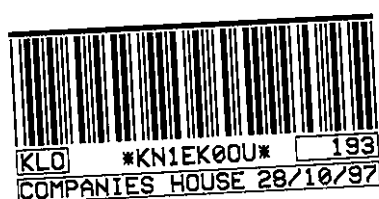


Company Registration No. 1888575 (England and Wales)

THE BASIC CHEMICAL CO (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997



THE BASIC CHEMICAL CO (UK) LIMITED

COMPANY INFORMATION

Directors	D J Roberts S M Roberts
Secretary	D J Roberts
Company number	1888575
Registered office	145-157 St John Street London EC1V 4PY
Auditors	Westbury Schotness 145-157 St John Street London EC1V 4PY
Business address	Hillbottom Road Sands Industrial Estate High Wycombe Bucks HP12 4HJ
Bankers	Barclays Bank PLC High Wycombe Branch 16 High Street High Wycombe Bucks HP11 2BG
Solicitors	Enever Freeman & Co 48A High Street Ruislip Middlesex HA4 7AN

THE BASIC CHEMICAL CO (UK) LIMITED

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THE BASIC CHEMICAL CO (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1997

The directors present their report and financial statements for the year ended 31 March 1997.

Principal activities and review of the business

The principal activity of the company throughout the year remained unchanged as distributors of basic chemicals and allied products.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 3.

Directors

The following directors have held office since 1 April 1996:

D J Roberts
S M Roberts

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £1 each	
	31 March 1997	1 April 1996
D J Roberts	25,000	25,000
S M Roberts	5,000	5,000

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Westbury Schotness be reappointed as auditors of the company will be put to the Annual General Meeting.

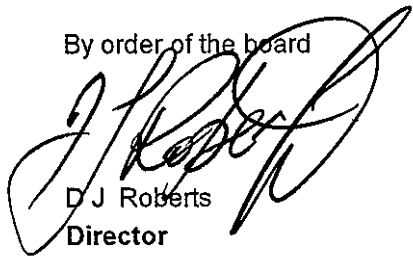
Directors' responsibilities

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;
- 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. 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.

By order of the board



D J Roberts
Director

13 October 1997

THE BASIC CHEMICAL CO (UK) LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF THE BASIC CHEMICAL CO (UK) LIMITED

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1 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 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 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Westbury Schotness

Chartered Accountants
Registered Auditor

13 October 1997

145-157 St John Street
London
EC1V 4PY

THE BASIC CHEMICAL CO (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
Turnover	2	4,834,504	3,461,994
Cost of sales		(3,493,304)	(2,514,035)
Gross profit		1,341,200	947,959
Distribution costs		(2,956)	(2,796)
Administrative expenses		(1,332,187)	(732,728)
Other operating income		1,228	1,228
Operating profit	3	7,285	213,663
Other interest receivable and similar income	4	26,544	25,657
Profit on ordinary activities before taxation		33,829	239,320
Tax on profit on ordinary activities		(10,451)	(67,038)
Profit on ordinary activities after taxation		23,378	172,282
Dividends	5	-	(120,000)
Retained profit for the year	12	23,378	52,282

The profit and loss account has been prepared on the basis that all operations are continuing operations.

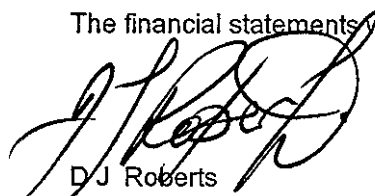
There are no recognised gains and losses other than those passing through the profit and loss account.

THE BASIC CHEMICAL CO (UK) LIMITED

BALANCE SHEET AS AT 31 MARCH 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	6		31,085		37,370
Current assets					
Stocks	7	493,119		503,180	
Debtors	8	944,802		842,958	
Cash at bank and in hand		450,579		579,465	
		1,888,500		1,925,603	
Creditors: amounts falling due within one year	9	(1,155,410)		(1,222,175)	
Net current assets			733,090		703,428
Total assets less current liabilities			764,175		740,798
Capital and reserves					
Called up share capital	11	30,000		30,000	
Profit and loss account	12	734,175		710,798	
Shareholders' funds - equity interests	13		764,175		740,798

The financial statements were approved by the Board on 13 October 1997


D.J. Roberts
Director

THE BASIC CHEMICAL CO (UK) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1997

