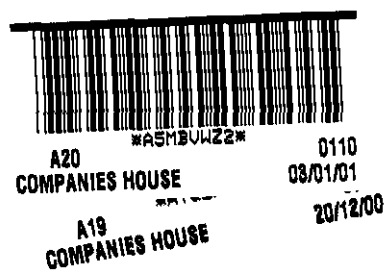


Duralock (UK) Limited

Annual Report

Year Ended 31 May 2000

Company Registration Number 2653821



Duralock (UK) Limited

Financial Statements

Year Ended 31 May 2000

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Duralock (UK) Limited

Directors' Report

Year Ended 31 May 2000

The directors present their report and the financial statements of the company for the year ended 31 May 2000.

Principal Activities

The principal activity of the company during the year was the manufacture and sale of fencing.

The Directors and their Interests in Shares of the Company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 May 2000	At 1 June 1999
M P Wheeler	501,000	500,900
J R Wheeler	-	-
N Wyatt	-	-

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Francis Clark as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Duralock (UK) Limited

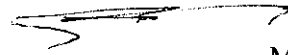
Directors' Report *(continued)*

Year Ended 31 May 2000

Small Company Provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors



M P Wheeler
Director

Duralock (UK) Limited

Auditors' Report to the Shareholders

Year Ended 31 May 2000

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on page 6.

Respective Responsibilities of the Directors and the Auditors

As described on page 1, the company's directors are responsible for the preparation of the 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 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 May 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Francis Clark

Chartered Accountants
31 Houndiscombe Road
Mutley
PLYMOUTH
PL4 6HA

19 December 2000



Registered Auditors

Duralock (UK) Limited

Profit and Loss Account

Year Ended 31 May 2000

	Note	2000 £	1999 £
Turnover		760,768	509,952
Cost of sales		(534,759)	(363,045)
Gross Profit		226,009	146,907
Distribution Costs		(18,386)	(10,491)
Administrative expenses		(145,503)	(106,236)
Operating Profit	2	62,120	30,180
Interest receivable		-	57
Interest payable		(548)	(36)
Profit on Ordinary Activities Before Taxation		61,572	30,201
Tax on profit on ordinary activities	3	-	(36)
Retained Profit for the Financial Year		61,572	30,165

Duralock (UK) Limited

Balance Sheet

31 May 2000

	Note	2000 £	1999 £
Fixed Assets			
Intangible assets	4	5,304	7,076
Tangible assets	5	24,957	15,535
		<u>30,261</u>	<u>22,611</u>
Current Assets			
Stocks		68,287	59,847
Debtors	6	140,825	112,505
Cash at bank and in hand		349	449
		<u>209,461</u>	<u>172,801</u>
Creditors: Amounts falling due within one year	7	<u>(129,757)</u>	<u>(147,019)</u>
Net Current Assets		<u>79,704</u>	<u>25,782</u>
Total Assets Less Current Liabilities		<u>109,965</u>	<u>48,393</u>
Creditors: Amounts falling due after more than one year	8	<u>(43,500)</u>	<u>(43,500)</u>
		<u>66,465</u>	<u>4,893</u>
Capital and Reserves			
Called-up equity share capital	11	501,000	501,000
Profit and loss account	12	(434,535)	(496,107)
Shareholders' Funds		<u>66,465</u>	<u>4,893</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 12 December 2000, and were signed on their behalf by:


.....
M P Wheeler

Duralock (UK) Limited

Notes to the Financial Statements

Year Ended 31 May 2000

1. Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

(b) Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

(c) Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Patents	-	10 years
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(d) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	-	3 to 10 years, straight line
Fixtures & Fittings	-	3 to 10 years, straight line
Motor Vehicles	-	4 years, straight line

(e) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

(f) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

(g) Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

Duralock (UK) Limited

Notes to the Financial Statements

Year Ended 31 May 2000

2. Operating Profit

Operating profit is stated after charging:

	2000 £	1999 £
Directors' Emoluments	-	-
Amortisation	1,772	1,773
Depreciation	5,683	5,507
Auditors' fees	<u>2,200</u>	<u>2,000</u>

3. Tax on Profit on Ordinary Activities

	2000 £	1999 £
In respect of the year:		
Corporation tax based on the results for the year at 20% (1999 - 20.83%)	-	4
Adjustment in respect of previous years:		
Corporation tax	<u>-</u>	<u>32</u>
	<u>-</u>	<u>36</u>

Losses available for carry forward against future trading profits amount to approximately £300,000 (1999 - £356,000).

