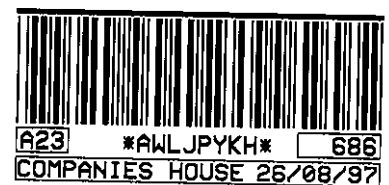


Register

SEALTEC SE PLC
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1997
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 1997

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 1997.

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 1997

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

DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 March 1997. An interim dividend of £1.20 per share was declared on 31 March 1997.

SEALTEC SE PLC

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

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

It is company policy to follow 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

23 July 1997

AUDITORS' REPORT TO THE SHAREHOLDERS OF SEALTEC SE PLC

We have audited the financial statements on pages 5 to 17 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.

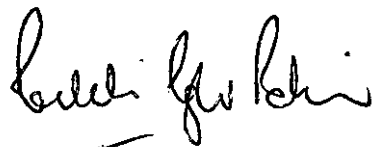
Basis of opinion

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Roddis Taylor Robinson
Chartered Accountants
Registered Auditors

23 July 1997

SEALTEC SE PLC

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1997

<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
2 TURNOVER - CONTINUING OPERATIONS	1775978	1493746
Change in stocks of finished goods	14529	35061
	<u>1790507</u>	<u>1528807</u>
Raw materials and consumables	(1011062)	(896397)
Other external charges	(12765)	(12447)
Staff costs	(304423)	(239605)
Depreciation	(40226)	(33061)
Other operating charges	(174724)	(122869)
	<u>(1543200)</u>	<u>(1304379)</u>
OPERATING PROFIT - CONTINUING OPERATIONS	247307	224428
Interest receivable and similar income	3526	1817
3 Interest payable and similar charges	(3826)	(12477)
4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	247007	213768
5 Tax on profit on ordinary activities	(79813)	(55643)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	167194	158125
6 DIVIDENDS	(60000)	(40000)
16 RETAINED PROFIT FOR THE YEAR	<u>107194</u>	<u>118125</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 MARCH 1997

The company had no recognised gains or losses other than the profit for the year of £167194 (1996 £158125).

SEALTEC SE PLC

BALANCE SHEET AT 31 MARCH 1997

<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS		
7 Tangible assets	<u>428854</u>	<u>359620</u>
CURRENT ASSETS		
8 Stocks	143811	129282
9 Debtors	295449	307648
Cash at bank and in hand	<u>65051</u>	<u>114857</u>
	504311	551787
10 CREDITORS (amounts due within one year)	<u>(370190)</u>	<u>(450652)</u>
NET CURRENT ASSETS	<u>134121</u>	<u>101135</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	562975	460755
11 CREDITORS (amounts due after more than one year)	-	(8802)
13 PROVISIONS FOR LIABILITIES AND CHARGES	<u>(7100)</u>	<u>(3272)</u>
NET ASSETS	<u><u>555875</u></u>	<u><u>448681</u></u>
CAPITAL AND RESERVES		
15 Called up share capital	50000	50000
16 Profit and loss account	<u>505875</u>	<u>398681</u>
17 SHAREHOLDERS FUNDS	<u><u>555875</u></u>	<u><u>448681</u></u>

Signed on behalf of the Board



C.J. Rea



M.O. Williams

Directors

SEALTEC SE PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 1997

Reconciliation of operating profit to net cash inflow from operating activities

Notes

	<u>1997</u> £	<u>1996</u> £
Operating profit	247307	224428
Depreciation charges	39566	33033
Loss on sale of tangible fixed assets	660	28
Increase in stocks	(14529)	(35061)
Decrease/(Increase) in debtors	12199	(41317)
Decrease/(Increase) in creditors (excluding loans, overdrafts and corporation tax)	(2684)	67481
Net cash inflow from operating activities	<u>282519</u>	<u>248592</u>

CASH FLOW STATEMENT

Notes

	<u>1997</u> £	<u>1996</u> £
Net cash inflow from operating activities	282519	248592
22 Returns on investments and servicing of finance	(460)	(10935)
Taxation	(56216)	(54337)
23 Capital expenditure and financial investment	(109460)	(34274)
	<u>116383</u>	<u>149046</u>
Equity dividends paid	(60000)	(40000)
	<u>56383</u>	<u>109046</u>
24 Financing	(89995)	(65299)
25 (Decrease)/Increase in cash	<u>(33612)</u>	<u>43747</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997

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
Freehold land is not depreciated	

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.

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 a straight line basis over the lease term.

Pension costs

The charge in the profit and loss account for pension costs is the amount of the company's contribution payable to the pension schemes for the year.

