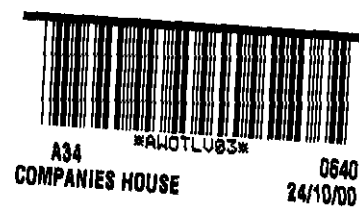


Panablok (UK) Limited

Registered No. 2896898

Annual report

Year to 31 December 1999



Panablok (UK) Limited

Year to 31 December 1999

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Panablok (UK) Limited

Year to 31 December 1999

Company directory

Directors

P. D. Marshall (Resigned 19 January 2000)
A. R. Dix (Resigned 19 January 2000)
D.G. Holden (Appointed 19 January 2000)
M.J. King (Appointed 19 January 2000)

Company secretary

R. C. Monro

Registered Office

Birkby Grange
Birkby Hall Road
Birkby
Huddersfield HD2 2YA

Bankers

National Westminster Bank PLC
1 Market Street
Bradford BD1 1EQ

Auditors

KPMG Audit Plc
1 The Embankment
Neville Street
Leeds LS1 4DW

Panablok (UK) Limited

Directors' report

The directors present their annual report and the audited accounts for the year to 31 December 1999.

Principal activities

The principal activities of the Company are the marketing and sale of highly insulated wall panel to the general UK building industry.

Review of the year and future developments

Although the Company has had a disappointing result for the year we remain optimistic about the future.

Result

Trading for the year has resulted in a loss after taxation of £337,729 as compared with a loss of £270,340 in 1998. No dividend has been declared for the financial year (1998 - £Nil). The retained loss has been transferred to reserves.

Directors

The names of the present directors of the Company who have served throughout the year appear on page 2.

The interests of the directors in the share capital of Group companies at 31 December 1999 other than those shown in the accounts of those undertakings were:

a Ordinary shares of 25p each in Marshalls Plc

	Beneficial & family	
	31 December 1999 No.	1 January 1999 No.
A Dix	194	12,596

b Options over Ordinary shares of 25p each in Marshalls Plc

	At 1 January 1999	No. of options exercised	No. of options granted	At 31 December 1999	Exercise price (pence)	Date from which exercisable	Expiry date
A Dix	25,000	-	-	25,000	142	30.11.1997	29.11.2004
	4,376	-	-	4,376	134	01.10.2000	31.03.2001

The market price of Marshalls Plc shares on 31 December 1999 was 255.5p and the range in the year then ended was from 132.5p to 262p.

The Executive Share Options are exercisable between 30 November 1997 and 29 November 2004 at an exercise price of 142p per share. The Savings Related Share Option Scheme options are normally exercisable between 1 October 2000 and 31 March 2001 at an exercise price of 134p.

The market price of Marshalls Plc shares on 31 December 1999 was 255.5p and the range in the year then ended was from 132.5p to 262p.

Panablok (UK) Limited

Directors' report continued

Employees

It is the policy of the company to ensure that full and fair opportunities are given to the employment, training and career development of disabled persons having regard to their particular aptitudes and abilities. Employees are encouraged to become involved in the company and information is provided so as to increase their awareness of its activities and those decisions which affect their interests.

Year 2000

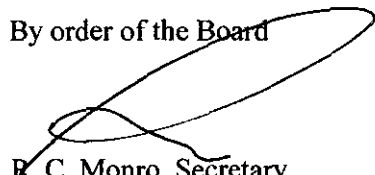
The replacement of the Company's existing computer systems referred to in last year's report was completed on 31 August 1999.

The directors are happy to report that, during the year leading up to 31 December 1999 and over the Millennium itself, the Company did not experience any interruptions to business due to the Year 2000 issue. All costs, which were not material, have been expensed as incurred.

Auditors

A resolution is to be proposed at the annual general meeting to re-appoint KPMG Audit Plc as auditors of the company.