4. Intangible Fixed Assets

	Patents £
Cost	
At 1 June 1999 and 31 May 2000	<u>17,726</u>
Amortisation	
At 1 June 1999	10,650
Charge for the year	<u>1,772</u>
At 31 May 2000	<u>12,422</u>
Net Book Value	
At 31 May 2000	<u>5,304</u>
At 31 May 1999	<u>7,076</u>

Duralock (UK) Limited

Notes to the Financial Statements

Year Ended 31 May 2000

5. Tangible Fixed Assets

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost				
At 1 June 1999	46,439	9,712	13,000	69,151
Additions	12,860	2,245	-	15,105
At 31 May 2000	59,299	11,957	13,000	84,256
Depreciation				
At 1 June 1999	35,298	5,318	13,000	53,616
Charge for the year	4,484	1,199	-	5,683
At 31 May 2000	39,782	6,517	13,000	59,299
Net Book Value				
At 31 May 2000	19,517	5,440	-	24,957
At 31 May 1999	11,141	4,394	-	15,535

6. Debtors

	2000 £	1999 £
Trade debtors	95,114	69,945
VAT recoverable	4,817	5,664
Other debtors	20,386	10,906
Prepayments and accrued income	20,508	25,990
	140,825	112,505

7. Creditors: Amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts	31,988	-
Trade creditors	64,022	87,241
Other creditors including:		
Payments received on account	-	7,644
Corporation tax	-	4
Loans	-	22,518
Other creditors	1,630	-
	97,640	117,407
Accruals and deferred income	32,117	29,612
	129,757	147,019

Duralock (UK) Limited

Notes to the Financial Statements

Year Ended 31 May 2000

8. Creditors: Amounts falling due after more than one year

	2000	1999
	£	£
Loans	<u>43,500</u>	<u>43,500</u>

Security has been given by the company in respect of £43,500 (1999 - £43,500) of the above creditors

9. Commitments under Operating Leases

At 31 May 2000 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2000	1999
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>11,000</u>	<u>11,000</u>

10. Related Party Transactions

The company was under the effective control of M P Wheeler throughout the current and previous year.

At 31 May 2000 the company owed £43,500 (1999 - £43,500) to the M P Wheeler 1990 Settlement Trust. The borrowing is in the form of an interest free loan secured by a fixed and floating charge over the assets of the company. The loan is repayable on demand, although the trustees have confirmed that they will not seek repayment prior to 30 September 2001. M P Wheeler is the settlor with a life interest in the M P Wheeler 1990 Settlement Trust.

During the year, rent amounting to £4,800 (1999 - £4,800) was paid by the company to M P Wheeler in respect of 36, Springfield Road, Elburton.

In the year ended 31 May 2000, the company purchased £1,744 (1999 - £1,703) (excluding VAT) of services from Brookdale House, a business owned and managed by M P Wheeler.

In the year ended 31 May 2000, the company paid consultancy and reimbursed expenses totalling £10,290 (1999 - £11,868) to N Wyatt, a director of the company.

11. Share Capital

Authorised share capital:

	2000	1999
	£	£
Equity shares		
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Duralock (UK)-Limited

Notes to the Financial Statements

Year Ended 31 May 2000

11. Share Capital *(continued)*

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>501,000</u>	<u>501,000</u>

12. Profit and Loss Account

	2000 £	1999 £
Balance brought forward	(496,107)	(526,272)
Retained profit for the financial year	<u>61,572</u>	<u>30,165</u>
Balance carried forward	<u>(434,535)</u>	<u>(496,107)</u>