

Report of the auditors to the directors of Twinaplate Limited under Section 247B to the Companies Act 1985

We have examined the abbreviated financial statements on pages 2 to 5 together with the annual financial statements of Twinaplate Limited for the year ended 31 December 1997.

Respective responsibilities of directors and auditors

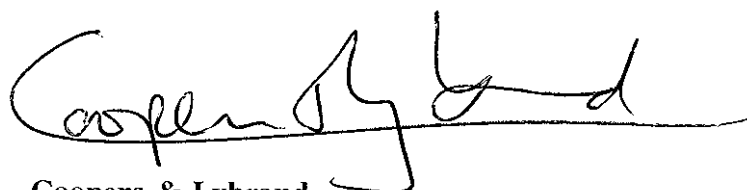
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of and Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements to be delivered are properly prepared in accordance with those provisions.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Plymouth
2 June 1998



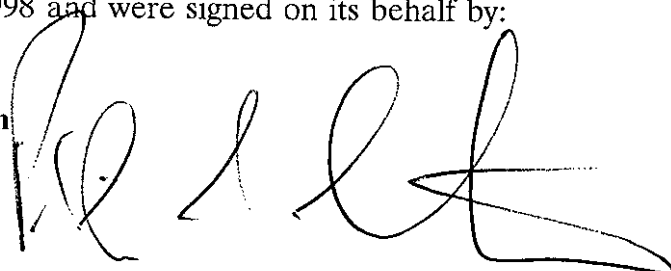
**Balance sheet
at 31 December 1997**

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets		423,543	468,776
Investments		50,000	50,000
		<u>473,543</u>	<u>518,776</u>
Current assets			
Stocks		269,241	175,833
Debtors		1,299,680	696,573
Cash at bank and in hand		160,538	315,343
		<u>1,729,459</u>	<u>1,187,749</u>
Creditors: amounts falling due within one year		<u>544,790</u>	<u>485,147</u>
Net current assets		<u>1,174,669</u>	<u>702,602</u>
Total assets less current liabilities		<u>1,648,212</u>	<u>1,221,378</u>
Provisions for liabilities and charges		<u>39,997</u>	<u>31,549</u>
Net assets		<u>1,608,215</u>	<u>1,189,829</u>
Capital and reserves			
Called up share capital	3	100,000	100,000
Revaluation reserve		82,973	82,973
Profit and loss account		1,425,242	1,006,856
Equity shareholders' funds		<u>1,608,215</u>	<u>1,189,829</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 2 to 5 were approved by the board of directors on 16 April 1998 and were signed on its behalf by:

P G Martin
Director



Notes to the financial statements for the year ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified for the revaluation of freehold land and buildings.

Group accounts

Group accounts have not been prepared as the group is entitled to the exemption conferred by Section 248 of the Companies Act 1985. Therefore these accounts present information about the company as an individual undertaking and not about its group.

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation) has been calculated on the liability method. Deferred tax is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

Foreign currency

Transactions in foreign currencies are recorded at the actual exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities have been translated at the rates prevailing at the balance sheet date. Any gain or losses arising from changes in exchange rates subsequent to the dates of the transaction are reported as exchange gains or losses in the profit and loss account.

Turnover

Turnover represents the sales value of goods sold and services provided in the normal course of business and excludes Value Added Tax.

Stock

Stock is stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Twinaplate Limited

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold land and buildings	2
Plant and machinery	10-20
Motor vehicles	20-25
Office furniture and equipment	15-33
Tools	33

Lease and hire purchase transactions

Fixed assets acquired under hire purchase contracts and finance leases are capitalised and depreciated over their expected useful lives. The interest element is charged to the profit and loss account on a straight line basis over the term of the contract. Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Development expenditure

Expenditure on development is written off in the year in which it is incurred.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 'Cash flow Statements', and therefore no such statement has been produced.

2 Contingent liability

On 20 March 1995, the company entered into a guarantee and debenture (incorporating fixed and floating charges over all of the assets and undertaking of the company) in favour of the Bank of Scotland ('the Bank') to secure the repayment of all sums due to the Bank by the company's parent and fellow subsidiaries. These borrowings included a term loan facility of £1,800,000 (plus interest and costs) provided by the Bank to the company's parent.

3 Called up share capital

	1997 £	1996 £
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
	<u><u> </u></u>	<u><u> </u></u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100,000	100,000
	<u><u> </u></u>	<u><u> </u></u>