By order of the Board



R. C. Monroe, Secretary
Huddersfield
11 October 2000

Panablok (UK) Limited

Year to 31 December 1999

Directors' responsibility statement

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 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Panablok (UK) Limited

Auditors' report to the members of Panablok (UK) Limited

We have audited the financial statements on pages 7 to 13.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

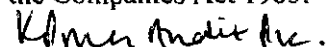
Basis of audit opinion

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 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG Audit Plc

Chartered Accountants

Registered Auditor

Leeds

11 October 2000

Panablok (UK) Limited

Profit and loss account for the year to 31 December 1999

	<i>Note</i>	1999 £	1998 £
Turnover		159,841	509,655
		<hr/>	<hr/>
Operating loss	3	(492,283)	(390,572)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(492,283)	(390,572)
		<hr/>	<hr/>
Taxation credit on loss on ordinary activities	4	154,554	120,232
		<hr/>	<hr/>
Loss for the financial period		(337,729)	(270,340)
		<hr/>	<hr/>
Retained loss brought forward		(1,458,460)	(1,188,120)
		<hr/>	<hr/>
Retained loss carried forward		(1,796,189)	(1,458,460)
		<hr/>	<hr/>

The notes on pages 9 - 13 form part of these accounts.

In both the current year and preceding year the Company made no acquisitions and had no discontinued operations.

A statement of the movement on the profit and loss account is given above. There have been no movements on any other reserve.

There were no recognised gains or losses in the year (1998 : £Nil) other than those reflected above.

There is no material difference between the accounts as presented and accounts prepared under the historical cost basis.

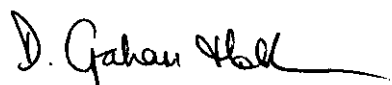
Panablok (UK) Limited

Balance sheet as at 31 December 1999

	Note	£	1999 £	£	1998 £
Fixed assets					
Tangible	5		200,833		199,614
Current assets					
Stocks	6	311,652		401,945	
Debtors	7	85,171		122,672	
		<u>396,823</u>		<u>524,617</u>	
Creditors: amounts falling due within one year	8	<u>1,693,845</u>		<u>1,482,691</u>	
Net current liabilities			<u>(1,297,022)</u>		<u>(958,074)</u>
Total assets less current liabilities			<u>(1,096,189)</u>		<u>(758,460)</u>
Capital and reserves					
Called up share capital	9		700,000		700,000
Profit and loss account			<u>(1,796,189)</u>		<u>(1,458,460)</u>
Shareholders' deficit - equity			<u>(1,096,189)</u>		<u>(758,460)</u>

The notes on pages 9 - 13 form part of these accounts

The accounts were approved by the Board of Directors on 11 October 2000 and signed on behalf of the Board by:



D.G. Holden, Director

Panablok (UK) Limited

Notes on the accounts

1. Accounting policies

The following paragraphs summarise the main accounting policies of the Company:

a Accounts convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. Under Financial Reporting Standard 1 (Revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary company.

Separate disclosures relating to transactions and balances with companies in the Marshalls Plc group in terms of Financial Reporting Standard 8 are not made since the company has taken advantage of the exemption contained in paragraph 3 c of the Standard.

The Company's ultimate parent company, Marshalls Plc, has confirmed its policy of providing continuing financial support to the Company and on the strength of this assurance the accounts have been prepared on the basis of a going concern.

b Turnover

Turnover which is substantially within the United Kingdom, represents the invoiced value of sales less value added tax, returns and allowances.

c Stocks

Stocks of raw materials and stores are valued at the lower of invoice cost and net realisable value. Finished goods and manufactured components are valued at the lower of works cost and net realisable value. Works cost consists of direct materials, labour, factory and administrative overheads applicable to the stage of production.

d Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or professional valuation. They are written off evenly over their expected useful lives.

The following rates are normally applied:

Fixed plant and equipment	8% to 15% per annum
Mobile plant and vehicles	20% to 25% per annum

e Deferred taxation

Provision is made at the appropriate rate when an additional liability is likely to arise, within the foreseeable future, due to differences between the treatment of items for accounts and taxation purposes.

Panablok (UK) Limited

Notes on the accounts continued

f Pension costs

Contributions to the pension scheme operated by the ultimate parent company are charged to the profit and loss account on a basis which spreads the cost over employees' working lives with the Company.

