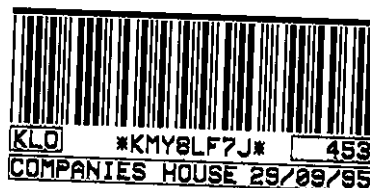


INSPEC FINANCE LIMITED
(Registered Number 2685504)

DIRECTORS' REPORT AND ACCOUNTS

30 NOVEMBER 1994



INSPEC FINANCE LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and accounts of the Company for the year ended 30 November 1994.

ACTIVITIES

The principal activity of the Company during the period was the provision of financial services to the Inspec Group of companies.

REVIEW OF THE BUSINESS

The Company continued to manage the funding of the Inspec Group of companies.

PROFITS AND DIVIDENDS

The profit after taxation for the period amounted to £1,035,000. During the year an interim dividend of £750,000 was paid and the directors recommended a final dividend of £1,000,000 which was paid in December 1994. Subsequent to the year end, the directors paid an interim dividend for the year ended 30 November 1995, to the ultimate holding company of £460,000.

DIRECTORS

Dr J Hollowood (Chairman) and Mr J A Ratcliffe were directors of the Company throughout the year. Both are directors of the holding company, Inspec Group plc, in whose accounts details of their interests are shown.

DIRECTORS' AND OFFICERS' INSURANCE

The holding company has purchased a policy of insurance for its directors and officers against the financial consequences of actions brought against them by outside parties for their acts or omissions in the performance of their duties on behalf of the Company.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

INSPEC FINANCE LIMITED

DIRECTORS' REPORT (CONTINUED)


STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year then ended. In preparing these 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;
- prepare the financial statements on a 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.

On behalf of the Board



Dr J Hollowood
Director

27 July 1995

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF INSPEC FINANCE LIMITED

We have audited the financial statements on pages 4 to 10 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 2 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 at 30 November 1994 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

London
27 July 1995

INSPEC FINANCE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 NOVEMBER 1994**

	<u>Note</u>	Year ended 30 November <u>1994</u> £'000	Year ended 30 November <u>1993</u> £'000
Interest receivable from group undertakings		1,583	1,230
Administrative expenses		<u>(40)</u>	<u>(40)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,543	1,190
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	4	<u>(508)</u>	<u>(390)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,035	800
Dividends - paid		(750)	(200)
- proposed		<u>(1,000)</u>	<u>-</u>
AMOUNT TRANSFERRED (FROM)/TO RESERVES	9	<u>(715)</u>	<u>600</u>

The company has no recognised gains or losses other than the profit for the year.

The notes on pages 7 to 10 form part of these accounts.

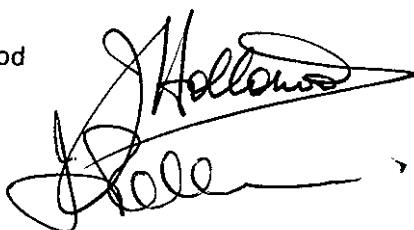
INSPEC FINANCE LIMITED
BALANCE SHEET
AS AT 30 NOVEMBER 1994

	<u>Note</u>	<u>1994</u> £'000	<u>1993</u> £'000
FIXED ASSETS			
Investments	5	<u>33,850</u>	<u>15,100</u>
CURRENT ASSETS			
Debtors	6	3,264	1,681
CREDITORS - Amounts falling due within one year			
Creditors	7	<u>2,050</u>	<u>260</u>
NET CURRENT ASSETS		<u>1,214</u>	<u>1,421</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		35,064	16,521
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	4	<u>981</u>	<u>473</u>
NET ASSETS		<u>34,083</u>	<u>16,048</u>
CAPITAL AND RESERVES			
Called up equity share capital	8	34,050	15,300
Profit and loss account	9	<u>33</u>	<u>748</u>
		<u>34,083</u>	<u>16,048</u>

Approved by the Board on
27 July 1995

Dr J Hollowood

J A Ratcliffe



)
) DIRECTORS
)

The notes on pages 7 to 10 form part of these accounts.