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

2. SEGMENTAL 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>1997</u>	<u>1996</u>
	£	£
Bank loan and overdraft	3249	10515
Finance charges - hire purchase obligations	577	1962
	<u>3826</u>	<u>12477</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1997</u>	<u>1996</u>
	£	£
After charging:		
Directors' emoluments (note 18)	46399	37825
Depreciation - owned assets	39566	27650
Depreciation - assets held under hire purchase obligations	-	5383
Auditors' remuneration including expenses - Audit	4200	4000
- Non Audit Services	6740	3124
Rentals under operating leases	2436	5386
Loss on sale of fixed assets	660	28
	<u></u>	<u></u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1997</u>	<u>1996</u>
	£	£
Corporation tax	75985	56216
Transfer to/(from) deferred tax	3828	(573)
	<u>79813</u>	<u>55643</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

6. DIVIDENDS

	<u>1997</u> £	<u>1996</u> £
<u>Equity Shares</u>		
Paid:		
Interim dividend of £1.20 per share (1996 80p per share)	<u>60000</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 1996	285196	68050	103115	456361
Additions	-	33472	82488	115960
Disposals	-	-	(23656)	(23656)
At 31 March 1997	<u>285196</u>	<u>101522</u>	<u>161947</u>	<u>548665</u>
Depreciation:				
At 1 April 1996	17000	29543	50198	96741
Provision for the year	3400	9295	26871	39566
Eliminated on disposals	-	-	(16496)	(16496)
At 31 March 1997	<u>20400</u>	<u>38838</u>	<u>60573</u>	<u>119811</u>
Net book value:				
At 31 March 1997	<u>264796</u>	<u>62684</u>	<u>101374</u>	<u>428854</u>
Net book value:				
At 31 March 1996	<u>268196</u>	<u>38507</u>	<u>52917</u>	<u>359620</u>

The net book value of tangible fixed assets of £428854 includes an amount of £nil (1996 £16970) in respect of assets held under hire purchase contracts.

The cost of depreciable assets included in Freehold Land and Buildings at 31 March 1997 was £85196 (1996 £85196).

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

8. STOCKS

	<u>1997</u>	<u>1996</u>
	£	£
Finished goods for resale	<u>143811</u>	<u>129282</u>

9. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade debtors	294856	292475
Prepayments and accrued income	<u>593</u>	<u>15173</u>
	<u>295449</u>	<u>307648</u>

10. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)

	<u>1997</u>	<u>1996</u>
	£	£
Obligations under hire purchase contracts	-	7371
Bank loans and overdraft (note 12)	61080	151096
Trade creditors	97627	135867
Amounts owed to parent undertaking	35999	-
Other creditors	24001	40000
Corporation tax	75985	56216
Other taxes and social security	28729	22648
Accruals and deferred income	<u>46769</u>	<u>37454</u>
	<u>370190</u>	<u>450652</u>

11. CREDITORS (AMOUNTS DUE AFTER ONE YEAR)

	<u>1997</u>	<u>1996</u>
	£	£
Bank loans and overdraft (note 12)	<u>-</u>	<u>8802</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

12. BANK LOANS AND OVERDRAFT

	<u>1997</u>	<u>1996</u>
	£	£
Bank overdraft	61080	77274
Bank loan	-	82624
	61080	159898
Due within one year (included in current liabilities)	(61080)	(151096)
	-	8802

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 1996	3272
Transfer from profit and loss account	3828
At 31 March 1997	7100

14. DEFERRED TAXATION

The balance at 31 March 1997 is made up as follows:-

	<u>Provided and Potential</u>	<u>1996</u>
	<u>1997</u>	<u>1996</u>
	£	£
Timing differences:		
Accelerated capital allowances	7100	3272

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

15. CALLED UP SHARE CAPITAL

	<u>1997</u> £	<u>1996</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 1996	398681
Retained profit for the year	<u>107194</u>
At 31 March 1997	<u>505875</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	<u>1997</u> £	<u>1996</u> £
Profit for the year	167194	158125
Dividends	<u>(60000)</u>	<u>(40000)</u>
Net addition to shareholders funds	107194	118125
Opening shareholders funds	<u>448681</u>	<u>330556</u>
Closing shareholders funds	<u>555875</u>	<u>448681</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

18. INFORMATION REGARDING DIRECTORS

Share interests:

The below sets out the names of the persons who were directors of the company at 31 March 1997 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 1996.