2. Employees

	1999 No.	1998 No.
The average number of persons (including directors). employed by the company during the year was:	6	5

Costs associated with those employees were:

	1999 £	1998 £
Wages and salaries	219,506	179,298
Social security costs	20,626	15,877
Other pension costs	7,244	6,919
	<u>247,376</u>	<u>202,094</u>

No directors' remuneration was paid during the year (1998 - £Nil).

3. Operating costs

	Note	1999 £	1998 £
Raw materials and consumables		62,802	812,211
Changes in stocks of finished goods		86,710	(311,764)
Staff costs	2	247,376	202,094
Depreciation of tangible fixed assets - owned		15,131	13,346
Other operating income		-	(83,519)
Other external and operating charges		240,105	267,859
		<u>652,124</u>	<u>900,227</u>

Panablok (UK) Limited

Notes on the accounts continued

	Note	1999 £	1998 £
Operating profit is stated after charging:			
Hire of plant and machinery		25,579	11,949
		<u>25,579</u>	<u>11,949</u>
4. Taxation credit on loss on ordinary activities			
		1999 £	1998 £
Current year :			
Group relief at 30.25% (31 December 1998 - 31%)		154,554	120,232
		<u>154,554</u>	<u>120,232</u>
5. Tangible fixed assets			
	Plant, machinery and vehicles £		
Cost			
At 1 January 1999		212,960	
Additions at cost		16,350	
		<u>229,310</u>	
At 31 December 1999			
Accumulated depreciation			
At 1 January 1999		13,346	
Provided in accounts		15,131	
		<u>28,477</u>	
At 31 December 1999			
Net book value			
At 31 December 1999		200,833	
		<u>200,833</u>	
At 31 December 1998		199,614	
		<u>199,614</u>	

Panablok (UK) Limited

Notes on the accounts continued

6. Stocks

	1999 £	1998 £
Raw material and consumables	20,717	24,300
Finished goods	290,935	377,645
	<u>311,652</u>	<u>401,945</u>

7. Debtors

	1999 £	1998 £
Trade debtors	84,943	107,285
Corporation tax	-	14,605
Taxation and social security	228	782
	<u>85,171</u>	<u>122,672</u>

8. Creditors: amounts falling due within one year

	1999 £	1998 £
Trade creditors	25,819	9,200
Other creditors	10,299	31,766
Tax and social security	9,856	-
Accruals	169	434
Amounts owed to group companies	1,647,702	1,441,291
	<u>1,693,845</u>	<u>1,482,691</u>

9. Share capital

	1999 £	1998 £
Authorised, allotted, called up and fully paid:		
600,000 ordinary shares of £1 each	600,000	600,000
100,000 non-voting ordinary shares of £1 each	100,000	100,000
	<u>700,000</u>	<u>700,000</u>

The non-voting ordinary shares carry the same rights as ordinary shares except for the right to vote.
All the issued share capital is held by the ultimate parent company, Marshalls Plc.

Panablok (UK) Limited

Notes on the accounts continued

10. Capital commitments

	1999 £	1998 £
Capital expenditure that has been contracted for but for which no provision has been made in the accounts	-	-

11. Leasing commitments

At 31 December 1999 the company had annual commitments under non-cancellable operating leases in respect of plant, machinery and vehicles as follows:

	1999 £	1998 £
Expiring:		
within one year	-	-
between two and five years	4,264	4,264
	<u>4,264</u>	<u>4,264</u>

12. Pension scheme

The Company is a member of a funded defined benefit scheme which is operated by the ultimate parent company, Marshalls Plc. The assets of the scheme are held in separate managed funds. Further details of the scheme are shown in the accounts of Marshalls Plc.

13. Ultimate parent company

The company regarded by the directors as the ultimate parent company is Marshalls Plc which is incorporated in the United Kingdom and registered in England and Wales. The accounts of Marshalls Plc are available from the Registered office at Birkby Grange, Birkby Hall Road, Birkby, Huddersfield, HD2 2YA.