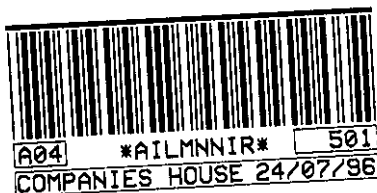


SEALTEC SE PLC
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1996
COMPANY NUMBER 2101607



SEALTEC SE PLC

DIRECTORS

C.J. Rea (Chairman)

M.O. Williams

SECRETARY

L.A. Williams

REGISTERED OFFICE

23 Mascalls Lane, Brentwood, Essex CM14 5LR

AUDITORS

Roddis Taylor Robinson, Chartered Accountants, 275 Glossop Road, Sheffield S10 2HB

BANKERS

Barclays Bank plc., 9 High Street, Grays, Essex RM17 6NL

SEALTEC SE PLC

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACCOUNTS

The directors present their report and accounts for the year ended 31 March 1996.

ACTIVITIES

The principal activity of the company is the distribution of mechanical packings and seals.

RESULTS FOR THE YEAR

The results for the year are set out in the profit and loss account on page 5.

REVIEW OF THE YEAR AND THE COMPANY'S POSITION AT 31 MARCH 1996

The directors consider the results for the year to be satisfactory and look forward to 1997 with confidence.

DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 March 1996. An interim dividend of 80p per share was declared on 31 March 1996.

SEALTEC SE PLC

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

FREEHOLD LAND & BUILDINGS

In the opinion of the directors the freehold land and buildings are worth at least the amount stated in the balance sheet.

POLICY ON PAYMENT OF CREDITORS

The company does have a standard payment practice. The terms of the payment practice can be obtained from the company's trading address which is 11 Saxon House, Upminster Trading Park, Warley Street, Upminster, Essex RM14 3PJ.

Terms of payment are agreed with suppliers and abided by and are generally in line with the standard payment practice.

TAX STATUS

The company is a close company within the meaning of Section 414 Income and Corporation Taxes Act 1988.

DIRECTORS

The members of the Board during the year were:

C.J. Rea
M.O. Williams

AUDITORS

Roddis Taylor Robinson offer themselves for re-appointment in accordance with Section 385 Companies Act 1985.

By Order of the Board



L.A. Williams
Secretary

18 June 1996

AUDITORS' REPORT TO THE SHAREHOLDERS OF SEALTEC SE PLC

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We have planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Roddis Taylor Robinson

Roddis Taylor Robinson
Chartered Accountants
Registered Auditors

18 June 1996

SEALTEC SE PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1996

<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
2 TURNOVER - CONTINUING OPERATIONS	1493746	1297660
Change in stocks of finished goods	35061	14935
	<u>1528807</u>	<u>1312595</u>
Raw materials and consumables	(896397)	(747156)
Other external charges	(12447)	(6681)
Staff costs	(239605)	(198202)
Depreciation	(33061)	(24165)
Other operating charges	(122869)	(106980)
	<u>(1304379)</u>	<u>(1083184)</u>
OPERATING PROFIT - CONTINUING OPERATIONS	224428	229411
Interest receivable and similar income	1817	352
3 Interest payable and similar charges	(12477)	(16610)
4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	213768	213153
5 Tax on profit on ordinary activities	(55643)	(55091)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	158125	158062
6 DIVIDENDS	(40000)	(40000)
16 RETAINED PROFIT FOR THE YEAR	<u>118125</u>	<u>118062</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 1996

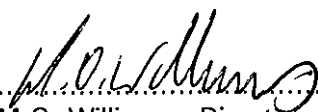
The company had no recognised gains or losses other than the profit for the year of £158125 (1995 £158062).

