## 1. Segment Information

### Segmental reporting by Activity

	Polymers		Compounds & Film		Total	
	2004	2003	2004	2003	2004	2003
EUR in millions						
<b>YTD September</b>						
Net turnover	604.0	514.5	298.2	276.6	902.2	791.1
Operating profit/(loss) after exceptional items	0.8	(34.5)	9.4	34.4	10.2	(0.1)
Capital employed	328.5	314.3	137.1	136.7	465.6	451.0
Current year investment	25.0	16.7	6.6	11.9	31.6	28.6

### Quarter Three

Net turnover	189.0	150.7	98.0	90.1	287.0	240.8
Operating profit/(loss) after exceptional items	(3.3)	(10.5)	(0.4)	8.6	(3.7)	(1.9)
Capital employed	328.5	314.3	137.1	136.7	465.6	451.0
Current year investment	11.7	7.8	2.6	5.2	14.3	13.0

### Segmental reporting by Geographical Region

	Italy		Germany		UK		Rest of World		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
EUR in millions										
<b>YTD September</b>										
Net turnover	274.8	249.4	438.6	374.5	131.5	112.3	57.3	54.9	902.2	791.1
Capital employed	144.2	162.4	151.5	145.9	146.3	134.6	23.6	8.1	465.6	451.0
Current year investment	12.5	11.7	8.9	11.5	9.4	5.4	0.8	--	31.6	28.6

### Quarter Three

Net turnover	86.5	68.9	140.1	116.3	40.5	34.2	19.9	21.4	287.0	240.8
Capital employed	144.2	162.4	151.5	145.9	146.3	134.6	23.6	8.1	465.6	451.0
Current year investment	4.0	6.8	2.9	4.2	7.3	2.0	0.1	--	14.3	13.0

### EBITDA reporting by Activity

	Polymers		Compounds & Film		Total	
	2004	2003	2004	2003	2004	2003
EUR in millions						
<b>YTD September</b>						
Operating profit/(loss)	0.8	(34.5)	9.4	34.4	10.2	(0.1)
Exceptional and other items	(6.4)	10.6	0.1	(17.2)	(6.3)	(6.6)
Depreciation and amortisation	27.4	32.6	8.0	9.7	35.4	42.3
EBITDA	21.8	8.7	17.5	26.9	39.3	35.6

### Quarter Three

Operating profit/(loss)	(3.3)	(10.5)	(0.4)	8.6	(3.7)	(1.9)
Exceptional and other items	0.2	1.4	(0.4)	(1.6)	(0.2)	(0.2)
Depreciation and amortisation	10.0	11.0	2.7	3.3	12.7	14.3
EBITDA	6.9	1.9	1.9	10.3	8.8	12.2



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## 2. Operating Expenses

	3 months ended		9 months ended	
	30 Sept. 04	30 Sept. 03	30 Sept. 04	30 Sept. 03
	EUR in millions			
Selling expenses	(4.2)	(3.7)	(12.5)	(11.6)
General, administration and other operating expenses	(7.5)	(5.2)	(27.8)	(14.5)
<b>Total operating expenses</b> (Note 4)	<b>(11.7)</b>	<b>(8.9)</b>	<b>(40.3)</b>	<b>(26.1)</b>
Exceptional items	(0.2)	(1.6)	1.7	(16.7)
<b>Operating expenses excluding exceptional items</b>	<b>(11.9)</b>	<b>(10.5)</b>	<b>(38.6)</b>	<b>(42.8)</b>

Included in general, administration and other operating expenses is an exchange gain of EUR 0.2 million (2003: Exchange loss EUR 4.7 million). Included in general, administration and other operating expenses in 2004 is an exceptional cost of EUR 2.4 million for rationalisation costs not captured by the "Horizon" provision and an exceptional gain relating to tax in India (see note 4). In 2003 there is a credit of EUR 15.7 million reflecting the settlement of supplier and customer product liability claims.

## 3. Net Financial Income and Expenditure

	3 months ended		9 months ended	
	30 Sept. 04	30 Sept. 03	30 Sept. 04	30 Sept. 03
	EUR in millions			
Interest income	0.2	0.2	0.6	0.7
Interest expense	(5.2)	(3.5)	(15.8)	(10.7)
Other	(0.3)	(1.2)	(0.9)	(3.4)
<b>Total net financial income and expenditure</b>	<b>(5.3)</b>	<b>(4.5)</b>	<b>(16.1)</b>	<b>(13.4)</b>

## 4. Exceptional Items

Operating profit/(loss) is after recognising the following exceptional items

	3 months ended		9 months ended	
	30 Sept. 04	30 Sept. 03	30 Sept. 04	30 Sept. 03
	EUR in millions			
Cost of turnover				
Exceptional (costs)/credit for alternative Chlorine supply	-	(1.7)	8.0	(10.4)
Operating expenses				
Customer and supplier settlements	-	1.6	-	16.7
Rationalisation costs	(0.5)	-	(2.4)	-
Sales tax one off gain in India	0.7	-	0.7	-

In 2004 cost of turnover includes an exceptional receipt received in relation to the chlorine supply problems experienced in 2003. Discussions with the insurers over the total claim quantum continue. The EUR 10.4 million in 2003 relates to the direct costs incurred as a result of the above. The extra cost arose from the need to purchase significant quantities of Ethylene Dichloride (an intermediate of the VCM production process) on the spot market.

In 2004 operating expenses include an exceptional cost relating to further rationalisation costs which are outside the "Horizon" programme and a "one off" tax gain in India which arose due to a discount granted for early repayment of a deferred tax liability.

In 2003 operating expenses there is an exceptional credit in relation to customer and supplier settlements in respect of certain product liability claims.



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## 5. Earnings per Share

Loss on ordinary operations after taxation amounted to EUR 0.4 per share for the nine months ended 30 September 2004, compared to a loss of EUR 0.5 for the nine months ended 30 September 2003. This is calculated on the basis of the weighted average number of shares in issue during 2004 and 2003 of 36,816,059 shares.

## 6. Stock

	30 September 2004	31 December 2003
	(EUR in millions)	
Raw materials	40.6	40.4
Work in progress	23.7	21.5
Finished goods	48.6	67.0
<b>Total stock</b>	<b>112.9</b>	<b>128.9</b>

## 7. Loans and overdrafts

### *Long term liabilities, as at 30 September 2004*

	1-5 years	Term >5 years	Total
	(EUR in millions)		
Loans from credit institutions	18.8	239.8	258.6
Leasing debts	3.5	2.6	6.1
<b>Total</b>	<b>22.3</b>	<b>242.4</b>	<b>264.7</b>

Amounts falling due within 12 months of the year end are not included in the above amounts but are included in current liabilities.

In November 2003 the Group completed the refinancing of the previous Bank Syndicate and Private Placement Note facilities being EUR 197.1 million in total. The new facilities comprise an eight year, EUR 160 million Eurobond with a coupon of 9.125%, and a seven year, secured EUR 124.2 million syndicated bank facility of which EUR 97.5 million was drawn down at 30 September 2004.

As at 30 September 2004, the outstanding long term lease obligations amounted to EUR 6.1 million.

In addition, a 10 year state loan of EUR 3.1 million relating to some Italian manufacturing assets is outstanding in the name of European Vinyls Corporation (Italia) SpA. The interest on the loan is guaranteed by the Company.

To support the construction of the PVC plant in Schkopau, Germany, a five year loan was granted by a third party secured on the new fixed assets at Schkopau. At 30 September 2004 the outstanding obligations amounted to EUR 3.8 million.



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## 8. Commitments and contingent liabilities

Purchase commitments for tangible fixed assets at 30 September 2004 amounted to EUR 1.8 million. In addition, at 30 September 2004, EVC (Italia) SpA had a commitment to local authorities at the Porto Marghera site of approximately EUR 6.2 million in respect of safety and anti-pollution projects.

The Company and its subsidiaries, EVC Belgium SA/NV, EVC (UK) Ltd, EVC (Italia) SpA, EVC (Deutschland) GmbH, EVC Rigid Film GmbH, EVC Nederland BV, EVC Compounds Ltd and EVC (Switzerland) AG were jointly and severally liable under the new credit facilities and the Eurobond.

Borrowings secured on the Group's tangible fixed assets at 30 September 2004 amounted to EUR 112.6 million.

At 30 September 2004, operating lease commitments amounted to EUR 3.5 million.

As reported last year, EVC are charged with not having replaced a gas chromatograph at Brindisi with the most up-to-date mass spectrometer for VCM detection and for having caused pollution of land and subterranean waters. The preliminary hearing has been postponed to 20 January 2005.

In 2002, the public prosecutor of Ravenna began preliminary investigations concerning PVC and VCM activity, similar to those at Brindisi. The situation at present is unchanged.

A number of cases are in progress related to the emission of chemical substances from the plant at Porto Marghera. The verbal outcome of a trial relating to an incident in 1999 was a short suspended sentence for four managers, suspended civil damages of EUR 457,500 plus costs and the dismissal of fraud and related charges. Upon receipt of a formal written judgment EVC will appeal the decision. EVC believes it will be successful in the appeal.

INEOS Chlor Limited, an associate company, has decided to embark on a significant regeneration and re-investment programme at its chlorine manufacturing site in Runcorn, UK. The capital expenditure for the programme is significant and INEOS Chlor Limited has approached a number of key customers to support part of the costs of this investment. EVC is the largest customer of INEOS Chlor Limited. Following detailed analysis of the potential impact to EVC's UK operations, EVC has decided to support the request as it will provide additional long term security of raw material supply. The support will be in the form of an GBP 11 million medium term loan facility, to be made on third party, arms-length terms, and, subject to satisfying certain conditions precedent, is expected to be utilised in mid to late 2005.

