



DOEFLEX MANUFACTURES SPECIALIST PLASTIC MATERIALS ON 5 SEPARATE SITES IN THE UK AND IN CONTINENTAL EUROPE AND EMPLOYS ABOUT 250 PEOPLE.

THESE MATERIALS ARE MADE ON COMPLEX EQUIPMENT TO DEMANDING TECHNICAL SPECIFICATIONS FOR A WIDE VARIETY OF MARKETS.

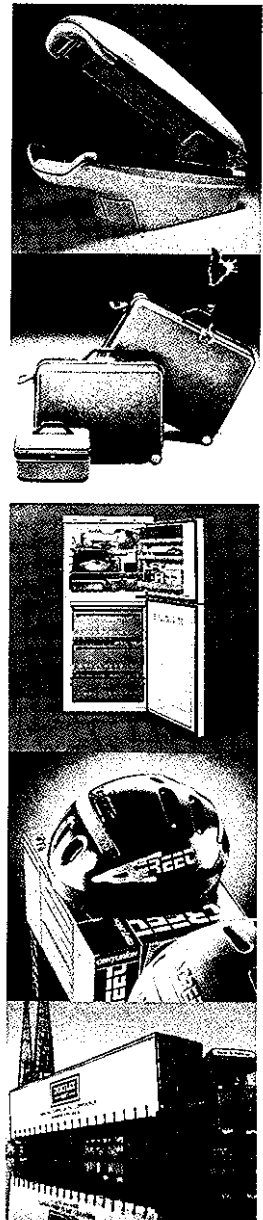
DOEFLEX PARTICIPATES IN THOSE MARKETS WHERE IT HAS, OR CAN OBTAIN, A CLEAR COMPETITIVE ADVANTAGE AND WHERE THERE ARE ATTRACTIVE GROWTH OPPORTUNITIES.

THE COMPANY'S OBJECTIVE IS TO PRODUCE A CONSISTENT AND WELL ABOVE AVERAGE GROWTH IN DIVIDENDS AND EARNINGS PER SHARE, PRIMARILY THROUGH ORGANIC GROWTH BUT ALSO BY MEANS OF STRATEGIC ACQUISITIONS



The binder for these accounts utilises *Doeflex Polypro* - a typical example of a material developed for a specialist application. It is a very durable product with excellent printing characteristics.

The photographs incorporated in these accounts illustrate some of the many products produced by our customers from Doeflex materials.



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FINANCIAL CALENDAR, SECRETARY AND ADVISORS

ANNOUNCEMENT OF RESULTS

Half Year	3 October 1994
Year	13 March 1995
Accounts posted	28 April 1995
Annual General Meeting	26 May 1995

DIVIDEND PAYMENTS

Interim	22 November 1994
Final	31 May 1995

SECRETARY AND REGISTERED OFFICE

W A Trendell FCCA, BSc	56 Holmethorpe Avenue, Redhill, Surrey RH1 2NR
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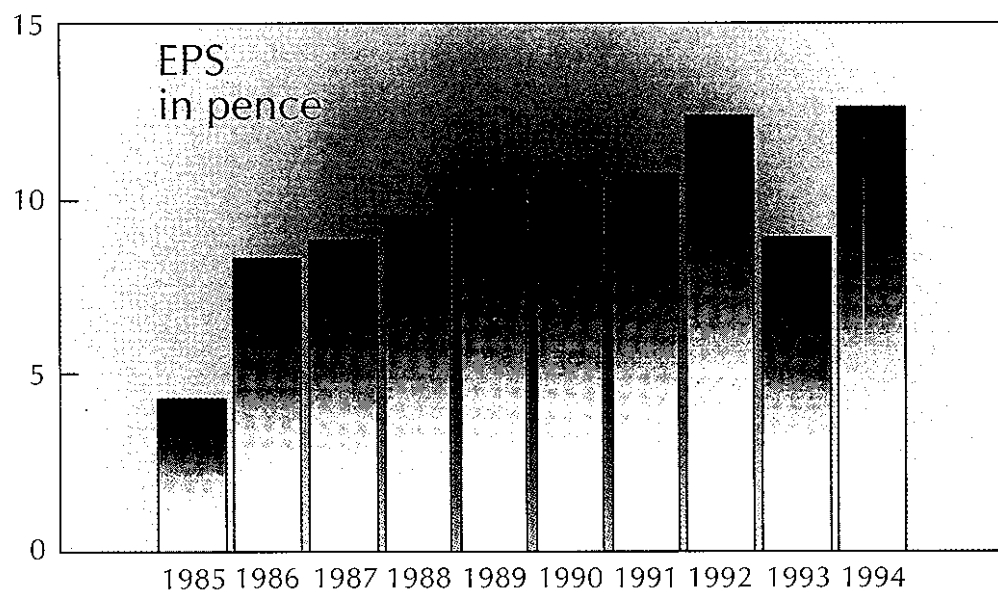
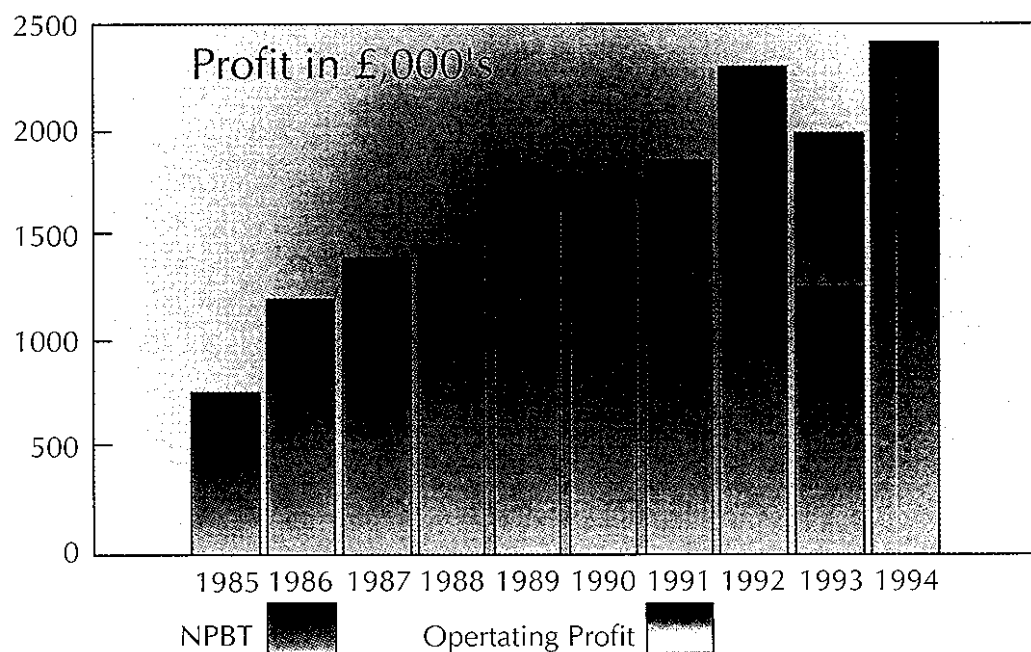
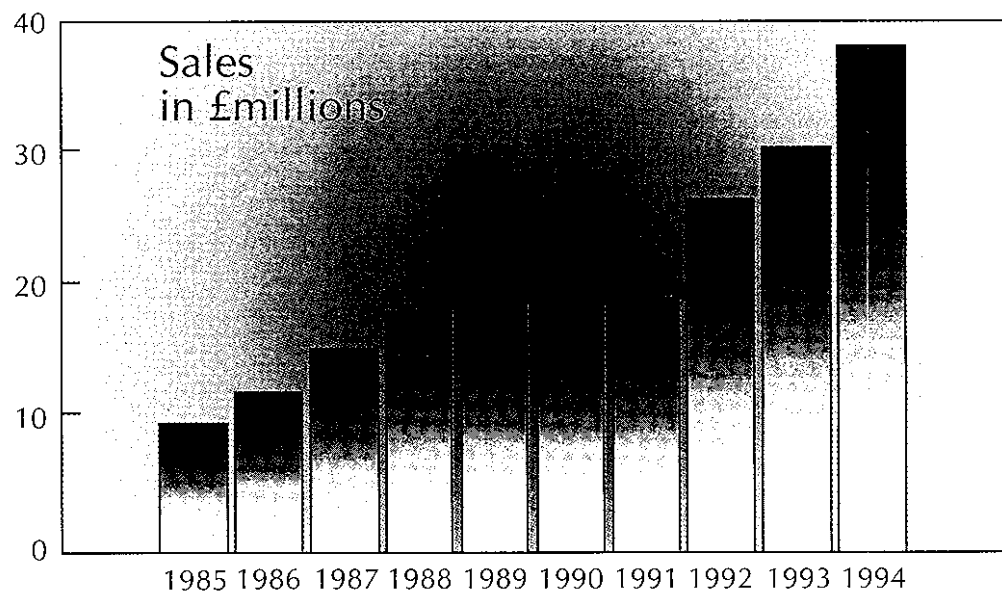
ADVISORS

