

LINATEX LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995

246713



LINATEX LIMITED
(REGISTERED NUMBER 246713)

DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 1995

The directors present their report and the audited financial statements for the year ended 31 December 1995.

RESULTS AND DIVIDENDS

The results for the year ended 31 December 1995 are shown on page 5 of the financial statements.

The directors do not recommend the payment of a dividend for the year (1994 : Nil) and accordingly the profit for the year has been added to reserves.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The main activities of the company continue to be the manufacture and distribution of high performance industrial rubber products, and solid - liquid separation systems for mineral slurries.

The 1995 result was again encouraging and showed a further 15% growth in trading profit before central group expenses.

In January 1995 we completed our relocation to temporary premises with no significant effect on our business. During the course of the year we completed the design and planning phases of our new premises, and construction began in August.

Relocation to the new site was completed in April 1996, and with these modern manufacturing facilities and offices we are well positioned to support our business.

DIRECTORS AND THEIR INTERESTS

The directors of the company who held office during the year were:

A Peake - Chairman
R G Constable
N Liptrot
M C Elderfield

In accordance with the Articles of Association, N Liptrot retires from the Board at the next Annual General Meeting and being eligible offers himself for re-election.

LINATEX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

DIRECTORS AND THEIR INTERESTS (CONTINUED)

The following director, who is not a director of the ultimate holding company, Harrisons & Crosfield plc, had the following interests in the 25p ordinary shares of that company, .

		<u>Executive Scheme Under Option</u>	
	<u>1 January 1995</u>	<u>Granted</u>	<u>Exercised</u>
	Number	Number	<u>31 December 1995</u>
			Number
A Peake	165,703	-	-
			165,703

<u>Savings Scheme Under Option</u>				
	<u>1 January 1995</u>	<u>Granted</u>	<u>Exercised</u>	<u>31 December 1995</u>
	Number	Number	Number	Number
A Peake	15,345	-	-	15,345

The options granted under the Harrisons & Crosfield Group Share Option Scheme 1987 for executives are exercisable between three and ten years from the date of grant at a price in the range of 143.9 to 171.2 pence per share.

The options granted under the Harrisons & Crosfield Group Savings Related Share Option Scheme 1989 are exercisable after five or seven years from the date of grant at a price in the range of 114.7 to 165.2 pence per share.

In accordance with the Rules of both Options schemes, adjustments have been made to the options granted to take into account the Rights Issue in May 1990. The comparisons at the beginning of the year have also been restated.

The ultimate parent company, Harrisons & Crosfield plc, holds a group directors' and officers' liability policy, which covers the directors and officers of the company.

TANGIBLE FIXED ASSETS

The movements in tangible fixed assets are shown in Note 9 to the financial statements.

LINATEX LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

STATEMENTS 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 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 and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

At the Annual General Meeting of the company held on 20 September 1993, an elective regime resolution was passed pursuant to Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually.

Price Waterhouse have indicated their willingness to continue in office and accordingly will have been deemed to have been reappointed as the company's auditors under the provision of sub-Section 386(2) of the Act.

By Order of the Board



N Liptrot
Director
30 October 1996

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF LINATEX LIMITED

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 pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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 financial 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 affairs of the company as at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

30 October 1996

LINATEX LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1995**

	<u>1995</u> £	<u>1994</u> £
TURNOVER (Note 2)	7,935,382	6,612,081
Cost of sales	(5,635,018)	(4,552,715)
	<hr/>	<hr/>
GROSS PROFIT	2,300,364	2,059,366
Distribution costs	(221,407)	(176,563)
Administrative expenses	(2,125,094)	(2,249,060)
Other operating income	11,414	6,481
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OPERATING LOSS (Note 3)	(34,723)	(359,776)
Exceptional item (Note 6): Net profit on sale of freehold property	-	2,031,102
	<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX	(34,723)	1,671,326
Interest receivable and similar income (Note 7)	249,182	102,939
	<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	214,459	1,774,265
Taxation credit/(charge) on profit on ordinary activities (Note 8)	83,280	(198,389)
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PROFIT FOR THE FINANCIAL YEAR TRANSFERRED TO RESERVES	297,739	1,575,876
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The company has no recognised gains or losses other than as shown in the above profit and loss account. All activities relate to continuing operations.