The management of EVC does not expect that resolution of the matters above will have a material adverse effect on the Group's financial statements.



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## **ANNEX 4**

### **AUDITORS' REPORT**

In our opinion, the consolidated financial information of EVC International N.V. for the years 2003, 2002 and 2001, as included in Annex 5 of this Offer Document, is consistent, in all material respects, with the financial statements for those years from which it has been derived. We issued an unqualified auditors' report on the financial statements for the year 2003, 2002 and 2001 on 26 February 2004, 19 March 2003 and on 20 March 2002, respectively.

For a better understanding of the company's financial position and results and of the scope of the audit, the consolidated financial information should be read in conjunction with the financial statements from which it has been derived and the auditors' reports.

8 November 2004

PricewaterhouseCoopers Accountants N.V.

## **ANNEX 5**

### **FINANCIAL STATEMENTS FOR THE PERIODS ENDED 31<sup>ST</sup> DECEMBER 2003, 2002 AND 2001**

#### **ACCOUNTING POLICIES USED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS**

##### **General**

The company was incorporated under Dutch law on 30 September 1986 as a private limited company with the name European Vinyls Corporation (Holdings) BV and has its registered office in Eijsden, The Netherlands. On 24 October 1994 the Company was converted into a public limited company with the name EVC International N.V. and on 8 December 1994 the Company obtained a listing on the official stock market of Euronext Amsterdam NV.

On 9 January 2001, ICI disposed of their commodity chemicals assets to INEOS. The disposal included the 16.9% holding of EVC shares.

On 21 March 2001 EVC completed a EUR 75.0 million share issuance whereby INEOS increased its holdings to 64.5% of the share capital of EVC.

In connection with the Share Subscription Agreement with INEOS, a shareholders' resolution was passed on 22 June 2001 issuing a further 3,000,000 ordinary registered shares and 2,744,150 registered convertible Class A shares. This brought INEOS's total holdings to 69% of the share capital of EVC.

On 31 July 2002 Enichem SpA agreed the sale of their 6.23% holding of EVC shares to INEOS. This transaction increased the INEOS holding to 75.35%.

INEOS made a formal, public offer for all EVC shares in February 2003 in connection with the creation of an EVC employee share scheme. The offer process was completed in April 2003 with the result that INEOS had acquired a further 11.1% of the EVC shares, taking their total holding to 86.4%.

The activities of the Group comprise the production, marketing and distribution of vinyl products.

EVC maintains long-term supply agreements with Syndial, Polimeri Europa, INEOS, Huntsman and DOW which relate primarily to the purchase of the Group's key raw materials, the provision of utilities on integrated chemical sites operated by Syndial, Polimeri Europa, INEOS, Huntsman and DOW, and the contribution by the Group to certain essential site services on integrated sites.

During 2003 the group has been able to successfully refinance, and obtained total borrowings of EUR 285.0 million. As such, the Directors believe the company will continue as a going concern and therefore, the accounting principles applied in preparation of the financial statements are consistent with prior years.

##### **Basis of consolidation**

The consolidated financial statements of the Group, prepared under the historical cost convention, include the financial statements of the company and its subsidiaries in which it has directly or indirectly an interest of more than 50% of the voting rights. The third party share of subsidiaries with less than 100% of the shares is shown separately as Minority interest.

Considering the fact that the parent company's profit and loss account is included in the consolidated annual accounts, a summarised profit and loss account is prepared following Article 402, Book 2 of the Civil Code.

The consolidated profit and loss account includes the proportion of the results of acquired and divested companies for the period to which the company has effective control.

All Group companies, except Caprihans India Limited, are wholly owned at 31 December 2003.

All significant intercompany accounts and transactions have been eliminated on consolidation.

### Foreign currency transactions and balances

The functional currency of EVC is the local currency of its principal operating environment. The company's primary products are sold on and raw materials are purchased on the international market and are priced and invoiced primarily in Euro; therefore the Euro is the company's functional currency.

Transactions in foreign currencies are recorded at the rates of exchange approximating to those ruling at the date of the transaction. At the end of the accounting period the unsettled balances on foreign currency transactions are revalued at the rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are credited or charged to the profit and loss account.

The profit and loss accounts and balance sheets of foreign subsidiaries are translated into Euro at the average exchange rates for the years and at the exchange rates prevailing at the balance sheet dates respectively. Exchange differences arising on translation are charged or credited to the currency translation reserve in the balance sheet.

### Exchange rates of key currencies

The principal exchange rates against the Euro used in drawing up the balance sheet and profit and loss accounts are:

Country	Currency	Balance Sheet				Profit and loss account	
		2003	2002	2001	2003	2002	2001
India	100 INR	1.75	2.09	2.33	1.91	2.21	2.37
Switzerland	1 CHF	0.64	0.69	0.68	0.66	0.68	0.66
United Kingdom	1 GBP	1.42	1.57	1.61	1.46	1.60	1.61
United States	1 USD	0.80	0.97	1.11	0.89	1.08	1.12

### Summary of significant accounting policies for the valuation of assets and liabilities

#### Intangible fixed assets and amortisation

Intangible fixed assets are stated at cost less accumulated amortisation. Goodwill, representing the excess of the acquisition price of Group companies over the values assigned to the assets acquired at acquisition date, is capitalised and amortised over a period of five years from the date of acquisition. Software costs are capitalised and amortised over five years. Patents are amortised over ten years and trademarks are amortised over five years from the date of acquisition. Research and development costs associated with information systems are capitalised and amortised over five years. Carrying values and amortisation periods on intangible fixed assets are reviewed annually. Research and development costs associated with the development of production technology and processes are expensed to the profit and loss account as they are incurred.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and any write-downs for permanent diminution in value. Depreciation is calculated on a straight line basis so as to write off the cost of fixed assets over their expected useful lives:

Buildings	20 – 40 years
Plant and machinery, including other operating assets	5 – 20 years

Assets under construction are carried at cost and are not depreciated until brought into use in the business.

An assessment is made at each balance sheet date to determine whether there is objective evidence that tangible assets may be impaired. If such evidence exists, the estimated recoverable amount of the assets is determined and any impairment loss recognised for the difference between the recoverable amount and the carrying value.

### **Financial fixed assets**

Financial fixed assets relate to participations in Group companies which are valued at net asset value, as well as to marketable securities and loans to external parties, which are recorded at cost less any provision for permanent diminution in value.

### **Stock**

Stock is stated at the lower of cost or net realisable value. Cost, defined as the full manufacturing cost related to the state of processing, is determined on a first-in, first-out basis. Net realisable value is the amount which can be realised from the sale of products in the normal course of business. Provisions for stock obsolescence are established on a specific basis.

### **Trade debtors**

Trade debtors are presented net of provisions for doubtful debts.

### **Other Assets**

Fees incurred in order to arrange long-term financing and revolving credit facilities are held in the Balance Sheet as other assets and amortised over the term of the facilities. Also included in other assets are other non trade related debtors, for example, VAT, interest and tax.

### **Deferred taxation**

Deferred tax items arising in respect of temporary differences between the value of assets and liabilities for financial statement purposes and for tax purposes, as well as in respect of loss carry forwards, are valued at future expected rates using discounted values on the basis of a net interest rate. Deferred tax claims arising in respect of loss carry forward are capitalised if and when it is reasonable to suppose that these claims will be realised in due course.

### **Pensions**

EVC has a number of defined benefit pension plans covering employees in Belgium, Germany and the UK. Plan benefits are generally based on years of service and employees' compensation during the last several years. The Group funding policy is based on actuarially determined cost methods allowable under local regulations. In Belgium and in the UK the projected unit cost method is adopted. In Germany the pension costs are the contributions required by the compulsory industry wide pension fund plus the book reserve increases prescribed by German law. These contributions are charged against the profit and loss account over the periods benefiting from the employees' service. The outcomes of the calculations are benchmarked annually against international standards.

Mandatory termination indemnities in Italy are based on years of service as well as each employee's revalued career average compensation. The book reserve increases which serve as pension costs are not actuarially determined and simply assume that all employees leave on the balance sheet date.

Pension schemes are generally funded through payments to insurance companies or other independently administered funds. Appropriate steps are taken to correct for any deficits in the year in which they become known.

### **Contingent liabilities**

The company is exposed to environmental and legal liabilities relating to its past operations, principally in relation to pollution claims and product defect claims. Provisions for these costs are made when a payment on a claim is probable and the cost can be estimated within a reasonable range of possible outcomes.

### **Deferred grants and subsidies**

Grants and subsidies relating to investments in fixed assets are accounted for as an offset against the costs of the relevant assets. Grants and subsidies relating to labour costs are amortised over the period in which conditions relating to such grants and subsidies apply. Unamortised grants and subsidies relating to labour costs are included in provisions in the consolidated balance sheet.

### **Restructuring provisions**

Estimated costs to be incurred in connection with restructuring measures are provided for when the company has a constructive obligation, which is generally the date when the plan is agreed by the board.

### **Leases**

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payment payable during the lease term. The corresponding lease commitments are shown as obligations to the lessor. Lease payments are split between capital and interest elements using the sum of digits method. All other leases are operating leases and annual rentals are charged to operating profit on a straight line basis over the lease term.

## **Principles of determination of results**

### **Net turnover**

Net turnover represents the value of sales invoiced during the year, net of turnover tax and other discounts. Sales are recorded and the associated revenue recognised at the time of shipment. The pricing for products is determined by market prices (market contracts or arrangements) or linked by formula to published market reports (e.g. Harriman, Technan).

### **Cost of turnover**

Cost of turnover represents the cost of manufacturing, distributing, and selling products and services.