Brokers:	Panmure Gordon & Co Ltd New Broad Street House 35 New Broad Street London EC2M 1NH
Merchant Bank:	Lazard Brothers 21 Moorfields London EC2P 2HT
Auditors:	Ernst & Young, Chartered Accountants Rolls House, 7 Rolls Buildings Fetter Lane, London EC4A 1NH
Legal Advisors:	Lawrence Graham 190 Strand, London WC2R 1JN
Principal Bankers:	Barclays Bank PLC Birmingham Colmore Row Group P O Box 34, 15 Colmore Row Birmingham B3 2BY
Registrars:	Northern Registrars Ltd Northern House Penistone Road, Fenay Bridge Huddersfield HD8 0LA
Taxation Advisors:	Chiltern Financial Services PLC 90 Tottenham Court Road London W1P 0AA



TEN YEAR RECORD

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SUMMARY

FINANCIAL HIGHLIGHTS

	1994	1993	Annual Growth %
Turnover (£'000)	37,975	29,927	+ 27%
Operating Profit (£'000)	2,396	1,976	+ 21%
Profit before Tax (£'000)	1,819	1,224	+ 49%
Earnings per Share (pence)	12.5	8.8	+ 42%
Dividends per Share (pence)	5.3	4.6	+ 15%
Debt/Equity	72%	86%	

OPERATIONAL HIGHLIGHTS



PROFITS BEFORE TAX UP 49%

Both Iridon and Horizon making profits from Qtr 4 1994.



LARGE RAW MATERIAL PRICE RISES SUBSTANTIALY RECOVERED



RECORD EARNINGS PER SHARE



BRITISH COUNCIL 5 STAR SAFETY AWARD PRESENTED TO COMPOUNDING DIVISION



FURTHER CAPACITY INCREASES

Horizon up 40%

Compounding up 20%



RECORD ORDER INTAKE IN 1995



BOARD OF DIRECTORS

RICHARD BICKERTON FCA, MBA

*(Chairman) **

Richard Bickerton acquired an MBA at Columbia University, New York. He was deputy managing director of Batchelor Holdings Limited before leaving that company in February 1980 as part of the management buy-out of Doeflex Limited.

COLIN ECCLES FPRI

(Managing Director)

Colin Eccles joined Doeflex in 1966 from Monsanto Chemicals Limited and was appointed a Director in 1972. He is responsible for the Thermoplastic Sheet Division.

THOMAS DURKIN

(Managing Director)

Tom Durkin joined Doeflex in 1968 and was appointed a Director in 1984. He is responsible for the Compounding Division.

WILLIAM TRENDALL FCCA, BSc

(Finance Director)

Bill Trendell joined Doeflex in 1989 from BTR PLC where he had worked for 8 years. He was appointed a Director in 1990.

JEREMY FRANCIS

*(Non-Executive) ***

Jeremy Francis was legal and property director and company secretary of The Gateway Corporation PLC prior to their take over in 1989. He has extensive experience in dealing with acquisitions, trademarks, patents, insurance and property matters. He was appointed a non-executive Director in 1987. He is Chairman of the Audit Committee.

KENNETH ROBINSON

*(Non-Executive) ***

Ken Robinson spent the majority of his career with Evode and has over 30 years' experience in the plastics industry. He was a director of Mosaic PLC and is now Managing Director and majority shareholder of Channel Creasing Matrix Limited. He is Chairman of the Remuneration Committee.

* *Member of Audit Committee*

** *Member of Audit and Remuneration Committee*

CORPORATE GOVERNANCE

The Board of Directors, comprising four executive and two non-executive directors, meets at least once every two months. The Board is responsible, inter alia, for: overall Group strategy, financing arrangements; acquisitions and divestments; approval of an annually updated strategic plan; approval of the annual budget; major capital expenditure projects; risk management and treasury policies and the establishment and monitoring of internal controls. At each meeting, it reviews the progress of the Group towards its objectives, particularly in respect of development projects and monitors financial performance against budget.

BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee is chaired by J J F Francis with K J Robinson and R H C Bickerton as members with W A Trendell in attendance as requested. It monitors the adequacy of the Group's internal controls, accounting policies and financial reporting and provides a forum through which the Group's external audit function reports to the Board of Directors. The Committee meets at least once a year with the Group's external auditors in the absence of any executive directors. The Committee also reviews the Company's annual accounts and interim reports prior to their submission for approval by the full Board.

REMUNERATION COMMITTEE

The Remuneration Committee is made up entirely of non-executive directors of the company and is chaired by K J Robinson. J J F Francis is the other member with RHC Bickerton in attendance as requested. The main responsibilities of the Committee are:

- a) to approve the overall, annual salary increases for the Group.
- b) to make recommendations to the full Board on the levels of benefit and remuneration for executive directors and to approve any service contracts for directors; and
- c) to approve the grant of any options under the Company's share option scheme.



1994 CHAIRMAN'S STATEMENT

RESULTS FOR 1994

I am pleased to be able to report record results in terms of sales, profits and EPS.

Pre-tax profits for 1994 were almost 50% ahead of the corresponding period of last year at £1.82m (£1.22m) and earnings per share were over 40% up at 12.5p (8.8p). Sales were 27% ahead at £38m (£30m) with operating profits 21% ahead.

TRADING RESULTS

COMPOUND DIVISION

In a generally improved market we have continued to increase our share of targeted market sectors. Sales were £18m, up 39% (following a 16% increase last year). Market growth is being driven by a proliferation of new PVC based products for building and DIY applications; the growth of our share by a continuous programme of investment in sophisticated equipment, consistent quality and service and by a powerful sales force.

In 1993, the Board authorised an important investment project including new capacity costing almost £1m. This was completed on time in the fourth quarter of 1994, perfectly timed to satisfy the continuing market growth which we are experiencing in 1995.

THERMOPLASTIC SHEET DIVISION

Sales increased by 18% to £20m (£17m). Our Redhill factory continued to operate outstandingly well and a fine performance from Iridon, our business in St. Albans, helped push divisional operating profits 57% ahead of 1993.

During most of 1994 Horizon, our subsidiary in Antwerp, remained a significant blemish on divisional performance though losses for the year as a whole were marginally less than those of last year. However, the North European market is now showing strong signs of recovery and the new extrusion line installed in September 1994 has performed outstandingly well. I am very pleased to be able to report that Horizon operated profitably during the last quarter of 1994 and has improved further during the first few weeks of 1995. As I said last year, quality and productivity have been immeasurably improved at Horizon and that message is now beginning to get through to the market.

The establishment of profitable trading, first at Iridon and now at Horizon is an encouraging and important event in the development of the Sheet Division and of Doeflex as a whole.

RAW MATERIAL PRICES

We have seen large increases in our raw material prices over the past 18 months and though in many cases they have only risen to levels prevalent two or three years ago, they continue to rise. Such fluctuations reflect the cyclical nature of our suppliers' business and they are certainly disruptive but they have been largely recovered by increases in our own selling prices.