The notes on pages 8 to 16 form part of these financial statements.

LINATEX LIMITED**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1995**

	<u>1995</u> £	<u>1994</u> £
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	214,459	1,774,265
Realisation of property revaluation gain of previous years	-	1,711,945
	<hr/>	<hr/>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	214,459	3,486,210
	<hr/>	<hr/>
HISTORICAL COST RETAINED PROFIT FOR THE YEAR	297,739	3,287,821
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The notes on pages 8 to 16 form part of these financial statements

LINATEX LIMITED

BALANCE SHEET - 31 DECEMBER 1995

	<u>1995</u>		<u>1994</u>	
	£	£	£	£
FIXED ASSETS				
Tangible assets (Note 9)	2,394,722		422,311	
Investments (Note 10)	3,030,208		3,030,208	
		5,424,930		3,452,519
CURRENT ASSETS				
Stocks (Note 11)	2,125,503		1,256,892	
Debtors (Note 12)	2,377,187		6,129,338	
Cash at bank and in hand	2,280,872		1,877,541	
	6,783,562		9,263,771	
CREDITORS - Amounts falling due within one year (Note 13)	(5,394,253)		(6,187,790)	
NET CURRENT ASSETS		1,389,309		3,075,981
TOTAL ASSETS LESS CURRENT LIABILITIES		6,814,239		6,528,500
PROVISIONS FOR LIABILITIES AND CHARGES (Note 14)		-		(12,000)
		6,814,239		6,516,500
CAPITAL AND RESERVES				
Called up share capital (Note 15)		250,000		250,000
Profit and loss account (Note 16)		6,564,239		6,266,500
SHAREHOLDERS' FUNDS (Note 16)		6,814,239		6,516,500

APPROVED BY THE BOARD ON 30 OCTOBER 1996

R G Constable

R G Constable
Director

The notes on pages 8 to 16 form part of these financial statements.

LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings and in accordance with applicable accounting standards.

(2) Depreciation

No depreciation is provided on freehold land, or, whilst under construction, on freehold buildings. Other tangible fixed assets are depreciated on a straight line basis over their estimated useful economic lives, as below:

Freehold buildings	30 - 50 years
Plant and machinery	4 - 20 years
Fixtures, fittings and equipment	3 - 10 years

(3) Cashflow statement

The company has taken advantage of the exemption from Financial Reporting Standard Number 1 not to produce a cashflow statement as a consolidated cash flow statement that includes the cash flows of the company has been produced by the ultimate holding company.

(4) Operating Leases

Operating lease rentals are charged to the profit and loss account in the period in which they are incurred.

(5) Research and development costs

Costs arising from research and development are charged to the profit and loss account as they are incurred.

(6) Pension costs

Contributions to the Harrisons & Crosfield Group Pension Scheme are assessed by a qualified actuary based on the costs of providing pensions across all participating Harrisons & Crosfield Group companies. Costs are not determined for each individual company hence contributions are charged to the profit and loss account in the period in respect of which they become payable.

(7) Deferred taxation

Deferred taxation is provided on the liability method in respect of timing differences between profits as computed for taxation purposes and profits as stated in the financial statements except to the extent that the liability is not expected to become payable in the foreseeable future.

LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(8) Stocks

Stocks are stated at the lower of cost, including appropriate factory overheads, and net realisable value.

(9) Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated to sterling at the rate ruling at the year end. Exchange gains and losses are dealt with through the profit and loss account.

2 TURNOVER

Turnover represents the invoiced value of goods sold and services rendered during the year, net of value added tax.

Analysis by geographical destination :	<u>1995</u>	<u>1994</u>
	£	£
United Kingdom	5,784,771	4,972,457
Rest of Europe	1,589,222	1,370,792
Asia	370,295	66,905
North America	12,210	13,992
Australia	173	1,379
Rest of World	178,711	186,556
	<hr/>	<hr/>
	7,935,382	6,612,081
	<hr/>	<hr/>

In the opinion of the directors, the company operates in one class of business only.