### **Exceptional items**

EVC has changed its presentation of exceptional items and no longer shows a separate line item on the face of the profit and loss account. Instead, any exceptional items will be included in the relevant profit and loss account line to which they relate. Disclosure of such exceptional items is now by way of note in the financial statements. 2001 and 2002 comparatives have been restated to reflect this change.

### **Corporate taxes**

Corporate taxes are based upon reported taxable profits, adjusted for permanent differences, at current tax rates in the relevant territories.



**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**For the years ended 31 December**

	<b>Notes (EUR in millions)</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
Net turnover	1	1,032.2	1,053.8	1,071.6
Cost of turnover		(994.0)	(996.6)	(1,054.6)
Gross margin		38.2	57.2	17.0
Operating expenses	2	(41.8)	(70.9)	(85.2)
Operating profit/(loss) after exceptional items		(3.6)	(13.7)	(68.2)
Net financial income and expenditure	3	(17.6)	(16.3)	(13.9)
Profit/(loss) from ordinary operations before taxation		(21.2)	(30.0)	(82.1)
Taxation	5	(4.1)	(9.7)	(4.4)
Profit/(loss) from ordinary operations after taxation		(25.3)	(39.7)	(86.5)
Minority interest		(0.3)	(0.4)	-
<b>Net Result</b>		<b>(25.6)</b>	<b>(40.1)</b>	<b>(86.5)</b>

**CONSOLIDATED BALANCE SHEET**  
**At 31 December (after proposed appropriation of results)**

	Notes	2003 (EUR in millions)	2002	2001
<b>Assets</b>				
<b>Fixed assets</b>				
Intangible fixed assets	9	1.0	2.4	6.0
Tangible fixed assets	10	353.5	370.6	399.3
Financial fixed assets	11	0.9	1.7	1.9
<b>Total fixed assets</b>		<b>355.4</b>	<b>374.7</b>	<b>407.2</b>
<b>Current assets</b>				
Stock	12	128.9	127.2	104.8
Trade debtors	13	130.5	139.1	133.0
Other assets	14	46.6	48.5	49.1
Cash and bank balances		55.8	36.1	76.1
<b>Total current assets</b>		<b>361.8</b>	<b>350.9</b>	<b>363.0</b>
<b>Total assets</b>		<b>717.2</b>	<b>725.6</b>	<b>770.2</b>
<b>Shareholders' equity and liabilities</b>				
<b>Shareholders' equity</b>				
Group equity	15	168.7	202.5	251.1
Minority interest		5.6	6.2	6.8
<b>Total shareholders equity</b>		<b>174.3</b>	<b>208.7</b>	<b>257.9</b>
Provisions	16	43.6	49.0	53.9
<b>Long term liabilities</b>				
Loans	17	270.1	123.3	134.2
<b>Current liabilities</b>				
Loans and overdrafts	17	8.7	110.6	112.2
Trade creditors		174.2	171.1	156.3
Other current liabilities	19	46.3	62.9	55.7
<b>Total current liabilities</b>		<b>229.2</b>	<b>344.6</b>	<b>324.2</b>
<b>Total shareholders' equity and liabilities</b>		<b>717.2</b>	<b>725.6</b>	<b>770.2</b>

**CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the years ended 31 December**

	2003	2002	2001
	(EUR in millions)		
<b>Net cash flow from operating activities</b>			
Operating profit/(loss)	(3.6)	(13.7)	(68.2)
<b>Adjustments for Movements in working capital</b>			
(increase)/decrease in stock	(1.7)	(24.1)	23.3
(increase)/decrease in trade debtors	8.6	(8.2)	25.9
(increase)/decrease in other assets	1.9	(7.4)	7.0
increase/(decrease) in trade creditors	3.1	15.5	(46.2)
increase/(decrease) in other current liabilities	(19.6)	1.5	0.1
<b>Total movements in working capital</b>	<b>(7.7)</b>	<b>(22.7)</b>	<b>10.1</b>
Depreciation and amortisation	49.5	61.6	65.6
Increase/(decrease) in provisions	1.9	(4.2)	7.7
Net cash flow from operating profit after adjustments	40.1	21.0	15.2
Net financial income received/(paid)	(17.3)	(11.1)	(12.1)
Exceptional Items	-	-	-
Taxes received/(paid)	(1.0)	(0.7)	(2.4)
<b>Net cash (used)/provided by operating activities</b>	<b>21.8</b>	<b>9.2</b>	<b>0.7</b>
<b>Net cash flow from investing activities</b>			
Investments in intangible fixed assets	-	(0.7)	(1.0)
Investments in tangible fixed assets	(37.9)	(35.9)	(17.4)
Proceeds from sales of fixed assets	1.0	0.2	1.4
Other movements in fixed assets	-	0.2	-
<b>Net cash used in investing activities</b>	<b>(36.9)</b>	<b>(36.2)</b>	<b>(17.0)</b>
<b>Net cash flow before financing activities</b>	<b>(15.1)</b>	<b>(27.0)</b>	<b>(16.3)</b>
<b>Net cash flow from financing activities</b>			
Loans from credit institutions	257.5	-	-
Repayment of bank loans	(201.0)	-	-
Cost of borrowing	(15.6)	-	-
Increase/(decrease) in short term borrowings	(4.5)	(9.5)	(10.9)
Cash released from issue of shares	-	-	69.5
<b>Net cash used in financing activities</b>	<b>36.4</b>	<b>(9.5)</b>	<b>58.6</b>
Net cash flow	21.3	(36.5)	42.3
Foreign currency translation differences	(1.6)	(3.5)	(0.5)
<b>Movement in cash and bank balances</b>	<b>19.7</b>	<b>(40.0)</b>	<b>41.8</b>
Cash and bank balances at the beginning of the year	36.1	76.1	33.6
New consolidation	-	-	0.7
<b>Cash and bank balances at the end of the year</b>	<b>55.8</b>	<b>36.1</b>	<b>76.1</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended 31 December**

	2003			2002		
	Polymers	Compounds and Films (EUR in millions)	Total	Polymers	Compounds and Films (EUR in millions)	Total
<b>1. Segmental reporting by activity</b>						
Net turnover	669.4	362.8	1,032.2	675.3	378.5	1,053.8
Operating profit/(loss)	(43.1)	39.5	(3.6)	(35.0)	21.3	(13.7)
Capital employed	303.3	142.2	445.5	330.8	123.2	454.0
Current year investment in Intangible and tangible fixed assets	21.3	15.6	36.9	24.7	11.5	36.2

	2001		
	Polymers	Compounds and Films (EUR in millions)	Total
Net turnover	697.0	374.6	1,071.6
Operating profit/(loss) before exceptionals	(48.9)	25.1	(23.8)
Capital employed	363.5	119.4	482.9
Intangible and tangible fixed assets	13.7	4.5	18.2

<b>By geographical region 2003</b>	Italy	Germany	UK	Rest of Europe Europe & Other regions	Total
	(EUR in millions)				
Net turnover	323.2	488.7	148.6	71.7	1,032.2
Capital employed	144.9	142.2	135.7	22.7	445.5
Current year investment in intangible and tangible fixed assets	15.1	15.0	6.7	0.1	36.9

<b>By geographical region 2002</b>	Italy	Germany	UK	Rest of Europe Europe & Other regions	Total
	(EUR in millions)				
Net turnover	354.0	501.2	148.5	50.1	1,053.8
Capital employed	155.5	155.4	164.2	(21.1)	454.0
Current year investment in intangible and tangible fixed assets	13.8	14.6	7.6	0.2	36.2

By geographical region 2001	Italy	Germany	UK	Rest of Europe Europe & Other regions	Total
	(EUR in millions)				
Net turnover	368.5	501.2	154.0	47.9	1,071.6
Capital employed	147.8	163.3	140.0	31.8	482.9
Current year investment in intangible And tangible fixed assets	9.4	4.3	3.2	1.3	18.2

**EBITDA reporting by activity**

	Polymers		Compounds And Films		Total	
	2003	2002	2003	2002	2003	2002
Operating profit/(loss) after exceptionals	(43.1)	(35.0)	39.5	21.3	(3.6)	(13.7)
Exceptionals, other items and segment reallocations	14.3	2.2	(20.2)	12.4	(5.9)	14.6
Depreciation and amortisation	35.9	50.0	13.6	11.6	49.5	61.6
EBITDA before exceptional items *	7.1	17.2	32.9	45.3	40.0	62.5

\* EBITDA stands for earnings before interest, taxes, depreciation and amortisation and represents the key measurement used by EVC in assessing performance. This is stated before exceptional and other items. EVC has only started publicly reporting this information from 2002 onwards.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended 31 December**

<b>2. Operating Expenses</b>	<b>2003</b>	<b>2002</b> <b>(EUR in millions)</b>	<b>2001</b>
Selling expenses	(15.3)	(24.2)	(27.5)
General, administration and other operating expenses	(26.5)	(46.7)	(38.5)
<b>Total operating expenses</b>	<b>(41.8)</b>	<b>(70.9)</b>	<b>(66.0)</b>
Exceptional Items (see note 4)	(16.7)	11.8	-
<b>Total operating expenses excluding exceptional items</b>	<b>(58.5)</b>	<b>(59.1)</b>	<b>(66.0)</b>

Research and development costs, included in cost of turnover, were EUR 4.0 million in 2003 compared to EUR 2.4 million in 2002, EUR 3.6 million in 2001.

Exchange losses of EUR 5.6 million (2002: 3.6 million loss, 2001: 0.3 million loss) were included in general administration and operating expenses in 2003.