STRATEGY

As I have emphasised before, Horizon and Iridon were acquired in pursuance of a strategy which recognised the threats as well as the opportunities inherent in the development of the single market.

Our objective was to extend our product range, expand our market reach and reduce costs. These three interrelated goals remain our central purpose in the management of both divisions and we continue to undertake extensive investment to improve productivity in our existing business and to support growth in our existing markets.

PEOPLE

The key factor in producing these results and enhancing longer term growth prospects remains the skill and dedication of all our employees. I thank everyone at Doeflex for their contribution to our continued success.

DEBT

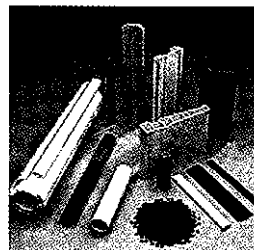
Year end gearing of 72% (86%) reflects the sale and leaseback of our freehold factory in Swindon, Wiltshire and an extensive investment in further capacity and also increased working capital to finance accelerating sales growth.

FUTURE PROSPECTS

The improvement in market conditions remains uneven and sharp raw material price rises continue to disrupt the market but in general, demand looks set for sustained growth and order intake is well ahead of the corresponding period of the previous year.

In the light of the excellent results and the encouraging prospects outlined above, your Board has recommended that a final dividend of 3.7p be paid on 31 May 1995 to shareholders on the register on 24 April 1995. This, taken together with the interim dividend of 1.6p (1993 1.6p) makes a dividend of 5.3p (1993 4.6p) an increase of 15% for the year.

We have made some extensive investments over the last few years to establish ourselves in the markets we wish to penetrate. Our original businesses have continued to perform outstandingly well and now the rapid improvement in the profitability of Iridon and Horizon strengthen my belief that we are on the right track and that we can build a significant business in the years ahead.



OPERATING AND FINANCIAL REVIEW



THERMOPLASTIC COMPOUNDING DIVISION

This division manufactures and sells a range of specialist PVC and polypropylene compounds in granular and powder form used primarily in the profile extrusion process. Our objective is to build a leading position in certain areas of the UK thermoplastic compounding market, a business which represents an important interface between polymer production and the plastics processor.

THE PRODUCTION PROCESS

PVC is a versatile plastic and may be compounded with a variety of additives to make end products which can be as rigid as window frames or as flexible as rubber. The production process involves the blending of a number of additives with PVC polymer, which is converted by a continuous compounding process into homogeneous granules or powder for subsequent processing by other manufacturers. To ensure products of consistent quality, the process requires meticulous attention to formulation and process control.

TURNOVER FOR THE YEAR

Sales were £18.5m (£13.2m), an increase of 40%. Volume growth was 26% representing a useful increase on the 17% volume growth recorded in 1993

HIGHLIGHTS OF THE YEAR

The two outstanding features of the year were the strong growth in sales volume and the sharp increases in raw material prices. Both of these trends have been commented on in the Chairman's Statement but to maintain margins in a year of such great instability is a fine effort by the management team of Doeflex Vinyl.

During the year, significant extra capacity was brought on stream on time and within budget. The investment was designed to secure access to a new specialist area of the market. Initial product trials are very encouraging.

Management systems and the accounting function generally were extensively reorganised. Our goal is to further improve what are already very effective systems for stock control and material usage.

Further capacity was commissioned and a series of productivity improvements were introduced which together are expected to improve efficiency in our successful small lot, fast response colour service business.

New products designed for carefully chosen areas of the window market were introduced and were very successful in the market place.

In 1994, the division was presented with the British Council 5 Star Safety Award. This was a fine achievement reflecting, as it does, outstanding management and control over a critical part of our activities.

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THERMOPLASTIC SHEET DIVISION

This Division manufactures and sells a range of materials in the form of rigid sheet on three separate sites. Our objective is to build a leading position in certain areas of the European rigid sheet market.

In pursuance of this goal, Doeflex acquired the Iridon division of the Lawson Mardon Group in St. Albans and Horizon Industries N.V. in Antwerp in 1992.

The Thermoplastic Sheet Division operates closer to a service business than a manufacturing one. We operate large and expensive equipment but our competitive advantage lies in a carefully developed management system designed to provide customers with flexibility and service by the timely provision of consistent products tailor-made to individual applications.

THE PRODUCTION PROCESS

The Division provides a number of different types of sheet materials to a wide range of industries. The more specialist markets demand particular properties from the sheet in terms of its ability to resist heat, chemical corrosion or stress. The production process involves the blending and melting of thermoplastics with a variety of additives under carefully controlled conditions at very high pressure to provide a range of flat sheet and rolled material in thickness from 0.3 mm to 12 mm in a diversity of widths and finishes.

TURNOVER FOR THE YEAR

Sales were £19.7m (1993 £16.7m) an increase of 18%. Volume growth was 16%.

DOEFLEX INDUSTRIES (*Redhill*)

Following the transfer of four key managers to Iridon and Horizon and the subsequent promotion and recruitment of a new team, 1994 was a year for consolidation. Even so, profits, sales and productivity improved and service levels remained outstanding. A fine achievement by Paul Gillen and his new management team.

IRIDON (*St Albans*)

Iridon had an exceptionally successful year, the culmination of two years of intensive effort by Stephen Ratcliffe to reorganise all aspects of Iridon's operations following acquisition in 1992.

We now expect steady growth of sales and profits at Iridon and though we need to work hard to rebuild Iridon's market share, it is very reassuring to report that all the short term goals we set at the time of acquisition have now been achieved.

HORIZON (*Antwerp*)

We recorded significant losses in 1994, but by the beginning of the last quarter the position had been transformed. A combination of sharply improved market conditions in Northern Europe, 30% extra capacity and two major new contracts resulted in consistent and steadily improving profits during the last three months of the year and in the first three months of 1995.



REPORT OF THE DIRECTORS

THE DIRECTORS PRESENT THEIR REPORT AND THE ACCOUNTS OF THE COMPANY AND THE GROUP FOR THE YEAR ENDED 31 DECEMBER 1994.

RESULTS AND DIVIDENDS

The group's consolidated net profit for the year after taxation, was £1,322,000 (1993 £928,000)

The directors recommend that a final ordinary dividend of 3.70 pence per share (1993 3.00p) amounting to £398,000 (1993 £318,000) be paid on 31 May 1995 to ordinary shareholders whose names appear in the register at close of business on 24 April 1995.

That dividend together with the interim dividend of 1.60 pence per share (1993 1.60p) already paid will make a total dividend on the ordinary shares of 5.30 pence (1993 4.60p) amounting to £570,000 (1993 £488,000) which leaves a profit for the year of £752,000 (1993 £440,000) to be transferred to the reserves.

PRINCIPAL ACTIVITIES

The principal activities of the group continues to be the processing of thermoplastic materials. Further details of these activities are described in the statement by the chairman and in the review of operations which appear on pages 8 to 11.

DIRECTORS

The present directors of the company are shown on page 6. Mr J.J.F. Francis, who has no service contract, retires by rotation at the company's Annual General Meeting on 26 May 1995 and being eligible offers himself for re-election.

No contracts apart from service contracts, in which any director was materially interested and which were significant in relation to the company's business and that of its subsidiary undertakings, subsisted at the end or during the financial year.

The interests in the shares in the company of the persons who were directors of the company on 31 December 1994 were as follows:

FULLY PAID ORDINARY SHARES OF 10P EACH

	Holding at 31 December 1994			Holding at 31 December 1993		
	Beneficial Interest	Other Interest	Options	Beneficial Interest	Other Interest	Options
R.H.C. Bickerton	1,127,732	1,669,934	-	2,310,000	594,934	-
C. Eccles	197,500	590,370	-	197,500	590,370	-
T.F. Durkin	138,097	20,370	7,500	120,097	370	157,500
W.A. Trendell	-	1,176	52,500	-	1,176	37,500
J.J.F. Francis	-	-	-	-	-	-
K.J. Robinson	-	-	-	-	-	-

To date there has been no change to the information shown above.

No director held any beneficial interest in shares or debentures of any other group company.