SEALTEC SE PLC

BALANCE SHEET AT 31 MARCH 1996

<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
FIXED ASSETS		
7 Tangible assets	<u>359620</u>	<u>358407</u>
CURRENT ASSETS		
8 Stocks	129282	94221
9 Debtors	307648	266331
Cash at bank and in hand	<u>114857</u>	<u>6760</u>
	551787	367312
10 CREDITORS (amounts due within one year)	<u>(450652)</u>	<u>(303789)</u>
NET CURRENT ASSETS	<u>101135</u>	<u>63523</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
	460755	421930
11 CREDITORS (amounts due after more than one year)	(8802)	(87529)
13 PROVISIONS FOR LIABILITIES AND CHARGES	<u>(3272)</u>	<u>(3845)</u>
NET ASSETS	<u><u>448681</u></u>	<u><u>330556</u></u>
CAPITAL RESERVES		
15 Called up share capital	50000	50000
16 Profit and loss account	<u>398681</u>	<u>280556</u>
17 SHAREHOLDERS FUNDS	<u><u>448681</u></u>	<u><u>330556</u></u>

Signed on behalf of the Board



 M.O. Williams - Director

SEALTEC SE PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1996

<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
21 NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>248592</u>	<u>233591</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received (including tax recovered)	1817	352
Interest paid (including tax deducted)	(10790)	(13977)
Interest element of finance lease rental repayments	(1962)	(2644)
Dividends paid	<u>(40000)</u>	<u>(40000)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(50935)</u>	<u>(56269)</u>
TAXATION		
Corporation tax paid (including ACT)	<u>(54337)</u>	<u>(17478)</u>
TAX PAID	<u>(54337)</u>	<u>(17478)</u>
INVESTING ACTIVITIES		
Payments to acquire fixed assets	(35465)	(56914)
Receipts from sales or disposals of fixed assets	<u>1191</u>	<u>4300</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(34274)</u>	<u>(52614)</u>
NET CASH INFLOW BEFORE FINANCING	<u>109046</u>	<u>107230</u>
FINANCING		
Issue of finance lease obligations	-	12000
Repayments of loans	(57327)	(43578)
Capital element of finance lease repayments	<u>(7972)</u>	<u>(17483)</u>
22 NET CASH OUTFLOW FROM FINANCING	<u>(65299)</u>	<u>(49061)</u>
23 INCREASE IN CASH AND CASH EQUIVALENTS	<u><u>43747</u></u>	<u><u>58169</u></u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1996

COMPLIANCE WITH ACCOUNTING STANDARDS

The accounts have been prepared in accordance with applicable accounting standards. There were no material departures from those standards.

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

Accounting convention

The accounts have been prepared under the historical cost convention.

Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated to write down the cost of assets over their expected useful lives at the following rates:-

Freehold building	4% per annum of cost
Fixtures and fittings	15% per annum of net book value
Motor vehicles	25% per annum of cost

Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Provision is made for slow moving and obsolete stocks.

Deferred tax

Deferred taxation represents corporation tax, calculated on the liability basis, deferred by accelerated capital allowances and other timing differences, except to the extent that the liabilities are regarded as unlikely to crystallise in the foreseeable future.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction.

Balances at the year end denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Leases

Assets acquired under hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations net of future finance charges are included in creditors.

Rentals payable under operating leases are charged to the profit and loss account on the straight line basis over the lease term.

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

2. SEGMENT INFORMATION

Turnover and profit before taxation were derived from the company's principal activity.

In the directors opinion it would prejudice the company's interests to give the geographical analysis of turnover.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1996</u>	<u>1995</u>
	£	£
Bank loan and overdraft	10515	13966
Finance charges - hire purchase obligations	1962	2644
	<u>12477</u>	<u>16610</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1996</u>	<u>1995</u>
	£	£
After charging:		
Directors' emoluments (note 18)	37825	33543
Depreciation - owned assets	27650	11896
Depreciation - assets held under hire purchase obligations	5383	12882
Auditors' remuneration including expenses - Audit	4000	4000
Auditors' remuneration including expenses - Non Audit Services	3124	745
Rentals under operating leases	5386	10459
Loss on sale of fixed assets	28	-
	<u> </u>	<u> </u>
After crediting:		
Profit on sale of assets	-	613
	<u> </u>	<u> </u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
	£	£
Corporation tax	56216	54337
Transfer from/to deferred tax	(573)	754
	<u>55643</u>	<u>55091</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