<b>3. Net financial income and expenditure</b>	<b>2003</b>	<b>2002</b> <b>(EUR in millions)</b>	<b>2001</b>
Interest Income	0.9	1.7	2.7
Interest Expense	(15.0)	(16.7)	(18.5)
Other	(3.5)	(1.3)	1.9
<b>Total net financial income and expenditure</b>	<b>(17.6)</b>	<b>(16.3)</b>	<b>(13.9)</b>

**4. Exceptional items**

Operating profit/(loss) is stated after recognising the following exceptional items:

	<b>2003</b>	<b>2002</b> <b>(EUR in millions)</b>	<b>2001</b>
<b>Cost of turnover</b>			
Exceptional costs for alternative Chlorine supply	(10.8)		
Manpower reduction and rationalisation programme			(25.2)
<b>Operating expenses</b>			
Customer and supplier settlements	16.7	(11.8)	
Manpower reduction and rationalisation programme			(19.2)

In 2003, cost of turnover includes EUR 10.8 million of direct extra costs incurred as a result of a significant shortfall in supply of Chlorine under one of EVC's long term supply contracts. The additional costs have arisen from the need to

purchase significant quantities of 'EDC' (a pre-mix of Chlorine and Ethylene) on the spot market. The full impact of the supply disruption, including lost production, sales volumes and margin, is estimated at approximately EUR 23.0 million.

The exceptional credit in 2003 reflects the conclusion of supplier and customer settlements in respect of certain product liability claims.

In the 2002 full year results, EVC recorded a negative exceptional item of EUR 11.8 million in order to recognise the costs incurred and conditional settlements entered into as at 31 December 2002. The conclusion of the settlements in 2003 has fully recovered the costs in 2002.

In 2001, the exceptional items relate mainly to the significant manpower reduction and rationalisation programme. This comprises of EUR 35.1 million severance costs and EUR 9.3 million relocation and fixed asset rationalisation costs.

## **5. Taxation**

The 2003 tax charge reflects current and deferred taxation on ordinary activities. EUR 3.5 million relates to deferred taxation in Germany, the majority of the remaining charge relates to regional tax in Italy.

The 2002 tax charge reflects current and deferred taxation on ordinary activities. EUR 6.6 million relates to deferred taxation in Germany; the remaining charge relates to regional tax in Italy and corporate income tax in Belgium.

The 2001 tax charge reflects the current and deferred taxation on ordinary activities. EUR 1.5 million relates to deferred taxation in Germany; the remaining charge relates to regional tax in Italy and corporate income tax in Belgium.

At 31 December 2003, accumulated tax losses carried forward, excluding those that were capitalised, amounted to EUR 324.1 million (2002: EUR 290.6 million, 2001: EUR 273.8 million) of which EUR 50.5 million expire in 2004 and EUR 21.4 million in 2005. A portion of the tax losses has not been subject to tax audit.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the years ended 31 December

#### 6. Salaries, wages, social charges and employees

	2003 (EUR in millions)	2002	2001
Salaries and wages	110.5	114.4	102.9
Pensions	8.3	8.3	8.7
Other social charges	24.0	24.1	26.5
<b>Total salaries, wages and social charges</b>	<b>142.8</b>	<b>146.8</b>	<b>138.1</b>

Average number of employees	2003	2002	2001
Polymers	1,398	1,483	1,541
Compounds and Films	1,747	1,785	1,778
Average number of employees*	3,145	3,268	3,319

\*This includes the employees of Caprihans India Limited

Number of employees at year-end	2003	2002	2001
Italy	1,060	1,110	1,231
Germany	980	981	981
UK	421	452	492
India	391	404	428
Rest of Europe & Other Regions	60	43	81
<b>Total</b>	<b>2,912</b>	<b>2,990</b>	<b>3,213</b>

#### 7. Remuneration and other interest of the Management and the Supervisory Board

Total remuneration costs of current and former members of the Management Board for the year, including pension contributions, social security contributions and leaving indemnities amounted to EUR 0.9 million (2002: EUR 1.1 million, 2001: EUR 2.9 million).

The total remuneration of current and former members of the Supervisory Board in 2003, 2002, and 2001 amounted to EUR 25,000, EUR 25,000 and EUR 52,051 respectively.

#### 8. Earnings per share

Loss on ordinary operations after taxation amounted to EUR 0.70 per share for the year ended 31<sup>st</sup> December 2003 which compares to a loss of EUR 1.11 per share for 2002, and a loss of EUR 2.82 per share in 2001. This is calculated on the basis of the weighted average number of shares in issue during 2002 of 36,816,059 shares (during 2001 30,586,312 shares).



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended 31 December**

	2003	2002 (EUR in millions)	2001
<b>9. Intangible fixed assets</b>			
<b>Net book values</b>			
Goodwill	-	-	-
Software costs, patents and trademarks	1.0	2.4	6.0
<b>Total net book values</b>	<b>1.0</b>	<b>2.4</b>	<b>6.0</b>
<b>Goodwill</b>			
At cost	2.3	2.3	2.3
Balance at 1 January	-	-	-
Additions	-	-	-
Disposals	-	-	-
Translation differences	-	-	-
<b>Balance at 31 December</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>
Accumulated amortisation:			
Balance at 1 January	(2.3)	(2.3)	(1.8)
Amortisation	-	-	(0.5)
Translation differences	-	-	-
<b>Balance at 31 December</b>	<b>(2.3)</b>	<b>(2.3)</b>	<b>(2.3)</b>
<b>Net book value at 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Software costs, patents, trademarks and fees</b>			
At cost:			
Balance at 1 January	40.2	40.9	40.6
New consolidation	-	-	0.3
Additions	-	(0.1)	-
Disposals	-	-	-
Translation differences	(0.2)	(0.6)	-
<b>Balance at 31 December</b>	<b>40.0</b>	<b>40.2</b>	<b>40.9</b>
Accumulated amortisation:			
Balance at 1 January	(37.8)	(34.9)	(34.1)
New consolidation	-	-	(0.1)
Amortisation	(1.4)	(2.7)	(0.7)
Disposals	-	-	-
Translation differences	0.2	(0.2)	-
<b>Balance at 31 December</b>	<b>(39.0)</b>	<b>(37.8)</b>	<b>(34.9)</b>
<b>Net book value at 31 December</b>	<b>1.0</b>	<b>2.4</b>	<b>6.0</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the years ended 31 December**

	2003	2002 (EUR in millions)	2001
<b>10. Tangible fixed assets</b>			
Net book values			
Land and building	57.3	55.4	58.8
Plant and machinery	296.2	315.2	340.5
<b>Total net book values</b>	<b>353.5</b>	<b>370.6</b>	<b>399.3</b>
<b>Land and buildings</b>			
At cost			
Balance at 1 January	111.0	111.6	106.6
New consolidation	-	-	4.4
Additions	4.1	0.1	0.2
Disposals	-	(0.1)	(0.2)
Transfers	-	0.3	0.4
Translation differences	(1.8)	(0.9)	0.2
<b>Balance at 31 December</b>	<b>113.3</b>	<b>111.0</b>	<b>111.6</b>
Accumulated depreciation:			
Balance at 1 January	(55.6)	(52.8)	(43.2)
New consolidation	-	-	(1.4)
Depreciation	(1.5)	(3.2)	(8.2)
Disposals	-	-	0.1
Translation differences	1.1	0.4	(0.1)
<b>Balance at 31 December</b>	<b>(56.0)</b>	<b>(55.6)</b>	<b>(52.8)</b>
<b>Net book value at 31 December</b>	<b>57.3</b>	<b>55.4</b>	<b>58.8</b>
<b>Plant and machinery</b>			
At cost:			
Balance at 1 January	996.0	963.3	936.0
New consolidation	-	-	11.4
Additions	35.0	35.8	17.2
Disposals	(1.0)	(2.6)	(1.2)
Transfers	-	(1.4)	(1.5)
Translation differences	(26.8)	0.9	1.4
<b>Balance at 31 December</b>	<b>1,003.2</b>	<b>996.0</b>	<b>963.3</b>
Accumulated depreciation:			
Balance at 1 January	(680.8)	(622.8)	(558.7)
New consolidation	-	-	(7.0)
Depreciation	(42.5)	(56.0)	(56.0)
Disposals	0.9	3.7	0.4
Transfers	-	-	0.1
Translation differences	15.4	(5.7)	(1.6)
<b>Balance at 31 December</b>	<b>(707.0)</b>	<b>(680.8)</b>	<b>(622.8)</b>
<b>Net book value at 31 December</b>	<b>296.2</b>	<b>315.2</b>	<b>340.5</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the years ended 31 December

Included within plant and machinery in 2003 are assets under construction with a cost of EUR 51.9 million (2002: EUR 40.5 million, 2001: EUR 20.5 million). No depreciation is charged against these assets.

The net book value of assets above includes assets held under finance leases with a total net book value of EUR 11.4 million. Included in the depreciation charge is accelerated depreciation as part of the rationalisation programme.

<b>11. Financial fixed assets</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>(EUR in millions)</b>		
Balance at 1 January	1.7	1.9	8.6
New consolidation balance b/f at 1 January	-	-	1.7
Additions	-	-	0.5
Disposals	(0.4)	-	(8.9)
Translation differences	(0.4)	(0.2)	-
<b>Balance at 31 December</b>	<b>0.9</b>	<b>1.7</b>	<b>1.9</b>

At the year ended 31 December 2003, 2002 and 2001 financial fixed assets related only to long-term marketable securities and loans to external companies.

<b>12. Stock</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>(EUR in millions)</b>		
Raw materials	40.4	40.6	30.4
Work in progress	21.5	66.2	24.6
Finished goods	67.0	20.4	49.8
<b>Total stock</b>	<b>128.9</b>	<b>127.2</b>	<b>104.8</b>

### 13. Trade debtors

The trade debtors are shown net of a provision for doubtful accounts, determined on an individual basis.