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FIXED ASSETS

Changes in the fixed assets of the group are disclosed on page 24 and the company on page 30.

The directors are satisfied that the market value of the group's properties was not materially different from the amounts at which they are included in the accounts.

SUBSTANTIAL INTERESTS

According to the register maintained under the Companies Act 1985 the following, other than directors, had notified an interest in 3 per cent or more of the voting share capital of the company at 31 March 1995.

	Ordinary shares	Per Cent
Edinburgh Fund Managers PLC	1,181,022	10.98%
The Throgmorton Trust PLC	1,000,000	9.30%
Premium Life Investment Services Limited	770,464	7.16%
M.N.Richardson and M.C.Gowar	350,000	3.25%
Friends Provident Ethical Investment Trust PLC	330,000	3.07%

CLOSE COMPANY PROVISIONS

The directors are satisfied that the company is not a close company in terms of the Income and Corporation Taxes Act 1970.

SHARE OPTION SCHEME

Options to subscribe for a total of 204,500 ordinary shares of 10p each were offered and accepted by employees of the group under the provisions of the company's share option scheme approved by special resolution on 22 April 1987, and by the Inland Revenue under Finance Act 1984(as amended) on 8 June 1987.

HEALTH, SAFETY AND WELFARE

The established overall policies and objectives of the group in employee health, safety and welfare matters continue to be under the regular and close scrutiny of the directors.

EMPLOYMENT OF DISABLED PERSONS

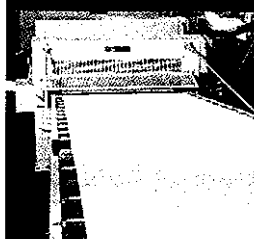
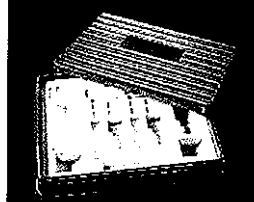
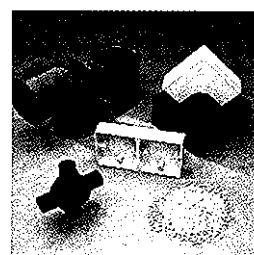
It is the policy of the group to give full and fair consideration to applications for employment which are received from disabled persons, having regard to their particular aptitudes and abilities.

RESEARCH AND DEVELOPMENT

The company has undertaken significant expenditure in the development of new products, a policy which will continue in the future.

EMPLOYEE INVOLVEMENT

The group's policy is to keep employees informed on matters of concern to them as employees and to encourage employee involvement. This policy is implemented primarily on a divisional rather than a group basis.



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SPECIAL BUSINESS

The special business to be dealt with at the company's Annual General Meeting is set out in Resolution 5 in the notice of meeting on page 31. Adoption of the resolution will enable the directors during the current year to issue new shares (other than by way of bonus issue) equivalent to 5% of the existing issued share capital of the company without further approval of the shareholders.

LIABILITY INSURANCE FOR COMPANY OFFICERS

During the year the company purchased and maintained liability insurance for its directors and officers as permitted by section 310(3) of the Companies Act 1985.

CORPORATE GOVERNANCE

The Directors have reviewed the Report of the Cadbury Committee on the financial aspects of Corporate Governance published in December 1992. The Directors are required to report the extent to which the company has complied during the year with the recommendations set out in the Code of Best Practice.

As stated in the 1993 Annual Report the company's chairman, Mr R.H.C. Bickerton, relinquished his position as Chief Executive on 18 March 1994. In addition, the recommendation in Paragraph 1.5 of the Code that there should be an agreed procedure for directors to take independent legal advice was introduced on 25 November 1994.

Other than as stated above, and with the exception of paragraph 4.3, which recommends that the board should establish an audit committee of at least three non-executive directors, the Board considers that the company has complied with the operative provisions of the Code throughout the year.

In respect of the provisions of Paragraph 4.3, the board is satisfied that the two non-executive directors comprise a strong and independent element on the board and, as such, their views carry significant weight in the board's decisions.

After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

The company's auditors, Ernst & Young, have confirmed that, in their opinion, with respect to the directors' statement on going concern above, the directors have provided the disclosures required by paragraph 4.6 of the Code (as supplemented by the related guidance for directors) and this statement is not inconsistent with the information of which they are aware from their audit work on the accounts; and the directors' other statements above appropriately reflect the company's compliance with the other paragraphs of the Code specified for their review. They are not required to perform the additional work necessary to, and did not, express any opinion on its corporate governance procedures nor the ability of the company to continue in operational existence.

AUDITORS

A resolution to re-appoint Ernst & Young as auditors and for their remuneration to be fixed by the directors will be proposed at the Annual General Meeting.

By Order of the Board


W A Trendell

Secretary

31 March 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

DOEFLEX

select suitable accounting policies and then apply them consistently;

DOEFLEX

make judgements and estimates that are reasonable and prudent;

DOEFLEX

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and

DOEFLEX

prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the accounts comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS

To the members of Doeflex PLC

We have audited the accounts on pages 16 to 30, which have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and on the basis of the accounting policies set out on pages 19 and 20.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described above the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

OPINION

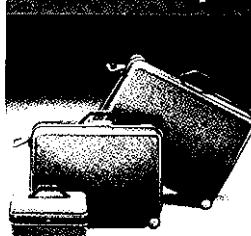
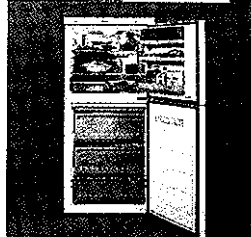
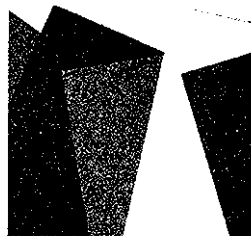
In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ERNST & YOUNG

Ernst & Young

London 31 March 1995

Chartered Accountants
Registered Auditor



GROUP PROFIT AND LOSS ACCOUNT

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for the year ended 31 December 1994

	1994	1993
Notes	£'000	£'000
1 Turnover	37,975	29,927
2 Operating Profit	2,396	1,976
5 Interest	<u>577</u>	<u>752</u>
Profit on ordinary activities before taxation	1,819	1,224
6 Tax on profit on ordinary activities	<u>497</u>	<u>296</u>
Profit on ordinary activities after taxation	1,322	928
7 Dividends	570	488
Retained profit for the year	<u>752</u>	<u>440</u>
8 Earnings per 10p ordinary share(pence)	12.45p	8.83p

A statement on the movement on reserves is given in note 16.

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 1994

	1994	1993
	£'000	£'000
Profits attributable to ordinary shareholders	1,322	928
16 Exchange differences on foreign net investments	(35)	(39)
Total recognised gains and losses relating to the year	<u>1,287</u>	<u>889</u>

The notes on pages 19 to 28 form part of the accounts.

GROUP BALANCE SHEET

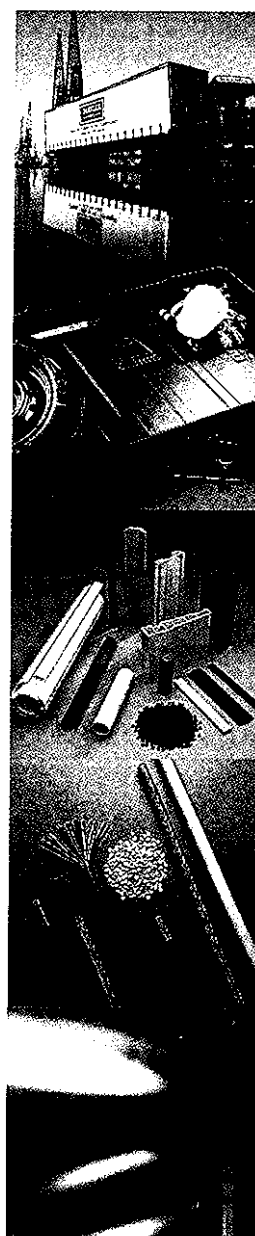
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at 31 December 1994

	1994	1993
Notes	£'000	£'000
Fixed Assets		
9 Tangible Assets	10,712	11,049
Current Assets		
10 Stocks	5,330	4,201
11 Debtors	10,284	8,231
	<u>15,614</u>	<u>12,432</u>
12 Creditors-due within one year		
Bank and other borrowings	2,427	2,677
Other Creditors	10,830	8,323
	<u>13,257</u>	<u>11,000</u>
Net Current Assets	2,357	1,432
Total Assets less Current Liabilities	13,069	12,481
13 Creditors-due after one year	3,796	4,050
Provisions for Liabilities and Charges		
14 Deferred taxation	653	589
	<u>8,620</u>	<u>7,842</u>
Financed by:		
Capital and Reserves		
15 Called up Share Capital	1,076	1,059
16 Share Premium	3,335	3,207
16 Revaluation Reserves	1,127	1,139
16 Profit and Loss Account	3,082	2,437
17 Shareholders' Funds	<u>8,620</u>	<u>7,842</u>
R.H. C. Bickerton	W.A. Trendell	
Director	Director	

The Accounts were approved by the Board of Directors on 31 March 1995.