	1997 £	1996 £
Net cash (outflow)/inflow from operating activities	(178,318)	437,126
Returns on investments and servicing of finance		
Interest received	<u>26,544</u>	<u>25,657</u>
Net cash inflow for returns on investments and servicing of finance	26,544	25,657
Taxation	(68,440)	(63,300)
Payments to acquire tangible assets	<u>929</u>	<u>5085</u>
Net cash outflow for capital expenditure	(929)	(5085)
Equity dividends paid	<u>(120,000)</u>	<u>(80,000)</u>
Net cash (outflow)/inflow before management of liquid resources and financing	(341,143)	314,398
Decrease in cash in the year	<u><u>(341,143)</u></u>	<u><u>314,398</u></u>

THE BASIC CHEMICAL CO (UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1997

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities			1997	1996
				£	£

THE BASIC CHEMICAL CO (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Yard imp' ment	25% Reducing balance
Leasehold properties	25% Reducing balance
Fixtures, fittings & equipment	15% Reducing balance

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover

Geographical market

	Turnover	
	1997	1996
	£	£
United Kingdom	4,183,493	3,328,552
EEC	650,731	107,974
Others	280	25,468
	<u>4,834,504</u>	<u>3,461,994</u>

THE BASIC CHEMICAL CO (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

3	Operating profit	1997	1996
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	7,213	8,897
	Operating lease rentals	52,400	49,280
	Auditors' remuneration	13,618	10,074
	and after crediting:		
	Rents receivable	1,228	1,228
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	1997	1996
		£	£
	Bank interest	26,544	25,657
		<u> </u>	<u> </u>
5	Taxation	1997	1996
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 33% (1996 - 33%)	8,395	67,038
	Prior years		
	U.K. Corporation tax	2,056	-
		<u> </u>	<u> </u>
		10,451	67,038
		<u> </u>	<u> </u>
6	Dividends	1997	1996
		£	£
	Dividends on equity shares:		
	Ordinary interim paid	-	120,000
		<u> </u>	<u> </u>
		-	120,000
		<u> </u>	<u> </u>

THE BASIC CHEMICAL CO (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

7 Tangible fixed assets

	Yard imp' ment	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 1996	27,139	41,877	69,016
Additions	-	928	928
At 31 March 1997	27,139	42,805	69,944
Depreciation			
At 1 April 1996	12,458	19,188	31,646
Charge for the year	3,671	3,542	7,213
At 31 March 1997	16,129	22,730	38,859
Net book value			
At 31 March 1997	11,010	20,075	31,085
At 31 March 1996	14,681	22,689	37,370

8 Stocks

	1997	1996
	£	£
Finished goods and goods for resale	493,119	503,180

9 Debtors

	1997	1996
	£	£
Trade debtors	709,226	608,074
Amounts owed by parent and fellow subsidiary undertakings	193,884	193,884
Corporation tax	128	781
ACT recoverable	-	30,000
Other debtors	10,520	2,425
Prepayments and accrued income	31,044	7,794
	944,802	842,958

THE BASIC CHEMICAL CO (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

10 Creditors: amounts falling due within one year	1997 £	1996 £
Bank loans and overdrafts	212,257	-
Trade creditors	741,768	810,600
Corporation tax	8,396	67,038
Other taxes and social security costs	74,940	145,855
Directors' current accounts	73,096	66,747
Other creditors	34,953	2,185
Accruals and deferred income	10,000	9,750
Proposed dividend	-	120,000
	<u>1,155,410</u>	<u>1,222,175</u>

11 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £19,226 (1996 - £21,401).

12 Share capital	1997 £	1996 £
Authorised		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>

13 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 1996	710,797
Retained profit for the year	<u>23,378</u>
Balance at 31 March 1997	<u>734,175</u>

THE BASIC CHEMICAL CO (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

14 Reconciliation of movements in shareholders' funds	1997 £	1996 £
Profit for the financial year	23,378	172,282
Dividends	-	(120,000)
Net addition to shareholders' funds	23,378	52,282
Opening shareholders' funds	740,798	688,516
Closing shareholders' funds	764,175	740,798

15 Financial commitments

At 31 March 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1997 £	1996 £
Expiry date:		
In over five years	52,400	49,280

16 Directors' emoluments	1997 £	1996 £
Company pension contributions to money purchase schemes	-	10,067