<b>14. Other assets</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>(EUR in millions)</b>		
Deferred tax assets	9.8	13.3	19.9
Income taxes receivable	2.3	3.7	3.0
Value added tax and tax credits	9.9	10.7	10.6
Prepaid expenses and accrued income	5.3	4.7	4.3
Other	19.3	16.1	11.3
<b>Total other assets</b>	<b>46.6</b>	<b>48.5</b>	<b>49.1</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the years ended 31 December

Deferred tax assets relate to the capitalisation of tax losses carried forward in Germany which were discounted at a net rate of 4%. Based on future expected results and taking into account recent legislative change in Germany, it is estimated that EUR 2.7 million is likely to be utilised in 2004. The long term portion of other assets amounted to EUR 21.1 million.

#### 15. Shareholders' equity

The movement in Shareholders' equity can be analysed as follows:

	2003 (EUR in millions)	2002	2001
Balance at 1 January	202.5	251.1	269.3
Addition/reduction	-	-	69.5
Net result	(25.6)	(40.1)	(86.5)
Translation differences	(8.2)	(8.5)	(1.2)
<b>Balance at 31 December</b>	<b>168.7</b>	<b>202.5</b>	<b>251.1</b>

The addition, in 2001, of EUR 69.5 million relates to the equity injection by INEOS net of transaction costs.

#### 16. Provisions

Movements in provisions are specified as follows:

	Pensions & leaving indemnities	Deferred tax liabilities	Rationalisation & associated costs (EUR in millions)	Deferred grants	Total
Balance at 1 January 2003	37.2	3.6	5.6	2.6	49.0
Additions	3.3	0.1	4.0	0.2	7.6
Utilised	(4.0)	(0.1)	(8.0)	(0.4)	(12.5)
Translation differences	-	-	(0.3)	(0.2)	(0.5)
<b>Balance at 31 December</b>	<b>36.5</b>	<b>3.6</b>	<b>1.3</b>	<b>2.2</b>	<b>43.6</b>

All of the above provisions are deemed to be of a long-term nature (i.e. exceeding one year). The pension provision relates to post-service costs and other leaving indemnities. The provision for deferred tax liabilities is formed in respect of the timing differences arising due to differences between valuation methods of tangible fixed assets for annual accounts purposes and those for tax purposes.

Any short-term element of the provisions are included within other current liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the years ended 31 December

#### 17. Loans and overdrafts

##### Short and Long term liabilities

	Term < 1 year	Term 1 – 5 Years	Term > 5 years (EUR in millions)	Total
Loans from credit institutions	7.5	27.4	236.2	271.1
Leasing debts	1.2	3.7	2.8	7.7
<b>Total</b>	<b>8.7</b>	<b>31.1</b>	<b>239.0</b>	<b>278.8</b>

In November the Group completed the refinancing of the previous Bank Syndicate and Private Placement Note facilities being EUR 197.1 million in total. These facilities had been entered into in March 2001 and had a maturity date of 27 February 2004. The new facilities comprise an eight year, EUR 160.0 million Eurobond with a coupon of 9.125%, and a seven year, secured EUR 124.2 million syndicated bank facility of which EUR 97.5 million was drawn down at 31 December 2003.

As at 31 December 2003, the outstanding long term lease obligations amounted to EUR 6.5 million.

In addition, a 10 year state loan of EUR 4.5 million relating to some Italian manufacturing assets is outstanding in the name of European Vinyls Corporation (Italia) SpA. The interest on the loan is guaranteed by the company.

To support the construction of the PVC plant at Schkopau, Germany, a five year loan was granted by a third party secured on new fixed assets at Schkopau. At 31 December 2003 the outstanding obligations amounted to EUR 7.7 million.

#### 18. Financial instruments

Customer credit risks: The company has no significant customer credit risks other than those which have already been provided for, nor any concentration of credit risks with a single customer or in an industry or geographical region which carries an unusually high credit risk.

The analysis of total drawn-down liabilities by interest rate and repayment date is as follows:

##### Facilities as at 31 December 2003

	2004	2005	2006 (EUR in millions)	2007	2008 onwards	Total
< 5%	7.7	7.6	6.0	6.4	15.6	43.3
< 5% < 10%	1.0	2.4	1.4	0.3	230.4	235.5
<b>Total</b>	<b>8.7</b>	<b>10.0</b>	<b>7.4</b>	<b>6.7</b>	<b>246.0</b>	<b>278.8</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### For the years ended 31 December

19. Other current liabilities	2003 (EUR in millions)	2002	2001
Income and other taxes payable	5.5	7.5	5.2
Pensions and other social charges payable	6.1	17.9	27.0
Deferred income and accrued expenses	34.7	37.5	23.5
<b>Total other current liabilities*</b>	<b>46.3</b>	<b>62.9</b>	<b>55.7</b>

\* Included within other current liabilities in 2003 is EUR 5.8 million relating to the short-term element of the rationalisation and associated costs (2002: EUR 19.4 million; 2001: EUR 29.4 million). No dividend has been declared for 2003.

### 20. Commitments and contingent liabilities

Purchase commitments for tangible fixed assets at 31 December 2003 amounted to EUR 2.6 million. In addition, at 31 December 2003, EVC (Italia) SpA had a commitment to local authorities at the Porto Marghera site of approximately EUR 12.5 million in respect of safety and anti-pollution projects.

The Company and its subsidiaries, EVC Belgium SA/NV, EVC (UK) Limited, EVC (Italia) SpA, EVC (Deutschland) GmbH, EVC Rigid Film GmbH, EVC Nederland BV, EVC Compounds Ltd and EVC (Switzerland) AG were joint and severally liable under the new credit facilities (see note 17).

Borrowings secured on the Group's tangible fixed assets at 31 December 2003 amounted to EUR 113.5 million. No other new guarantees have been issued in the normal course of business as at 31 December 2003.

At 31 December 2003, operating lease commitments amounted to EUR 4.0 million.

As reported last year, EVC are charged with not having replaced a gas chromatograph at Brindisi with the most up-to-date gas spectrometer for VCM detection and for allegedly having caused pollution of land and subterranean waters.

In 2002, the public prosecutor at Ravenna began similar preliminary investigations concerning PVC and VCM activity, similar to those at Brindisi. The situation at present is unchanged.

A number of cases are in progress related to the emission of chemical substances from the plant at Porto Marghera. The as yet unreported outcome of proceedings at first instance was a short suspended sentence for four managers, civil damages of EUR 450.00 plus costs and the dismissal of fraud and related charges. Upon confirmation EVC will launch an appeal. EVC has made no provision in the accounts for the damages and legal costs on the grounds that it believes it will be successful in the appeal.

INEOS Chlor Limited, an associate company, has embarked on a significant regeneration and re-investment programme at its chlorine manufacturing site in Runcorn, UK. The capital expenditure for the programme is significant and INEOS Chlor Limited has approached a number of key customers to support part of the costs of this investment. EVC is the largest customer of INEOS Chlor Limited. Following detailed analysis of the potential impact to the EVC's UK operations, EVC has decided to support the request as it will provide additional long term security of raw material supply. The support will be in the form of an GBP 11.0 million medium term loan facility, to be made on third party, arms-length terms, and, subject to satisfying certain conditions precedent, is expected to be utilized in mid to late 2005.

The management of EVC does not expect that resolution of the matters above will have a material adverse effect on the Group's financial statements.

## 21. Related Party Transactions

During the year, the Group carried out a number of transactions with INEOS in the normal course of business and on an arm's-length basis.

At 31 December 2003, trade debtors include EUR 2.0 million due from INEOS (2002: EUR 2.5 million, 2001: EUR 14,000) and trade creditors include EUR 5.5 million due to INEOS (2002: 2.6 million, 2001: EUR 1.8 million).

During the year ended 31 December 2003, EVC made sales to INEOS amounting to EUR 13.5 million for site services and utilities (2002: 12.3 million, 2001: EUR 12.4 million). Product sales to INEOS totaled 47.2 kt (2002: 41.6 kt, 2001: 29.0 kt).

During the year ended 31 December 2003, EVC made purchases from INEOS amounting to EUR 24.1 million for site services and utilities (2002: 22.0 million, 2001: EUR 19.7 million). Base raw materials purchases from INEOS totaled 458.6 kt (2002: 380.7 kt, 2001: 450.1 kt).

Product sales and purchases were as follows:

	2003	2002	2001
Product sales	47.2	41.6	29.0
Product purchases	458.6	380.7	450.1

An advisory fee of EUR 6.0 million was charged during 2003 (2002: EUR 6.0 million, 2001: EUR 4.7 million) from INEOS in respect of management services.

## 22. Post balance sheet events

The Group is currently awaiting the outcome of an investigation into the death of an employee following an accident on 12 January 2004. At this stage it is not possible to quantify either the financial effect, if any, on the Group.