The notes on pages 19 to 28 form part of the accounts.



GROUP CASHFLOW STATEMENT

for the year ended 31 December 1994

	1994	1994	1993	1993
Notes	£'000	£'000	£'000	£'000
20(i) Net cashflow from operating activities		2,846		2,289
Returns on investments and servicing of finance				
Interest paid	(587)		(785)	
Dividends paid	(490)		(482)	
Net cash outflow from returns on investments and servicing of finance		(1,077)		(1,267)
UK corporation tax paid		(478)		(403)
Investing activities				
Purchases of property, plant and equipment	(2,782)		(1,088)	
Purchase of subsidiary, net of cash acquired	(84)		-	
Proceeds from sale of fixed assets	2,250		34	
Net cash outflow from investing activities		(616)		(1,054)
Net cash inflow/(outflow) before financing		675		(435)
Financing				
20(v) Proceeds from new borrowings	(984)		(1,837)	
20(v) Proceeds from new leases	-		(263)	
20(v) Principal repayments of finance lease	29		79	
20(v) Repayments of borrowings	739		1,046	
20(iv) Proceeds from sale of shares for cash	(145)		(184)	
Net cash inflow from financing		(361)		(1,159)
20(iii) Increase in cash and cash equivalents		1,036		724
		675		(435)

ACCOUNTING POLICIES



(I) ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain freehold land and buildings, and in accordance with applicable accounting standards.

(II) BASIS OF CONSOLIDATION

The group accounts consolidate the accounts of Doeflex PLC and all its subsidiary undertakings which are all made up to 31 December each year. The group profit and loss account includes the results of all subsidiary undertakings for the period from 1 January 1994 or from the date of acquisition if later. No profit and loss account is presented for Doeflex PLC as permitted by S.230 of the Companies Act 1985.

(III) GOODWILL

Purchased goodwill arising on the acquisition of a subsidiary undertaking, representing the difference between the fair value of the net assets acquired and the consideration given, is set off directly against the revenue reserves.

(IV) DEPRECIATION

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	- over 50 years
Leasehold land and buildings	- over the lease term
Plant and machinery	- over 5 to 10 years
Fixtures and fittings	- over 10 years
Motor vehicles	- over 4 to 5 years

(V) STOCK VALUATION

Stocks are stated at the lower of cost and net realisable value as follows:

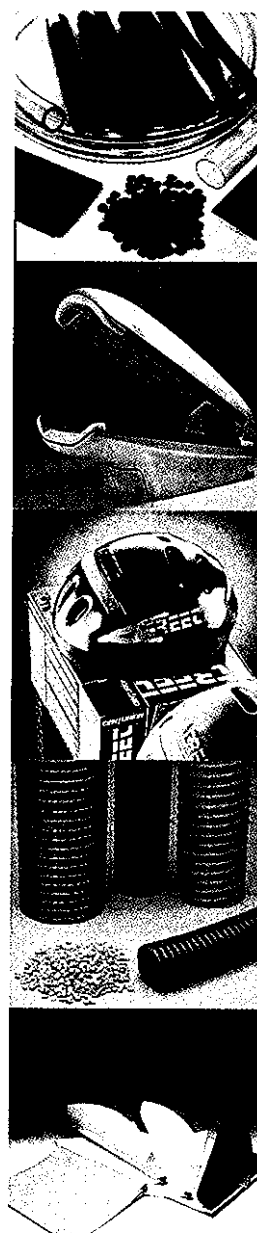
Cost incurred in bringing each product to its present location and condition.

Raw materials	- purchase cost on a first-in first-out basis
Finished goods	- cost of direct materials and labour plus attributable overheads based on normal level activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred.

(VI) DEFERRED TAXATION

Deferred taxation is provided on the liability method on all timing differences except for those which are not expected to reverse in the future, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.



(VII) FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date, except where a hedge exists in which case the contract rate is used. Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions.

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange difference on the carrying amount of the related investments.

(VIII) RESEARCH AND DEVELOPMENT

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can be foreseen with reasonable assurance. Any expenditure carried forward is amortised over its useful life and classified as an intangible asset.

(IX) LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

(X) PENSION COMMITMENTS

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. All pension contributions made by the group including contributions to individual private pension schemes are charged to income as incurred. There were no outstanding or prepaid contributions at the Balance Sheet Date.

NOTES TO THE ACCOUNTS

.....

1 TURNOVER

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of valued added tax.

The group operates in one area of continuing activity, that of processing of thermoplastic materials.

An analysis of turnover by geographical market is as follows:

	UK		Rest of EC		Rest of World		Total
	1994	1993	1994	1993	1994	1993	1994
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

TURNOVER

Turnover by Destination

Sales to third parties	28,272	22,265	9,012	7,438	691	224	37,975	29,927
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Turnover by origin

Sales to third parties	31,970	25,504	6,005	4,423	-	-	37,975	29,927
------------------------	--------	--------	-------	-------	---	---	--------	--------

PROFIT

Operating Profit	2,196	2,040	200	(64)	-	-	2,396	1,976
------------------	-------	-------	-----	------	---	---	-------	-------

Interest							577	752
----------	--	--	--	--	--	--	-----	-----

Profit on ordinary

activities before taxation							1,819	1,224
----------------------------	--	--	--	--	--	--	-------	-------

NET ASSETS

Net assets by origin	11,281	11,012	3,588	3,586	--		14,869	14,598
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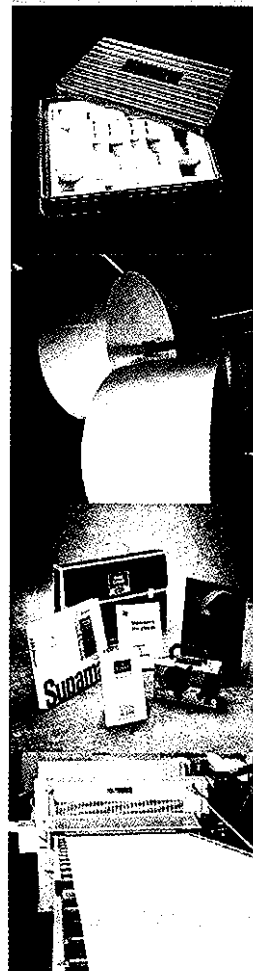
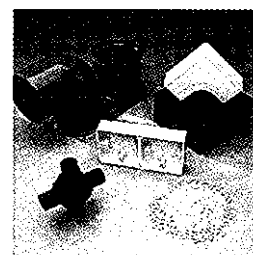
Unallocated liabilities							(6,249)	(6,756)
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Total Assets							8,620	7,842
--------------	--	--	--	--	--	--	-------	-------

Unallocated liabilities comprise bank overdrafts, bank loans & finance leases.