6. DIVIDENDS

	<u>1996</u> £	<u>1995</u> £
Equity Shares		
Paid:		
Interim dividend of 80p per share (1995 80p per share)	<u>40000</u>	<u>40000</u>

7. TANGIBLE FIXED ASSETS

	<u>Freehold Land & Buildings</u> £	<u>Fixtures & Fittings</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost:				
At 1 April 1995	285196	54749	84851	424796
Additions	-	13301	22164	35465
Disposals	-	-	(3900)	(3900)
At 31 March 1996	<u>285196</u>	<u>68050</u>	<u>103115</u>	<u>456361</u>
Depreciation:				
At 1 April 1995	13600	24086	28703	66389
Provision for the year	3400	5457	24176	33033
Eliminated on disposals	-	-	(2681)	(2681)
At 31 March 1996	<u>17000</u>	<u>29543</u>	<u>50198</u>	<u>96741</u>
Net book value:				
At 31 March 1996	<u>268196</u>	<u>38507</u>	<u>52917</u>	<u>359620</u>
Net book value:				
At 31 March 1995	<u>271596</u>	<u>30663</u>	<u>56148</u>	<u>358407</u>

The net book value of tangible fixed assets of £359620 includes an amount of £16970 (1995 £33639) in respect of assets held under hire purchase contracts.

The cost of depreciable assets included in Freehold Land and Buildings at 31 March 1996 was £85196 (1995 £85196).

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

8. STOCKS

	<u>1996</u>	<u>1995</u>
	£	£
Finished goods for resale	<u>129282</u>	<u>94221</u>

9. DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Trade debtors	292475	265577
Prepayments and accrued income	<u>15173</u>	<u>754</u>
	<u>307648</u>	<u>266331</u>

10. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)

	<u>1996</u>	<u>1995</u>
	£	£
Obligations under hire purchase contracts	7371	12352
Bank loans and overdraft (note 12)	151096	68337
Trade creditors	135867	81496
Other creditors	40000	40000
Corporation tax	56216	54337
Other taxes and social security	22648	20284
Accruals and deferred income	<u>37454</u>	<u>26983</u>
	<u>450652</u>	<u>303789</u>

11. CREDITORS (AMOUNTS DUE AFTER ONE YEAR)

	<u>1996</u>	<u>1995</u>
	£	£
Obligations under hire purchase contracts	-	2991
Bank loans and overdraft (note 12)	<u>8802</u>	<u>84538</u>
	<u>8802</u>	<u>87529</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

12. BANK LOANS AND OVERDRAFT

	<u>1996</u>	<u>1995</u>
	£	£
Bank overdraft	77274	12924
Bank loan	82624	139951
	<u>159898</u>	<u>152875</u>
Due within one year (included in current liabilities)	<u>(151096)</u>	<u>(68337)</u>
	<u>8802</u>	<u>84538</u>

The bank loan is being repaid by monthly instalments of £6500 and bears interest at a rate of 2.5% above the bank base rate, being 8.5% at the year end.

Bank borrowings are secured by way of a debenture and a charge on the company's freehold property.

13. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred</u>
	<u>Taxation</u>
	£
At 1 April 1995	3845
Transfer from profit and loss account	<u>(573)</u>
At 31 March 1996	<u>3272</u>

14. DEFERRED TAXATION

The balance at 31 March 1996 is made up as follows:-

	<u>Provided and Potential</u>	<u>1995</u>
	<u>1996</u>	£
	£	
Timing differences:		
Accelerated capital allowances	<u>3272</u>	<u>3845</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

15. CALLED UP SHARE CAPITAL

	<u>1996</u> £	<u>1995</u> £
Allotted and fully paid:		
50000 ordinary shares of £1 each	<u>50000</u>	<u>50000</u>
Authorised:		
50000 ordinary shares of £1 each	<u>50000</u>	<u>50000</u>

16. RESERVES

	<u>Profit and Loss Account</u> £
At 1 April 1995	280556
Retained profit for the year	<u>118125</u>
At 31 March 1996	<u>398681</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1996</u> £	<u>1995</u> £
Profit for the year	158125	158062
Dividends	<u>(40000)</u>	<u>(40000)</u>
Net addition to shareholders funds	118125	118062
Opening shareholders funds	<u>330556</u>	<u>212494</u>
Closing shareholders funds	<u>448681</u>	<u>330556</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

18. INFORMATION REGARDING DIRECTORS

Share interests:

The below sets out the names of the persons who were directors of the company at 31 March 1996 together with details of their interests, as defined in the Companies Act 1985, in the shares of the company at that date and corresponding details at 31 March 1995. The interests are beneficial.

	31 March <u>1996</u>	31 March <u>1995</u>
C.J. Rea	25000	25000
M.O. Williams	25000	25000
	<u>50000</u>	<u>50000</u>

Remuneration:

	<u>1996</u> £	<u>1995</u> £
Directors' emoluments including benefits in kind amounted to:		
Remuneration as executives	<u>37825</u>	<u>33543</u>

Directors' fees and remuneration, excluding pension contributions are as follows:-

	<u>1996</u> £	<u>1995</u> £
Chairman	2200	2200
Highest paid director	<u>35625</u>	<u>31343</u>

19. PARTICULARS OF EMPLOYEES

The average number of persons employed by the company (including directors) during the year was:-

Category:	<u>1996</u>	<u>1995</u>
Directors	2	2
Salesman	4	4
Administration	5	4
Stores	1	1
	<u>12</u>	<u>11</u>

Their total remuneration was:-

	£	£
Wages and salaries	216821	179599
Social security costs	<u>22784</u>	<u>18603</u>
	<u>239605</u>	<u>198202</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

20. FINANCIAL COMMITMENTS

At 31 March 1996 the company had annual commitments under non-cancellable operating leases as follows:

	<u>1996</u>	<u>1995</u>
	£	£
Operating leases which expire:		
Plant and Machinery:		
Within one year	1347	-
In the second to fifth year inclusive	-	5386
	<u>1347</u>	<u>5386</u>

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1996</u>	<u>1995</u>
	£	£
OPERATING PROFIT	224428	229411
Depreciation charges	33033	24778
Loss/(Profit) on sale of tangible fixed assets	28	(613)
Increase in stocks	(35061)	(14935)
Increase in debtors	(41317)	(62761)
Increase in creditors (excluding loans, overdrafts and corporation tax)	67481	57711
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>248592</u>	<u>233591</u>

22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	<u>Bank loan</u>		<u>Hire Purchase</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Balance at 1 April 1995	139951	183529	15343	20826
Net cash outflow from financing	(57327)	(43578)	(7972)	(5483)
Balance at 31 March 1996	<u>82624</u>	<u>139951</u>	<u>7371</u>	<u>15343</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1996

23. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	<u>1996</u> £	<u>1995</u> £
Balance at 1 April 1995	(6164)	(64333)
Net cash inflow	43747	58169
Balance at 31 March 1996	<u>37583</u>	<u>(6164)</u>

24. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1996</u> £	<u>1995</u> £	<u>1994</u> £	<u>Change in the year</u>	
				<u>1996</u> £	<u>1995</u> £
Bank overdraft	(77274)	(12924)	(64991)	(64350)	52067
Cash at bank and in hand	114857	6760	658	108097	6102
	<u>37583</u>	<u>(6164)</u>	<u>(64333)</u>	<u>43747</u>	<u>58169</u>

25. APPROVAL OF ACCOUNTS

These accounts were approved at a directors' meeting held on 18 June 1996.