## ANNEX 6

### SUMMARY OF THE OFFER IN THE DUTCH LANGUAGE

#### BELANGRIJKE INFORMATIE

a. *Algemeen*

Deze Annex, die deel uitmaakt van het Biedingsbericht, bevat een beknopte beschrijving van enkele elementen betreffende het Bod, zoals uiteengezet in het Engelstalige gedeelte van het Biedingsbericht. Voor de volledige beschrijving van het Bod wordt verwezen naar het Engelstalige gedeelte van het Biedingsbericht. Met nadruk wordt er op gewezen dat in geval van afwijkingen tussen deze Annex en het Engelstalige gedeelte van het Biedingsbericht, het Engelstalige gedeelte van het Biedingsbericht prevaleert. Bij het nemen van een beslissing om uw Aandelen EVC aan te bieden, dient u zich uitsluitend te baseren op het Engelstalige gedeelte van het Biedingsbericht. EVC Aandeelhouders wordt aangeraden het Engelstalige gedeelte van het Biedingsbericht te raadplegen en zonodig advies in te winnen over het Bod en de beschrijving van het Bod in het Engelstalige gedeelte van het Biedingsbericht.

b. *Beperkingen*

Het uitbrengen van het Bod in, of aan personen die gevestigd zijn in, of ingezetene of staatsburger zijn van, jurisdicties buiten Nederland of aan gevolmachtigden van, of bewaarders of trustees voor, staatsburgers of ingezetenen van andere landen ("*buitenlandse aandeelhouders*") kan aan de wetgeving van de betrokken jurisdicties onderhevig zijn. Dergelijke buitenlandse aandeelhouders dienen zichzelf te informeren over eventuele juridische verplichtingen en daaraan te voldoen. Buitenlandse aandeelhouders die het Bod wensen te aanvaarden dragen zelf verantwoordelijkheid voor volledige nakoming van de verplichtingen ingevolge de wet- en regelgeving van de betrokken jurisdictie in verband met het Bod, waaronder het verkrijgen van toestemming van enige overheid, beurstoezichthouder, of andere eventueel vereiste toestemmingen, of voor de nakoming van andere benodigde formaliteiten die dienen te worden nageleefd, evenals de betaling van belastingen en heffingen ter zake van uitgifte, levering of anderszins in de betrokken jurisdictie. Dergelijke buitenlandse aandeelhouders zijn verantwoordelijk voor dergelijke belastingen of andere betalingen ter zake van uitgifte, levering of anderszins, ongeacht wie deze verschuldigd zijn, en de bieder (en personen die namens hem optreden) wordt volledig gevrijwaard en schadeloos gesteld door dergelijke aandeelhouders voor al dergelijke belastingen of heffingen inzake uitgifte, levering of anderszins welke de aanbieder (en personen die namens hem handelen) verschuldigd mocht zijn.



## Definities

<b><i>Aande(e)l(en) EVC</i></b>	Gewo(o)n(e), genoteerd(e) aande(e)l(en) in het kapitaal van EVC met een nominale waarde van € 1
<b><i>Aanmeldingstermijn</i></b>	de termijn gedurende welke Aandeelhouders EVC hun Aandelen EVC kunnen aanbieden in het kader van het Bod, aanvangend op 9 November 2004 en eindigend, behoudens verlenging, op 8 december 2004, om 15.00 uur (Nederlandse tijd)
<b><i>Biedingsbericht</i></b>	het Biedingsbericht ( <i>Offer Document</i> ) in de Engelse taal, gedateerd 8 december 2004, met betrekking tot het Bod
<b><i>Biedprijs</i></b>	Een bedrag van € 3,50 per Aandeel EVC dat HFCL aanbiedt aan alle EVC Aandeelhouders
<b><i>Bte 1995</i></b>	Besluit toezicht effectenverkeer 1995
<b><i>Bod</i></b>	het openbare bod van HFCL op alle uitstaande Aandelen EVC onder de voorwaarden zoals uiteengezet in het Biedingsbericht
<b><i>€</i></b>	Euro
<b><i>Euronext Effectenbeurs</i></b>	Euronext Amsterdam N.V. of de Officiële Markt van de Effectenbeurs van Euronext Amsterdam N.V.
<b><i>Euronext Handelsdag</i></b>	een dag waarop de Euronext Effectenbeurs voor handel geopend is
<b><i>EVC</i></b>	EVC International N.V.
<b><i>EVC Aandeelhouders</i></b>	houders van Aandelen EVC
<b><i>EVC Groep</i></b>	EVC, haar dochtermaatschappijen en groepsmaatschappijen
<b><i>Gestanddoeningsdatum</i></b>	de dag waarop het Bod gestand wordt gedaan
<b><i>HFCL</i></b>	Hawkslease Finance Company Limited
<b><i>ICL</i></b>	INEOS Capital Limited
<b><i>INEOS</i></b>	De IVGL Groep, ICL en alle vennootschappen die worden gecontroleerd door de heer J.A. Ratcliffe
<b><i>IVGL</i></b>	INEOS Vinyls Group Limited
<b><i>IVGL Groep</i></b>	IVGL, HFCL, IVHL, IVL en IVL II
<b><i>IVL</i></b>	INEOS Vinyls Limited
<b><i>IVL II</i></b>	INEOS Vinyls (II) Limited
<b><i>Leveringsdatum</i></b>	de vijfde Euronext Handelsdag na de Gestanddoeningsdatum
<b><i>Wte 1995</i></b>	Wet toezicht effectenverkeer 1995

## **OPENBAAR BOD OP ALLE UITSTAANDE AANDELEN EVC**

### **Beschrijving van het Bod**

Op 14 oktober 2004 hebben HFCL en EVC door middel van een gezamenlijk persbericht een initiële aankondiging gedaan dat de verwachting gerechtvaardigd was dat overeenstemming zou kunnen worden bereikt over een aanbevolen bod door HFCL op de Aandelen EVC. Inmiddels is overeenstemming bereikt over het Bod. Het bestuur van EVC en de raad van commissarissen van EVC ondersteunen het Bod en bevelen het Bod unaniem en onvoorwaardelijk aan de EVC Aandeelhouders aan. Het Bod is onderworpen aan de voorwaarden die in het Biedingsbericht zijn beschreven.

### **Achtergrond van en motieven voor het Bod**

INEOS heeft haar belang van 86.4% in het geplaatste kapitaal van EVC verkregen door een aantal openbare biedingen en private transacties. Zie hieronder onder "Transacties in EVC" en paragraaf 9(g) van het Biedingsbericht.

HFCL doet nu een openbaar bod op de resterende Aandelen EVC om de EVC Aandeelhouders de gelegenheid te geven hun Aandelen EVC te verkopen voor de Biedprijs.

In februari 2003 deed HFCL een openbaar bod op alle uitstaande Aandelen EVC voor een prijs van € 1,60 per EVC Aandeel. Omdat de Biedprijs hoger is dan de prijs van het openbaar bod in februari 2003, heeft HFCL aan de Autoriteit Financiële Markten ontheffing gevraagd op grond van artikel 6c van de Wte 1995.

Op 9 juli 2004 kondigde de Autoriteit Financiële Markten haar besluit aan om HFCL ontheffing te verlenen van de beperking vervat in artikel 6b van de Wte 1995 en haar toe te staan een openbaar bod te doen voor een hogere prijs dan de prijs van € 1,60 bij het openbaar bod dat HFCL in februari 2003 uitbracht (zie ook Annex 1 "Press Releases" bij het Biedingsbericht).

De belangrijkste reden voor het bod is dat ontwikkeling van de beurskoers van Aandelen EVC volatiel blijft en in het algemeen achterblijft bij de belangrijkste Nederlandse aandelenindex in de afgelopen jaren. Dit kan toegeschreven worden aan het algemene gebrek aan interesse in ondernemingen met een relatief lage marktkapitalisatie en de geringe verhandelbaarheid van de Aandelen EVC. In het geval van EVC is het laatste met name toe te schrijven aan het feit dat slechts een gering aantal Aandelen EVC (14.1%) niet wordt gehouden door INEOS. Daar het onwaarschijnlijk is dat de interesse in en liquiditeit van de Aandelen EVC in de toekomst zal toenemen geeft HFCL de EVC Aandeelhouders de mogelijkheid hun Aandelen EVC voor een redelijke prijs te verkopen.

### **Biedprijs**

De biedprijs die HFCL in het kader van het Bod aan EVC Aandeelhouders aanbiedt, bedraagt € 3,50 in contanten per Aandeel EVC.

Deze biedprijs is tot stand gekomen op basis van een zorgvuldige analyse van EVC, waarbij onder meer de volgende factoren in aanmerking zijn genomen:

- een analyse van de marktwaarde van EVC ten opzichte van bedrijven in dezelfde branche;
- een analyse van vergelijkbare (recente) waarderingsratio's, zowel nationaal als internationaal;
- de beperkte liquiditeit van de Aandelen EVC; en
- het feit dat EVC geen dividenden kan uitkeren vanwege restricties uit hoofde van de bestaande financieringsarrangementen.

De Biedprijs vertegenwoordigt een premie van 18% ten opzichte van de slotkoers van € 2,97 per Aandeel EVC op 8 juli 2004, de laatste handelsdag voor de aankondiging dat HFCL ontheffing verkreeg van de Autoriteit Financiële Markten (zie hierboven). De Biedprijs vertegenwoordigt tevens een premie van 37% ten opzichte van de gemiddelde koers op de Euronext Effectenbeurs gedurende de eerste helft van 2004. De gemiddelde koers over de 12 maanden voorafgaand aan juli 2004 bedroeg € 2,07. De Biedprijs vertegenwoordigt een premie van 69% ten opzichte van dit gemiddelde.

#### **EVC Aandeelhouders**

Geen van de EVC Aandeelhouders heeft zich onherroepelijk verbonden het Bod te zullen aanvaarden.

#### **Gevolgen van gestanddoening van het bod**

HFCL is voornemens, met uitzondering van de Aandelen EVC die door INEOS direct of indirect voor eigen rekening worden gehouden, alle Aandelen EVC te verwerven. Indien HFCL, tezamen met de Aandelen EVC die door INEOS direct of indirect voor eigen rekening worden gehouden, 95% of meer van het geplaatste aandelenkapitaal van EVC verwerft, is zij voornemens om ook de Aandelen EVC die niet onder het Bod werden aangemeld te verwerven via de uitkoopprocedure met betrekking tot minderheidsaandeelhouders overeenkomstig artikel 2:92a van het Burgerlijk Wetboek.