2 OPERATING PROFIT

	1994	1993
	Group	Group
	£'000	£'000
Turnover	37,975	29,927
Cost of Sales	28,308	21,653
Gross Profit	9,667	8,274
Distribution costs	1,243	1,017
Administration costs	6,028	5,281
Operating profit	2,396	1,976
Operating profit is stated after charging:		
Depreciation	1,177	1,147
Gain on disposal of fixed assets	103	3
Operating leases		
-buildings	284	122
-plant and machinery	245	251
Auditors' remuneration		
-audit services	40	36
-non audit services	6	2
Directors' emoluments including fees of £20,000(1993 £16,000)	440	339



3 STAFF COSTS

	1994 Number	1993 Number
Average number of employees by division:		
Thermoplastic sheet	164	153
Compounds	82	76
Head office	5	6
	<u>251</u>	<u>235</u>

	1994 £'000	1993 £'000
Employees costs		
Wages and salaries	5,133	4,412
Social security costs	782	702
Other pension costs	132	101
	<u>6,047</u>	<u>5,215</u>

4 DIRECTORS' REMUNERATION

	1994 £'000	1993 £'000
Fees	20	16
Other emoluments including pension contributions		
basic salaries	290	282
benefits	25	24
performance related bonuses	73	-
pension contributions	34	17
	<u>442</u>	<u>339</u>

The performance related bonuses are calculated based on a fixed formula measuring the real growth in earnings per share and divisional profits over the average of the previous three years and the achievement of budgets.

	1994 Chairman & Highest-paid Director £	1993 Chairman & Highest-paid Director £
Salary	84,760	82,400
Benefits	6,814	7,871
Performance related bonuses	<u>25,930</u>	<u>-</u>
	117,504	90,271
Pensions	<u>11,217</u>	<u>4,963</u>
	<u>128,721</u>	<u>95,234</u>

Number of Directors within ranges excluding pension contributions.

	Number	Number
£5,001-£10,000	1	2
£10,001-£15,000	1	-
£50,001-£55,000	-	1
£70,001-£75,000	1	-
£80,001-£85,000	1	2
£90,001-£95,000	-	1
£110,001-£115,000	1	-
£115,001-£120,000	1	-

DIRECTORS' SHARE OPTIONS

Direectors	NUMBER OF OPTIONS				Exersise Price	Date from which exercisable
	at 1/1/94	DURING YEAR		at 31/12/94		
		Granted	Exercised			
T F Durkin	150,000	-	150,000	-	88p	-
	7,500	-	-	7,500	81p	21/4/95
W A Trendell	30,000	-	-	30,000	74p	9/5/93
	7,500	-	-	7,500	81p	21/4/95
	-	15,000	-	15,000	118p	25/10/97

The market price of the shares at 31 December 1994 was 132p and the range during 1994 was 95p to 143p.

5 INTEREST PAYABLE

	1994 £'000	1993 £'000
Bank loans and overdraft		
-wholly repayable within five years	303	447
-not wholly repayable within five years	239	289
Finance leases	35	16
	<u>577</u>	<u>752</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The group taxation charge comprises:

	1994 £'000	1993 £'000
Based on the profit for the year:		
Corporation tax at an effective rate of 33% (1993 33%)	421	510
Prior year adjustment	(9)	(34)
Deferred taxation	85	(180)
	<u>497</u>	<u>296</u>

7 DIVIDENDS

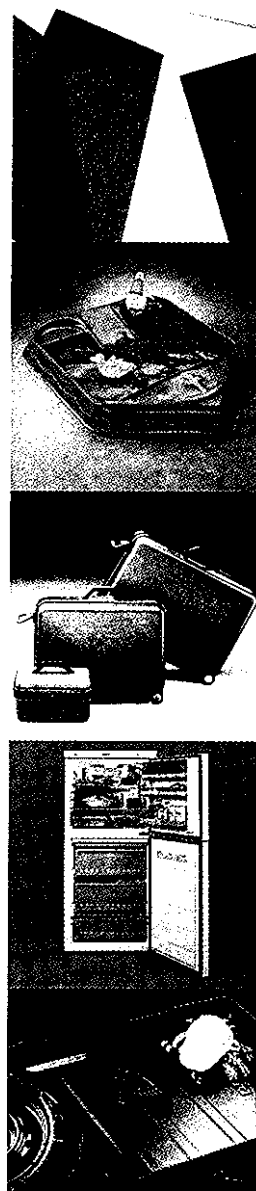
	1994 £'000	1993 £'000
Ordinary -interim paid	172	170
-proposed final	398	318
	<u>570</u>	<u>488</u>

8 EARNINGS PER SHARE

Earnings per share have been calculated as follows:

	1994 £'000	1993 £'000
Profit after tax	1,322	928
Ordinary shares	10,620	10,509
Earnings per 10p ordinary share	12.45p	8.83p

The calculation of earnings per ordinary share is based on 10,619,728 ordinary shares, being the weighted average number of ordinary shares in issue during the year(1993 10,508,936)



9 TANGIBLE FIXED ASSETS

	Land and Buildings £'000	Plant and Machinery £'000	Fixtures and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost or valuation					
At 1 January 1994	6,043	9,749	461	626	16,879
Currency fluctuations	99	144	10	6	259
Additions	49	2,321	108	304	2,782
Disposals	(2,100)	(460)	(47)	(172)	(2,779)
At 31 December 1994	<u>4,091</u>	<u>11,754</u>	<u>532</u>	<u>764</u>	<u>17,141</u>
Depreciation:					
At 1 January 1994	346	4,933	240	311	5,830
Currency fluctuations	2	47	3	2	54
Provided during the year	67	889	64	157	1,177
Disposals	(69)	(405)	(45)	(113)	(632)
At 31 December 1994	<u>346</u>	<u>5,464</u>	<u>262</u>	<u>357</u>	<u>6,429</u>
Net book values:					
At 31 December 1994	<u>3,745</u>	<u>6,290</u>	<u>270</u>	<u>407</u>	<u>10,712</u>
At 1 January 1994	<u>5,697</u>	<u>4,816</u>	<u>221</u>	<u>315</u>	<u>11,049</u>

The freehold property at 42-44 Holmethorpe Avenue was valued on an open market basis for existing use on 19 December 1989. The historical cost of land and buildings at 31 December 1994 was £2,639,000 (1993 £4,732,000) and the related depreciation was £259,000 (1993 £300,000). Deferred tax has not been provided on the revaluation surplus on the basis that there are no plans to sell the property.

The net book value of land and buildings comprises:

	1994 £'000	1993 £'000
Freehold	3,427	5,593
Short Leasehold	318	104
	<u>3,745</u>	<u>5,697</u>

Included in the amounts for plant and machinery above are the following amounts relating to leased assets.

	Cost £'000	Depreciation £'000	Net Book Value £'000
At 1 January 1994	2,113	1,086	1,027
Provided during the year	-	199	(199)
At 31 December 1994	<u>2,113</u>	<u>1,285</u>	<u>828</u>

10 STOCKS

	1994 £'000	1993 £'000
Raw Materials	3,576	2,727
Finished Goods	1,754	1,474
	<u>5,330</u>	<u>4,201</u>

11 DEBTORS

	1994 £'000	1993 £'000
Trade Debtors	9,410	7,451
Other Debtors	636	569
Prepayments and accrued income	238	211
	<u>10,284</u>	<u>8,231</u>