3 OPERATING LOSS

Operating loss is stated after charging:

	<u>1995</u>	<u>1994</u>
	£	£
Depreciation	101,642	136,108
Hire of plant and machinery	72,947	82,413
Auditors' remuneration	16,500	14,500
Group management charges	432,000	432,000
Central administrative expenses	444,953	489,620
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LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

4 STAFF NUMBERS

The average number of persons, including directors, employed by the company during the year:

	<u>1995</u> Number	<u>1994</u> Number
Production	76	72
Administration and sales	32	30
	—	—
	108	102
	==	==

The aggregate payroll costs for the year:

	<u>1995</u> £	<u>1994</u> £
Wages and salaries	1,812,738	1,760,006
Social security costs	195,816	185,001
Other pension costs	129,410	33,634
	—	—
	2,137,964	1,978,641
	==	==

5 DIRECTORS' EMOLUMENTS

	<u>1995</u> £	<u>1994</u> £
Aggregate emoluments	128,136	160,601
	==	==

The following emoluments exclude pension contributions:

	<u>1995</u> £	<u>1994</u> £
Chairman	Nil	Nil
Highest paid director	59,120	61,167
	==	==

LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

5 DIRECTORS' EMOLUMENTS (CONTINUED)

The directors received emoluments, excluding pension contributions, in the following ranges:

	<u>1995</u>	<u>1994</u>
	£	£
Nil - £5,000	1	1
£10,001 - £15,000	1	-
£45,001 - £50,000	1	2
£55,001 - £60,000	1	-
£60,001 - £65,000	-	1
	<u> </u>	<u> </u>

6 EXCEPTIONAL ITEM

	<u>1995</u>	<u>1994</u>
	£	£
Profit on disposal of freehold land and buildings after related relocation costs	-	2,031,102
	<u> </u>	<u> </u>

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1995</u>	<u>1994</u>
	£	£
Interest receivable from:		
Bank balances	103,305	102,884
Loans to other group undertakings	145,877	-
Loans wholly repayable within five years	-	55
	<u> </u>	<u> </u>
	249,182	102,939
	<u> </u>	<u> </u>

LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

8 TAXATION

	<u>1995</u>	<u>1994</u>
	£	£
Corporation tax (credit)/charge at 33% (1994 : 33%)	(71,280)	190,335
Prior year adjustment	-	8,054
Deferred taxation (Note 14)	(12,000)	-
	<u>(83,280)</u>	<u>198,389</u>

No tax charge has arisen from the profit on sale of freehold property due to the availability of roll-over relief from other group undertakings.

9 TANGIBLE ASSETS

	<u>Freehold Land</u>	<u>Freehold Buildings</u>	<u>Plant & Machinery</u>	<u>Fixtures Fittings & Equipment</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 31 December 1994	-	-	1,321,047	47,604	1,368,651
Additions	861,875	1,180,710	37,203	4,551	2,084,339
Disposals	-	-	(143,759)	(7,236)	(150,995)
	<u>861,875</u>	<u>1,180,710</u>	<u>1,214,491</u>	<u>44,919</u>	<u>3,301,995</u>
At 31 December 1995	861,875	1,180,710	1,214,491	44,919	3,301,995
Depreciation:					
At 31 December 1994	-	-	906,097	40,243	946,340
Charge for the year	-	-	98,759	2,883	101,642
Disposals	-	-	(133,473)	(7,236)	(140,709)
	<u>-</u>	<u>-</u>	<u>871,383</u>	<u>35,890</u>	<u>907,273</u>
At 31 December 1995	-	-	871,383	35,890	907,273
Net book amount:					
At 31 December 1995	861,875	1,180,710	343,108	9,029	2,394,722
At 31 December 1994	-	-	414,950	7,361	422,311

LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

10 INVESTMENTS

Investments in subsidiary undertakings

Shares in
subsidiary undertakings
£

At 31 December 1994 and 31 December 1995

3,030,208

<u>Name of Subsidiary undertaking</u>	<u>Country of Registration</u>	<u>Proportion of ordinary equity held</u>	<u>Nature of of business</u>
Abrasion Resistant Linings Limited	England and Wales	100%	Dormant
Linatex Africa (PTY) Ltd	South Africa	100%	Rubber Engineers
Wilkinmark Limited	England and Wales	100%	Holder of Trade Marks
WPR Marks Limited	England and Wales	100%	Holder of Trade Marks

In the opinion of the directors, the value of the Company's interests in its subsidiary undertakings is not less than the amount at which they are included in the balance sheet.

