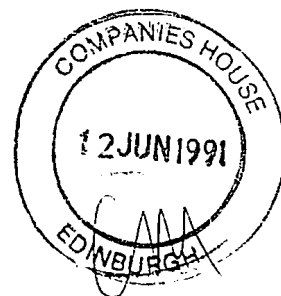


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FERMAG LIMITED

MODIFIED ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1990



FERMAG LIMITED

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FOR THE YEAR ENDED 31 MAY 1970

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AUDITORS REPORT TO THE DIRECTORS OF
FERMAG LIMITED

We have examined the financial statements on pages 2 to 4 which have been modified, in the manner permitted for a small company, from the financial statements of the company prepared for its members for the year ended 31st May 1990

In our opinion the directors are entitled under section 247 to 249 of the Companies Act 1985 to deliver modified financial statements in respect of the year ended 31st May 1990 and therefore the modified financial statements have been properly prepared in accordance with Schedule 8 to that Act.

We set out below the text of our report dated 6th June 1990 to the members on the unmodified financial statements for the year ended 31st May 1990.

"We have audited the financial statements on pages 3 to 11 in accordance with approved auditing standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st May 1990 and of its result and source and application of funds for the year then ended and comply with the Companies Act 1985."

W H Jack & Co

Wm. H. Jack & Co.
Chartered Accountants

Coatbridge

6th June 1991

FERNAG LIMITED

BALANCE SHEET

AS AT 31 MAY 1990

	Notes	£	1990 £	£	1989 £
FIXED ASSETS					
Tangible assets			5,266		3,900
CURRENT ASSETS					
Stocks	1	5,470		9,720	
Debtors		139,359		93,922	
Investments		70,000		35,000	
Cash at bank and in hand		28,763		19,926	
		243,592		158,568	
CREDITORS - amounts falling due within one year		(72,496)		(31,533)	
NET CURRENT ASSETS			171,096		127,035
ASSETS LESS CURRENT LIABILITIES			176,362		130,935
Provisions for liabilities and charges			(93)		(93)
NET ASSETS			<u>£ 176,269</u>		<u>£ 130,842</u>

Financed by:

CAPITAL AND RESERVES

Called up share capital	2	10,000	10,000
Profit and loss account		166,269	120,842
		<u>£ 176,269</u>	<u>£ 130,842</u>

In preparing these modified financial statements, we have relied upon the exemptions for individual financial statements under section 247 of the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a small company.

Mr. Kenneth Ryan *K. Ryan*)
Mr. Hugh Goldie *H. Goldie*) Directors

Dated 6th June 1991

The notes on pages 3 and 4 form an integral part of these financial statements.

PERMAG LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MAY 1990

1. ACCOUNTING POLICIES

1.1 Accounting conventions

The financial statements are prepared under the historical cost convention.

1.2 Turnover

This represents the invoiced amounts of goods sold and provided, net of value added tax.

1.3 Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Fixtures and fittings:	15% per annum on cost
Plant and machinery:	20% per annum on cost
Motor vehicles:	25% per annum on cost

1.4 Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.5 Deferred taxation

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.

HERMAG LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MAY 1990

2. SHARE CAPITAL

	<u>Authorised</u>	<u>Allotted, Issued and fully paid</u>	
	£	<u>1990</u> £	<u>1989</u> £
Ordinary shares of £1 each	<u>20,000</u>	<u>10,000</u>	<u>10,000</u>

3. BANK OVERDRAFT AND FIXED LOAN

The Clydesdale Bank PLC holds a floating charge (dated 7th July 1982 and registered 12th July 1982) over the whole of the Company's assets in respect of the bank overdraft and fixed loan