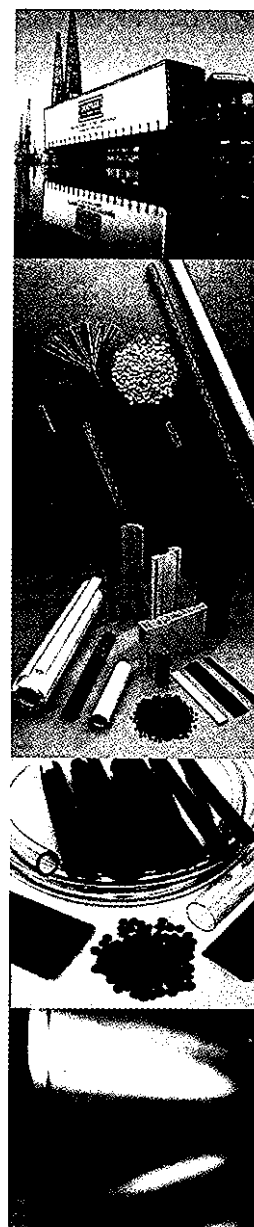
12 CREDITORS

	1994		1993	
	Due within 1 year £'000	Due after 1 year £'000	Due within 1 year £'000	Due after 1 year £'000
Secured bank overdraft	1,030	-	2,031	-
Secured bank loans	1,397	3,582	646	3,812
	<u>2,427</u>	<u>3,582</u>	<u>2,677</u>	<u>3,812</u>
Trade Creditors	8,031	-	6,076	-
Social Security and other taxes	284	-	261	-
UK Taxation payable	441	-	485	-
Other creditors and accruals	1,650	-	1,154	-
Installments on finance leases(note 13)	26	214	29	238
Proposed dividend	398	-	318	-
Other Creditors	<u>10,830</u>	<u>214</u>	<u>8,323</u>	<u>238</u>
Total Creditors	<u>13,257</u>	<u>3,796</u>	<u>11,000</u>	<u>4,050</u>
Due over one and under two years		495		556
Due over two and under five years		1,886		1,565
Due after five years		1,415		1,929
		<u>3,796</u>		<u>4,050</u>

Details of loans not wholly repayable within five years are as follows:

	£'000
Floating rate loan repayable in quarterly installments from 28 November 1996	1,304
Floating rate loan repayable in quarterly installments from 28 February 1994	568
8.9% loan repayable in quarterly installments from 5 March 1995	984
8.1% loan repayable in quarterly installments from 25 August 1989	16

The group's main banker has a fixed and floating charge over the assets of the group.



13 OBLIGATION UNDER LEASES

a) Operating lease commitments

The group's annual aggregate commitments under non-cancellable operating leases were as set out below:

	1994 £'000	1993 £'000
Land and buildings:		
Operating Leases which expire -within 1 year	32	38
-within 2-5 years	38	32
-over five years	448	103
Plant and machinery		
Operating Leases which expire-within 2-5 years	245	251

b) Finance lease commitments

Shown on balance sheet (Note 12)

Current obligations	26	29
Non-current obligations		
-due within 2-5 years	97	95
-due over 5 years	117	143
	<u>240</u>	<u>267</u>

14 DEFERRED TAXATION

The deferred taxation liability calculated comprises:

	1994 £'000	1993 £'000
Capital allowances in advance of depreciation	553	407
Finance lease rentals in advance of depreciation and interest	200	261
	<u>753</u>	<u>668</u>
Less: Advance corporation tax	100	79
	<u>653</u>	<u>589</u>

Deferred tax of £341,000(1993 £352,000) has not been provided on the revalued land and buildings as the directors do not expect to dispose of the relevant property in the foreseeable future.

15 SHARE CAPITAL

	1994 £'000	1993 £'000
Authorised		
14,250,000 ordinary shares of 10p each (1993 14,250,000)	<u>1,425</u>	<u>1,425</u>
Allotted, called up and fully paid		
10,756,526 ordinary shares 10p each (1993 10,591,526)	<u>1,076</u>	<u>1,059</u>

During the year the Company allotted 165,000 ordinary shares having an aggregate nominal value of £16,500 as follows:

150,000 at a premium of £117,000 for the exercise of share options on 28 October 1994.

15,000 at a premium of £9,750 for the exercise of share options on 15 November 1994.

16 RESERVES

	Share Premium Account £'000	Revaluation Reserves £'000	Profit and Loss Account £'000
At 1 January 1994	3,207	1,139	2,437
Currency fluctuations	-	-	(35)
Premium on shares issued	128	-	-
Depreciation transfer	-	(12)	12
Goodwill written off	-	-	(84)
Retained Profit	-	-	752
At 31 December 1994	<u>3,335</u>	<u>1,127</u>	<u>3,082</u>

The goodwill written off relates to deferred consideration for the remaining 50% of Augusta Extrusions Limited acquired in 1992.

Goodwill cumulatively eliminated against reserves to date amounts to £1,605,000 (1993 £1,521,000).

17 RECONCILIATION OF SHAREHOLDERS' FUNDS

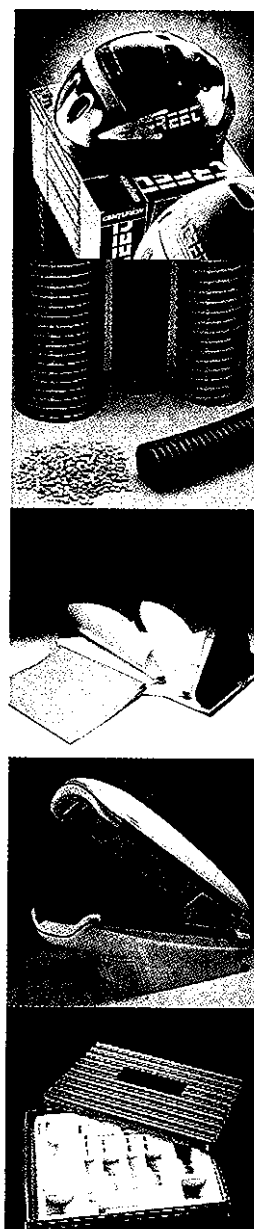
	1994 £'000	1993 £'000
At 1 January 1994	7,842	7,257
Profit for the year	1,322	928
Other recognised gains and losses	(35)	(77)
Dividends	(570)	(488)
Shares issued	17	20
Premium on shares issued	128	202
Goodwill	(84)	-
At 31 December 1994	<u>8,620</u>	<u>7,842</u>

18 CAPITAL COMMITMENTS

	1994 £'000	1993 £'000
Contracted for but not provided in the accounts	782	536
Authorised by the directors but not contracted	317	725
	<u>1,099</u>	<u>1,261</u>

19 CONTINGENT LIABILITIES

At the end of the year, all companies within the Doeflex Group were party to an agreement with its bankers whereby all banking transactions are dealt with through a joint account, and the companies have a joint and several guarantee for the total amount outstanding from time to time.



20 CASH FLOW STATEMENT

(i) Reconciliation of Operating Profit to net cash inflow from Operating Activities

	1994 £'000	1993 £'000
Operating Profit	2,396	1,976
Gain on disposal of fixed assets	(103)	(3)
Depreciation	1,177	1,147
Increase in stocks	(1,092)	(874)
Increase in debtors and prepayments	(1,924)	(936)
Increase in creditors & accruals	2,392	979
Net cashflow from operating activities	<u>2,846</u>	<u>2,289</u>

(ii) Analysis of the balances of cash and cash equivalents

	1994 £'000	1993 £'000
Bank overdraft	(1,030)	(2,031)
	<u>(1,030)</u>	<u>(2,031)</u>

(iii) Analysis of changes in cash and cash equivalents

At 1 January 1994	(2,031)	(2,808)
Net cash inflow	1,036	724
Currency fluctuations	(35)	53
At 31 December 1994	<u>(1,030)</u>	<u>(2,031)</u>

(iv) Analysis of changes in share capital and share premium during the year

	1994 £'000s	1993 £'000s
At 1 January 1994	4,266	4,082
Shares issued for cash	145	222
Cost of shares issued	-	(38)
At 31 December 1994	<u>4,411</u>	<u>4,266</u>

(v) Analysis of changes in loans and lease finance during the year

At 1 January 1994	4,725	3,910
Repayment of loans	(739)	(1,046)
Repayment of finance lease obligations	(29)	(79)
Proceeds of new borrowings	984	1,837
Proceeds of new leases	-	263
Currency fluctuations	278	(160)
At 31 December 1994	<u>5,219</u>	<u>4,725</u>