Zowel in het geval dat HFCL, tezamen met de Aandelen EVC die door INEOS direct of indirect voor eigen rekening worden gehouden, 95% of meer van het geplaatste aandelenkapitaal van EVC verwerft, als in het geval dat HFCL, tezamen met de Aandelen EVC die door INEOS direct of indirect voor eigen rekening worden gehouden, minder dan 95% van het geplaatste aandelenkapitaal van EVC verwerft, behoudt HFCL zich het recht voor andere stappen te nemen voor zover deze zijn toegestaan binnen het kader van de Nederlandse wet- en regelgeving teneinde Aandelen EVC die niet onder het Bod worden aangemeld te verwerven, en daarnaast een liquidatie of afsplitsing te effectueren of alle of bijna alle activa van EVC te verkopen of een juridische fusie tussen EVC en een Nederlandse dochtervennootschap van HFCL met EVC als verdwijnende vennootschap en de

Nederlandse dochtervennootschap van HFCL als verkrijgende vennootschap tot stand te brengen. Voorts behouden EVC en HFCL zich het recht voor om HFCL activa dan wel contant geld in te laten inbrengen tegen uitgifte van aandelen in EVC.

Indien het bod gestand wordt gedaan, is HFCL voornemens een aanvraag in te dienen bij de Euronext Effectenbeurs tot beëindiging van de notering en/of de verhandeling van Aandelen EVC op de Euronext Effectenbeurs. In beginsel kan een dergelijke beëindiging van de notering slechts plaatsvinden nadat HFCL, tezamen met de Aandelen EVC die door INEOS direct of indirect voor eigen rekening worden gehouden, 95% van de Aandelen EVC heeft verworven.

EVC Aandeelhouders die hun Aandelen EVC niet aanmelden, lopen het risico dat zij aandelen zullen houden die weinig worden verhandeld en niet-liquide zijn.

Na de gestanddoening van het Bod en de mogelijke beëindiging van de notering van EVC, is het mogelijk dat HFCL zal streven naar een wijziging van de statuten van EVC met als doel EVC om te zetten in een besloten vennootschap. Op dit moment heeft EVC geen andere voornemens tot wijziging van de statuten maar behoudt EVC zich alle rechten in dit opzicht voor.

#### **Positie van het bestuur en de raad van commissarissen van EVC ten opzichte van het Bod**

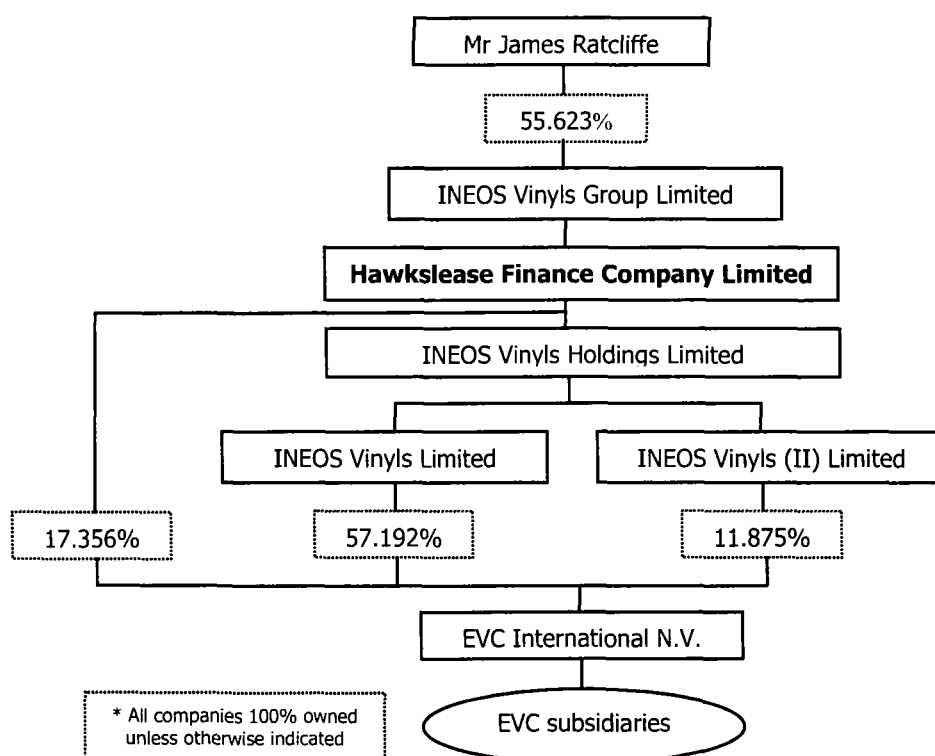
Het bestuur van EVC en de raad van commissarissen van EVC ondersteunen het Bod en bevelen het Bod unaniem en onvoorwaardelijk aan de EVC Aandeelhouders aan. Bij de beslissing om al dan niet op het Bod in te gaan, dienen de EVC Aandeelhouders de overwegingen van het bestuur van EVC, waaronder de overwegingen van de heer W. Prinselaar omtrent zijn aanbeveling (hoofdstuk 11, onder "Rationale for Mr. W. Prinselaar's Recommendation") en een aantal bijzondere punten (hoofdstuk 11, onder "Salient points for EVC Shareholders") zoals die zijn opgenomen in het Biedingsbericht in aanmerking te nemen.

Als gevolg van het Bod zullen er geen leden van het bestuur of de raad van commissarissen van EVC aftreden. De heer L. Heemskerk zal op de algemene vergadering van aandeelhouders van 24 november 2004 worden voorgedragen om te worden benoemd tot bestuurder van EVC.

#### **HFCL**

Dit Bod wordt uitgebracht door HFCL. HFCL is op 24 januari 2002 opgericht als vehikel voor INEOS met als doel om beleggingen en leningen aan te houden voor INEOS. HFCL is een private limited company geregistreerd bij de Companies House onder nummer 04359903 en heeft haar statutaire zetel in Lyndhurst, Hampshire, Verenigd Koninkrijk.

Het belang van INEOS in EVC is als volgt gestructureerd:



Het totale belang van De heer J.A. Ratcliffe middels IVL, IVL II en HFCL bedraagt op dit moment 86,4% van het geplaatste kapitaal van EVC.

De meest recente melding op grond van de Wet melding zeggenschap 1996 van de heer J.A. Ratcliffe, enig aandeelhouder van HFCL, zoals beschikbaar op de website van de Autoriteit Financiële Markten, betreft een melding per 28 juni 2001 van een indirect reëel belang in EVC van 69.07%.

### **Uitnodiging aan EVC Aandeelhouders**

EVC Aandeelhouders worden uitgenodigd om hun Aandelen EVC ter verkoop aan te bieden aan HFCL onder de voorwaarden en op de wijze zoals beschreven in het Biedingsbericht. Met inachtneming van, en onverminderd de beperkingen die zijn beschreven in “Belangrijke Informatie” hierboven, heeft het Bod betrekking op alle Aandelen EVC. Onverminderd de beperkingen die zijn beschreven in “Belangrijke Informatie” hierboven is het Bod gelijkelijk gericht aan alle EVC Aandeelhouders.

Voor ieder Aandeel EVC wordt een bedrag van € 3,50 in contanten geboden.

Aanmelding en levering van de Aandelen EVC dienen te geschieden zoals hierna beschreven.

### **Aanmelding**

De Aanmeldingstermijn begint op 9 november 2004 en zal, behoudens verlenging, eindigen op 8 december 2004 om 15.00 uur (Nederlandse tijd). Een verlenging van de Aanmeldingstermijn zal uiterlijk op 13 december 2004 worden aangekondigd.

Houders van Aandelen EVC die hun Aandelen EVC bij een bank of commissionair hebben gedeponereerd dienen hun aanvaarding van het Bod uiterlijk op 8 december 2004 om 15.00 uur (Nederlandse tijd) via hun respectievelijke bank of commissionair kenbaar te maken aan Rabo Securities N.V., behoudens verlenging van de Aanmeldingstermijn.

De tot de Euronext Effectenbeurs toegelaten instellingen kunnen de aanvaarding van het Bod door EVC Aandeelhouders uitsluitend schriftelijk aanmelden bij Rabo Securities N.V., Rembrandt Tower, Amstelplein 1, 1096 HA Amsterdam, Nederland, afdeling ECM (e-mailadres: prospectus@rabobank.com, fax +31 (0) 20 460 4958). Door middel van hun aanmelding, verklaren de tot de Euronext Effectenbeurs toegelaten instellingen dat zij de aangeboden Aandelen EVC in bewaring hebben en verplichten zij zich, in geval van gestanddoening van het Bod door HFCL, tot levering van de aangemelde stukken. De tot de Euronext Effectenbeurs toegelaten instellingen dienen de Aandelen EVC ten aanzien waarvan het Bod is aanvaard uiterlijk om 10.00 uur (Nederlandse tijd) middels Rabo Securities N.V. te leveren aan HFCL.