The company has taken advantage of the exemption conferred by Section 228 (1) of the Companies Act 1985 not to prepare consolidated financial statements as it is a wholly owned subsidiary of another undertaking which prepares consolidated financial statements (See Note 19).

LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

11 STOCKS

	<u>1995</u>	<u>1994</u>
	£	£
Raw materials	1,612,503	1,187,958
Work in progress	513,000	68,934
	<hr/>	<hr/>
	2,125,503	1,256,892
	<hr/>	<hr/>

12 DEBTORS

	<u>1995</u>	<u>1994</u>
	£	£
Trade debtors	1,249,871	1,000,180
Amounts due from group undertakings	590,147	322,179
Corporation tax recoverable	18,203	-
Other debtors	397,451	4,637,228
Prepayments and accrued income	121,515	169,751
	<hr/>	<hr/>
	2,377,187	6,129,338
	<hr/>	<hr/>

13 CREDITORS - Amounts falling due within one year

	<u>1995</u>	<u>1994</u>
	£	£
Trade creditors	873,271	275,165
Bills of exchange payable	-	262,456
Amounts due to group undertakings	3,520,537	4,119,648
Other creditors	4,230	2,898
Corporation tax payable	-	190,335
Other taxation and social security	28,187	17,596
Accruals and deferred income	968,028	1,319,692
	<hr/>	<hr/>
	5,394,253	6,187,790
	<hr/>	<hr/>

LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

14 PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1995</u>	<u>1994</u>
	£	£
Deferred taxation:		
Accelerated capital allowances	48,000	12,000
Other	(48,000)	-
	<hr/>	<hr/>
	-	12,000
	<hr/>	<hr/>

The amount of the deferred tax asset not recognised above, which relates to other timing differences is £48,000 (1994: £215,000).

Movements on the provision during the year were as follows:

	Deferred taxation £
At 1 January 1995	12,000
Credit to profit and loss account	(12,000)
	<hr/>
At 31 December 1995	-
	<hr/>

15 CALLED UP SHARE CAPITAL

	<u>1995</u>	<u>1994</u>
	£	£
Authorised, allotted and fully paid:		
250,000 Ordinary shares of £1 each	250,000	250,000
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LINATEX LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 1995 (CONTINUED)

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Called up share capital	Profit and loss account	Total Shareholders' Funds	
	£	£	1995 £	1994 £
At 1 January	250,000	6,266,500	6,516,500	4,940,624
Profit for the financial year	-	297,739	297,739	1,575,876
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December	250,000	6,564,239	6,814,239	6,516,500
	<hr/>	<hr/>	<hr/>	<hr/>

17 PENSION COMMITMENTS

The company participates in the Harrisons & Crosfield Group Pension Scheme. The scheme is of the defined benefit type providing benefits to certain employees within the Harrisons & Crosfield Group, the assets of which are held separately from the group assets.

The latest actuarial valuation of this scheme was carried out at 30 September 1994. Details of this valuation are contained in the 1994 Annual Report and Accounts of Harrisons & Crosfield plc. The pension cost for the year is shown in Note 4 to the accounts.

18 OPERATING LEASE COMMITMENTS

Obligations under non-cancellable operating leases payable within one year are in respect of leases expiring as follows:

	1995			1994		
	Land and buildings	Plant and machinery	Total	Land and buildings	Plant and machinery	Total
	£	£	£	£	£	£
Within one year	65,000	35,377	100,377	255,000	13,374	268,374
Between two and five years	-	30,478	30,478	-	50,080	50,080
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	65,000	65,855	130,855	255,000	63,454	318,454
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

19 PARENT COMPANY

The company's immediate and ultimate parent company is Harrisons & Crosfield plc, which is incorporated in England.

Copies of the Group Financial statements for Harrisons & Crosfield plc can be obtained from the Secretary at One Great Tower Street, London, EC3R 5AH.