HOLDING COMPANY BALANCE SHEET AND NOTES

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at 31 December 1994

NOTES

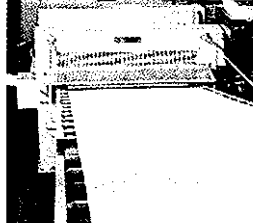
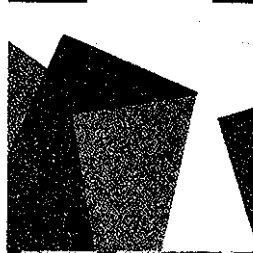
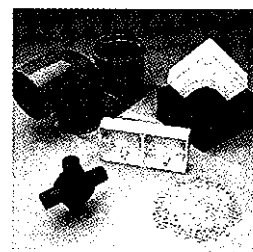
	1994 £'000	1993 £'000
Fixed Assets:		
(i) Tangible assets	63	44
(ii) Investment in subsidiary undertakings	484	484
	<u>547</u>	<u>528</u>
Current assets:		
Cash at bank	2,843	1,715
(iii) Debtors	29	20
-due within one year		
-after one year	2,414	3,443
(iv) Creditors: amounts falling due within one year	837	881
Net current assets	<u>4,449</u>	<u>4,297</u>
Total assets less current liabilities	<u>4,996</u>	<u>4,825</u>
Capital and reserves:		
(v) Called up share capital	1,076	1,059
(vi) Share premium	3,335	3,207
(vi) Profit and loss account	585	559
(vii) Shareholders' Funds	<u>4,996</u>	<u>4,825</u>

W.A. Trendell

W.A. Trendell

31 March 1995

The notes on page 30 form part of these accounts.



(I) TANGIBLE FIXED ASSETS

	Plant and Machinery £'000	Fixtures and fittings £'000	Motor Vehicles £'000	Total £'000
Cost:				
At 1 January 1994	11	43	53	107
Additions	3	-	59	62
Disposals	-	-	(53)	(53)
At 31 December 1994	14	43	59	116
Depreciation:				
At 1 January 1994	6	31	26	63
Provided during the year	2	4	14	20
Disposals	-	-	(30)	(30)
At 31 December 1994	8	35	10	53
Net book value:				
At 31 December 1994	6	8	49	63
Net book value:				
At 1 January 1994	5	12	27	44
(ii) Investment in Subsidiary Undertakings				
Cost:				
At 1 January 1994 and 31 December 1994				628
Amounts provided:				
At 1 January 1994 and 31 December 1994				144
Net Book Value:				
At 1 January 1994 and 31 December 1994				484

The group holds more than 10% of the equity of the following companies. Unless otherwise stated, shares held are ordinary shares and the percentage held is 100%. The country of incorporation is the country of operation. Unless otherwise stated, the nature of the business is processing thermoplastic materials.

Name of Company	Country of operation	
Doelex Industries Limited	UK	
Doelex Properties Limited	UK	
Augusta Extrusions Limited	UK	Property Holding
Polymer International (Agencies) Limited	UK	
*Surfleet (Plastics) Products Limited	UK	Dormant
*Plumtree Plastics Limited	UK	Dormant
*Horizon Industries NV	Belgium	
*Doelex Deutschland GmbH	Germany	

*held by subsidiary undertaking.

(iii) Debtors	1994 £'000	1993 £'000
Amount owed by subsidiary undertakings	2,440	3,448
Other debtors	3	15
	<u>2,443</u>	<u>3,463</u>

Of the total amount owed by subsidiary undertakings, the amount of £2,414,000 (1993 £3,443,000) is receivable after more than one year.

(iv) Creditors: amounts falling due within one year	1994 £'000	1993 £'000
Amount owed to subsidiary undertakings	-	351
Trade Creditors	96	41
Other taxes and social security costs	46	53
Other creditors and accruals	297	118
Proposed dividends	398	318
	<u>837</u>	<u>881</u>

(v) Share Capital
The share capital of the company is as documented in note 15 to the group accounts.

(vi) Reserves		£'000
Share premium		
At 1 January 1994		3,207
Premium on shares issued		128
At 31 December 1994		<u>3,335</u>
Profit and Loss Account		
At 1 January 1994		559
Retained profit for the year		26
At 31 December 1994		<u>585</u>

(vii) Reconciliation of Shareholders' Funds	1994 £'000	1993 £'000
At 1 January 1994	4,825	4,575
Profit for the year	26	66
Other recognised gains and losses	-	(38)
Shares issued	17	20
Premium on shares issued	128	202
At 31 December 1994	<u>4,996</u>	<u>4,825</u>

(viii) Contingent Liabilities

At the end of the year, all UK companies within the Doelex Group were party to an agreement with it bankers whereby all banking transactions are dealt with through a joint account, and the companies have a joint and several guarantee for the total amount outstanding from time to time.

The guarantee is supported by a fixed and floating charge over the assets of the company and each of its subsidiary undertakings.

(ix) Profit

The net profit before tax dealt with in the accounts of the parent company was £560,000 (1993 £554,000)

NOTICE OF MEETING



NOTICE IS HEREBY GIVEN THAT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT 56 HOLMETHORPE AVENUE, REDHILL RH1 2NR ON 26 MAY 1995, AT 12 NOON, FOR THE PURPOSE OF TRANSACTING THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

- 1 To receive the report and the accounts for the year ended 31 December 1994 together with the report of the auditors thereon.
- 2 To declare a final dividend on the ordinary shares of 3.70p per share, in respect of the year ended 31 December 1994, payable on 31 May 1995 to ordinary shareholders of the company on the register of members at the close of business on 24 April 1995.
- 3 To re-elect Mr J.J.E Francis as a director who retires by rotation as a director of the company.
- 4 To re-appoint Ernst & Young to hold office as auditors from the conclusion of the meeting until the conclusion of the next general meeting of the company at which the requirements of Section 241 of the Companies Act 1985 are complied with, and to authorise the directors to fix the remuneration of the auditors.

SPECIAL BUSINESS

- 5 As special business to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution, namely:

"In accordance with Section 95 of the Companies Act 1985 the Directors be and they are hereby empowered until conclusion of the next Annual General Meeting ("the expiry date") to allot equity securities (as defined in Section 94(2) of the Companies Act 1985), pursuant to the authority conferred by paragraph 2.2 of resolution 2 passed at the Extraordinary General Meeting of the company held on 14 August 1992, as if Section 89(1) of the Companies Act 1985 did not apply to such allotments, provided that the power is limited to:

- (i) the allotment of equity securities in connection with a rights issue in favour of the holders of ordinary shares (notwithstanding that by reason of such exclusions as the directors may deem necessary to deal with problems arising in any overseas territory, in connection with fractional entitlements or otherwise howsoever, the equity securities to be issued are not offered to all such holders in proportion to the number of ordinary shares held by each of them); and
- (ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal amount equal to £53,783

and provided further that this authority shall extend to the making, before the expiry date, and to any agreement which will, or may require any such equity securities to be allotted after the expiry date, and to any allotment made pursuant to any right arising from the acceptance of any such offer, or from any such agreements."

By order of the Board

W A Trendell, Secretary

56 Holmethorpe Avenue

Redhill RH1 2NR

31 March 1995

Notes

Holders of ordinary shares, who alone are entitled to attend and vote at the meeting, may appoint one or more proxies to attend and, on a poll, vote instead of them. A proxy need not be a member of the company. A form of proxy is enclosed which, to be effective, must be delivered, together with any power of attorney or other form of authority under which it is signed, to the company's registrar, Northern Registrars Ltd, Northern House, Penistone Road, Fenay Bridge, Huddersfield HD8 0LA, not less than forty-eight hours before the time appointed for the holding of the meeting.

Appointment of a proxy will not preclude a holder of ordinary shares from attending the meeting and voting in person.

Copies, or memoranda, of the terms of all directors' service contracts of more than one year's duration are and will be available for inspection at the registered office of the company, 56, Holmethorpe Avenue, Redhill during usual business hours on any weekday (Saturdays and public holidays excluded) from the date of this notice until the date of the meeting and on the date and at the place of the meeting from 11.45 am until the conclusion of the meeting.

The register of interests and transactions of directors (and their families) in the shares of the company and its subsidiary undertakings will be available for inspection at the commencement of, and during the continuance of, the Annual General Meeting.