### **Gestanddoening van het Bod**

Gestanddoening van het Bod is onderworpen aan de volgende voorwaarden:

- (i) er wordt een zodanig aantal Aandelen EVC aangemeld dat deze, tezamen met de Aandelen EVC die door INEOS direct of indirect voor eigen rekening worden gehouden, op de dag dat HFCL het Bod gestand doet ten minste 95% van de uitstaande Aandelen EVC vertegenwoordigen;
- (ii) vóór het einde van de Aanmeldingstermijn is geen openbare mededeling gedaan, waaruit voor het eerst blijkt dat een derde een openbaar bod op Aandelen EVC voorbereidt of aankondigt dan wel het recht heeft verkregen of de toezegging heeft gedaan tot het nemen van door EVC uit te geven effecten;
- (iii) voorafgaand aan de Gestanddoeningsdatum geen mededeling is ontvangen van de Autoriteit Financiële Markten dat het Bod is gedaan in strijd met hoofdstuk IIA van de Wte 1995, met het gevolg dat het effecteninstellingen op grond van artikel 32a Bte 1995 niet zou zijn toegestaan mee te werken aan de uitvoering en afwikkeling van het Bod;
- (iv) vóór het einde van de Aanmeldingstermijn hebben zich geen feiten of omstandigheden voorgedaan die HFCL ten tijde van de openbare mededeling

van 14 oktober 2004 niet bekend waren of hoefden te zijn en die van zodanig essentiële aard zijn dat in redelijkheid niet van HFCL kan worden verwacht dat deze het Bod gestand doet; en

- (v) vóór het einde van de Aanmeldingstermijn (i) zijn alle goedkeuringen, toestemmingen, vrijstellingen en vergunningen van binnenlandse en internationale autoriteiten of derden in verband met het Bod verkregen, (ii) hebben noch binnenlandse of internationale autoriteiten noch derden stappen ondernomen of aangekondigd die een belemmering zouden kunnen vormen voor het Bod en de beoogde wijziging in het bestuur of die op enige andere wijze belangrijke gevolgen voor HFCL zouden hebben, en (iii) zijn in overeenstemming met de toepasselijke wetgeving alle wachtperiodes verstreken gedurende welke binnenlandse of internationale autoriteiten of derden de bovengenoemde stappen kunnen ondernemen of aankondigen of binnenlandse of internationale autoriteiten of derden zich kunnen verzetten tegen het Bod.

HFCL kan geheel of gedeeltelijk afstand doen van een of alle voorwaarden vervat in bovenstaande (i), (ii), (iv) en (v).

### **Levering**

Conform artikel 9o lid 5 Bte 1995 zal een verlenging van de Aanmeldingstermijn van het Bod uiterlijk op de derde Euronext Handelsdag na de sluitingsdatum van de Aanmeldingstermijn worden aangekondigd. Behoudens verlenging van de Aanmeldingstermijn zal uiterlijk op de vijfde Euronext Handelsdag na de sluitingsdatum van de Aanmeldingstermijn conform artikel 9t lid 4 Bte 1995 worden medegedeeld of het Bod gestand wordt gedaan. Indien het Bod gestand wordt gedaan, dienen de tot de Euronext Effectenbeurs toegelaten instellingen de Aandelen EVC die zijn aangemeld uiterlijk om 10.00 uur (Nederlandse tijd) op de Leveringsdatum via Rabo Securities N.V. aan HFCL te leveren.

Rabo Securities N.V. zal de tot de Euronext Effectenbeurs toegelaten instellingen namens HFCL een vergoeding betalen van € 0,0175 per Aandeel EVC met een maximum van € 5.000 per depot, voor de levering van Aandelen EVC en betaling in contanten in ruil daarvoor. In beginsel zullen voor de levering van de Aandelen EVC aan de EVC Aandeelhouders en de betaling van de vergoeding geen kosten in rekening worden gebracht bij de EVC Aandeelhouders die het Bod hebben aanvaard.

### **Buitengewone algemene vergadering van EVC Aandeelhouders**

De buitengewone algemene vergadering van EVC Aandeelhouders zal gehouden worden op 24 november 2004 om 9.00 uur (Nederlandse tijd) in het Novotel, Europa Boulevard 10, 1083 AD in Amsterdam. Het doel van deze vergadering is onder meer het Bod in overeenstemming met artikel 9q Bte 1995 te bespreken.

De agenda voor de buitengewone vergadering van EVC aandeelhouders is als volgt:

- (a) Opening;
- (b) Openbaar bod door HFCL op de Aandelen EVC
- (c) Kwijting van de heer J. Hudson voor het gevoerde beleid als bestuurder van EVC voor de periode 1 januari 2004 tot en met 31 augustus 2004;
- (d) Benoeming van de heer L. Heemskerk als bestuurder van EVC per 24 November 2004;
- (e) Vragen; en
- (f) Sluiting.

### **Transacties in aandelen in het kapitaal van EVC**

Op het moment van het publiceren van dit biedingsbericht hielden IVL, IVL II and HFCL 30.445.578 Aandelen EVC en alle 2.744.150 aandelen A in het kapitaal van EVC, in totaal overeenkomend met ongeveer 86.4% van het geplaatste aandelenkapitaal van EVC.

INEOS heeft in de drie jaar voorafgaande aan de publicatie van het Biedingsbericht de volgende aandelen in het geplaatste kapitaal verkregen door overdracht en uitgifte (zie ook 8.5 "Relation to INEOS" van het Biedingsbericht):

- (i) Op 28 juni 2001 verkreeg IVL II 3.000.000 gewone aandelen op naam en 2.744.150 aandelen A in het kapitaal van EVC ter compensatie voor het feit dat EVC bepaalde garanties in de subscription agreement van 22 maart 2001 niet nakwam, op grond waarvan IVL door uitgifte tegen contante betaling 18.741.761 Aandelen EVC verkreeg tegen een uitgifteprijs van € 4 per Aandeel EVC. Nadere informatie over deze subscription agreement is weergegeven in het prospectus van 8 maart 2001, betreffende uitgifte van Aandelen EVC door EVC. De tegenprestatie van INEOS voor de bonus uitgifte was het doen van afstand van haar vordering tot compensatie in contanten; de Aandelen EVC waren gewaardeerd op € 4 per Aandeel EVC and € 2 per aandeel A in het kapitaal van EVC. De uitgifte was goedgekeurd op de algemene vergadering van EVC op 22 juni 2001.
- (ii) Op 31 juli 2002, verkreeg ICL van Enichem 2.313.940 Aandelen EVC voor een prijs van € 1,30 per aandeel, voor een totaalbedrag van € 3.008.122. Deze Aandelen EVC zijn vervolgens overgedragen aan HFCL op 18 december 2002 voor dezelfde prijs per Aandeel EVC.
- (iii) Op 28 maart 2003 en 28 april 2003 verkreeg HFCL respectievelijk 3.338.203 en 737.734 Aandelen EVC door gestanddoening van een openbaar bod door HFCL op alle Aandelen EVC voor een prijs van € 1,60 per Aandeel EVC, in totaal voor een bedrag van € 6.521.499.



Naast de in deze paragraaf beschreven transacties, hebben geen transacties plaatsgevonden met particulieren of rechtspersonen in de zin van artikel 9i, sub s, t en/of u van het Bte 1995.

### **Werknemers van EVC**

EVC heeft geen ondernemingsraad als bedoeld in de Wet op de Ondernemingsraden. De belangen van werknemers van EVC zullen niet worden geraakt door de gestanddoening van het Bod.

### **Autoriteit Financiële Markten en de Euronext Effectenbeurs**

De informatie zoals uiteengezet in artikel 9p van het Bte 1995 is verschaft aan de Autoriteit Financiële Markten.

De Autoriteit Financiële Markten en de Euronext Effectenbeurs zijn op de hoogte gebracht van het Bod.

### **Financiering van het bod**

HFCL zal het bod financieren met intragroep leningen van INEOS Holdings Limited, een vennootschap die onder gemeenschappelijke INEOS controle staat.

### **Financiële gegevens**

Financiële gegevens betreffende EVC zijn weergegeven in de paragrafen 7.5 en 7.6, en Annex 2 tot en met 5 van het Biedingsbericht.

### **Tijdschema**

8 november 2004	publicatie van het Biedingsbericht
9 november 2004	begin Aanmeldingstermijn
24 november 2004	buitengewone aandeelhoudersvergadering EVC
8 december 2004 15.00 uur Nederlandse tijd	einde Aanmeldingstermijn, behoudens verlenging van de Aanmeldingstermijn
uiterlijk 15 december 2004	Gestanddoeningsdatum, behoudens verlenging van de Aanmeldingstermijn
uiterlijk 22 december 2004	Leveringsdatum, behoudens verlenging van de Aanmeldingstermijn

### **Biedingsbericht**

Dit Biedingsbericht dat de bepalingen en voorwaarden bevat van het Bod, en waarvan deze Nederlandse samenvatting deel uitmaakt, is verkrijgbaar bij HFCL, Hawkslease, Chapel Lane, Lyndhurst, Hampshire, SO43 7FG, United Kingdom, Telephone: + 44

(0) 23 80287064, Fax: + 44 (0) 23 80287069 en bij EVC, Ingenieur Rocourstraat 28, 6254 AD Eijsden, The Netherlands, Telephone: + 31 (0) 43 409 9191, Fax: + 31 (0) 43 409 9198 en bij Rabo Securities N.V., Rembrandt Tower, Amstelplein 1, 1096 HA Amsterdam, The Netherlands, Telephone: + 31 (0) 20 460 4602, Fax: + 31 (0) 20 460 4958. Op deze adressen zijn voorts kopieën van de statuten en jaarverslagen over 2003, 2002 en 2001 van EVC verkrijgbaar.

Op het Bod en het Biedingsbericht is Nederlands recht van toepassing.

Uitsluitend HFCL en EVC zijn verantwoordelijk voor de juistheid van de informatie die zij in het Biedingsbericht hebben opgenomen, elk van beide uitsluitend voor de informatie die door hen werd verstrekt. EVC en HFCL, ieder uitsluitend voor het gedeelte waarvoor zij verantwoordelijk zijn, verklaren dat, voor zover hen redelijkerwijs bekend, de gegevens in het Biedingsbericht in overeenstemming zijn met de werkelijkheid en dat geen gegevens zijn weggelaten waarvan vermelding de strekking van het Biedingsbericht zou wijzigen. Zie hiervoor hoofdstuk 1 "Important information".

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