INSPEC FINANCE LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 30 NOVEMBER 1994

	<u>1994</u> £'000	<u>1993</u> £'000
Profit for the financial year	1,035	800
Dividend payable	(1,750)	(200)
New share capital issued	<u>18,750</u>	<u>—</u>
Net movement in shareholders' funds	18,035	600
Opening shareholders' funds	<u>16,048</u>	<u>15,448</u>
Closing shareholders' funds	<u>34,083</u>	<u>16,048</u>

The notes on pages 7 to 10 form part of these accounts.

INSPEC FINANCE LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994

1 ACCOUNTING POLICIES

(1) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(2) Deferred taxation

Provision is made, using the liability method, for all tax deferred by timing differences to the extent that there is reasonable probability that the tax deferral will crystallise in the foreseeable future.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging the following:

	<u>1994</u> £'000	<u>1993</u> £'000
Group management charge	<u>40</u>	<u>40</u>

3 DIRECTORS AND EMPLOYEES

(a) The average numbers of employees for the period were as follows

	<u>1994</u>	<u>1993</u>
Administration	<u>2</u>	<u>2</u>

(b) Directors' emoluments

During the period the directors, who received no emoluments for services rendered to this Company, were directors of Inspec Group plc, in whose accounts information required by the Companies Act 1985 is shown.

INSPEC FINANCE LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

4 TAXATION

(a) On profit on ordinary activities

	<u>1994</u> £'000	<u>1993</u> £'000
United Kingdom Corporation tax	508	390
Deferred tax at 33%	<u>508</u>	<u>390</u>

(b) Provision for deferred tax - full potential liability

Analysis by category of timing difference:

Short-term timing differences	<u>981</u>	<u>473</u>
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5 INVESTMENTS

Unsecured loan stock in fellow subsidiaries at cost:

	<u>1994</u> £'000	<u>1993</u> £'000
International Speciality Chemicals Ltd (repayable 30 September 1997)	15,100	15,100
Allco Acquisition Corporation (repayable 30 March and 30 September 2004)	16,800	-
Allco Chemical Corporation (repayable 30 November 2004)	<u>1,950</u>	<u>-</u>
	<u>33,850</u>	<u>15,100</u>

The loan stock is unsecured.

6 DEBTORS

	<u>1994</u> £'000	<u>1993</u> £'000
Amount owed by fellow subsidiary undertaking	<u>3,264</u>	<u>1,681</u>

INSPEC FINANCE LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

7 CREDITORS - Amounts falling due within one year

<u>1994</u>	<u>1993</u>
£'000	£'000

Amounts owed to parent undertaking

<u>2,050</u>	<u>260</u>
--------------	------------

8 CALLED UP EQUITY SHARE CAPITAL

<u>1994</u>	<u>1993</u>
£'000	£'000

Authorised

40,000,000 Ordinary Shares £1

<u>40,000</u>	<u>20,000</u>
---------------	---------------

Issued

34,050,000 Ordinary Shares £1

<u>34,050</u>	<u>15,300</u>
---------------	---------------

During the year the authorised share capital of the Company was increased by 20,000,000 ordinary shares of £1 each, and the issued share capital was increased by the issuing of 18,750,000 ordinary shares of £1 each at par in order for the Company to provide financing to fellow subsidiary undertakings.

9 PROFIT AND LOSS ACCOUNT

£'000

At 30 November 1993

Retained loss for the year

748

(715)

At 30 November 1994

33

10 CONTINGENT LIABILITIES

Cross-guarantees exist for the borrowing of other companies in the group which amounted to £18.75 million as at 30 November 1994.

INSPEC FINANCE LIMITED

NOTES TO THE ACCOUNTS - 30 NOVEMBER 1994 (CONTINUED)

11 ULTIMATE HOLDING COMPANY

The Company is a 100% owned subsidiary of Inspec Group plc, a company registered in England. Consolidated accounts have been presented for the group incorporating the results of this Company as at 31 December 1994, copies of which may be obtained from:

Inspec Group plc
Charleston Industrial Estate
Hardley
Hythe
Southampton SO45 3ZG