	31 March 1997		31 March 1996	
	<u>Non-beneficial</u>	<u>Beneficial</u>	<u>Non-beneficial</u>	<u>Beneficial</u>
C.J. Rea	1	-	-	25000
M.O. Williams	-	20000	-	25000
	<u>1</u>	<u>20000</u>	<u>-</u>	<u>50000</u>

Directors interests in parent undertaking

The interests of C J Rea and M O Williams, who are directors of the parent company, in the shares of AES Engineering Limited are shown in that company's accounts.

Remuneration:

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Directors' emoluments including benefits in kind amounted to:		
Remuneration as executives	42399	37825
Money purchase pension scheme contributions	4000	-
	<u>46399</u>	<u>37825</u>

There is one director who is a member of the money purchase scheme.

19. PARTICULARS OF EMPLOYEES

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

<u>Category:</u>	<u>1997</u>	<u>1996</u>
Directors	2	2
Salesman	7	5
Administration	5	4
Stores	1	1
	<u>15</u>	<u>12</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

19. PARTICULARS OF EMPLOYEES (CONTINUED)

	<u>1997</u>	<u>1996</u>
	£	£
Their total remuneration was:-		
Wages and salaries	272000	216821
Social security costs	28423	22784
Pension costs	4000	-
	<u>304423</u>	<u>239605</u>

20. PENSION COSTS

The company pays contributions on behalf of one of the directors to independently administered funds. These funds are of the defined contribution type.

The pension costs represent contributions payable by the company and amounted to £4000 (1996 £nil). There were no outstanding contributions at the year end (1996: £nil).

21. FINANCIAL COMMITMENTS

At 31 March 1997 the company had annual commitments under non-cancellable operating leases as follows:

	<u>1997</u>	<u>1996</u>
	£	£
Operating leases which expire:		
Plant and Machinery:		
Within one year	-	1347

22. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	<u>1997</u>	<u>1996</u>
	£	£
Interest received (including tax recovered)	3526	1817
Interest paid (including tax deducted)	(3409)	(10790)
Interest element of finance lease rental repayments	(577)	(1962)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>(460)</u>	<u>(10935)</u>

23. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	<u>1997</u>	<u>1996</u>
	£	£
Payments to acquire fixed assets	(115960)	(35465)
Receipts from sales or disposals of fixed assets	6500	1191
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<u>(109460)</u>	<u>(34274)</u>

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

24. FINANCING

	<u>1997</u> £	<u>1996</u> £
Repayments of loans	(82624)	(57327)
Capital element of finance lease repayments	(7371)	(7972)
NET CASH OUTFLOW FROM FINANCING	<u>(89995)</u>	<u>(65299)</u>

25. ANALYSIS OF CHANGES IN CASH

	At 1 April <u>1996</u> £	<u>Cashflows</u> £	At 31 March <u>1997</u> £
Bank overdraft	(77274)	16194	(61080)
Cash at bank and in hand	114857	(49806)	65051
	<u>37583</u>	<u>(33612)</u>	<u>3971</u>

26. RELATED PARTIES

a. Controlling Parties

The company is under the control of AES Engineering Limited. The ultimate controlling party is considered to be Mr C J Rea, by virtue of his shareholding in that company.

b. Related Party Transactions

During the year ended 31 March 1997 the company made sales to and purchased goods and other services from the following related parties:

Related Parties	Relationships		
AES Engineering Limited	Parent undertaking		
Sealtec NW Limited	Subsidiary of AES Engineering Limited		
The value of the transactions were as follows:			
	<u>Sales</u>	<u>Purchases</u>	<u>Other</u>
		<u>Goods for</u>	<u>services</u>
	<u>£</u>	<u>resale</u>	<u>£</u>
AES Engineering Limited	133469	640601	40166

Transactions with Sealtec NW Limited are considered not to be material by either party.

SEALTEC SE PLC

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1997

26. RELATED PARTIES (CONTINUED)

c. Related Party Balances

As at 31 March 1997 the balances outstanding with related parties were as follows:

	Owed by <u>the company</u> £	Owed to <u>the company</u> £
AES Engineering Limited:		
Loan account	34999	-
Trading balances	<u>60641</u>	<u>13838</u>
M O Williams:		
Loan account	<u>24000</u>	<u>-</u>

27. PARENT UNDERTAKING AND ULTIMATE PARENT COMPANY

AES Engineering Limited, incorporated in England and Wales, is the company's smallest and largest parent undertaking and is regarded by the directors as being the ultimate parent company.

28. APPROVAL OF ACCOUNTS

These accounts were approved at a directors' meeting held on 23 July 1997.