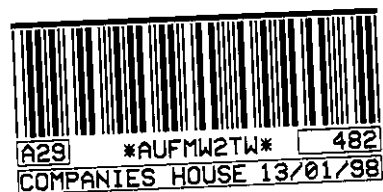


Panablok (UK) Limited

Registered No. 2896898

Report and Accounts

For the 6 month period ended
31st March 1997



Panablok (UK) Limited

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Panablok (UK) Limited

Directors

M. L. Bailey (resigned 20 May 1997)
A. R. Dix
J. P. Hewitt (resigned 20 May 1997)
P. D. Marshall
E. B. Matthews

Secretary

J. R. Topping

Registered Office

Hall Ings
Southowram
Halifax HX3 9TW

Bankers

National Westminster Bank PLC
1, Market Street
Bradford BD1 1EQ

Auditors

KPMG Audit Plc
Peat House
1 Commercial Street
Bradford BD1 4AS

Panablok (UK) Limited

Report of the Directors

The directors present their report and the audited accounts for the period ended 31 March 1997.

Principal activities

The principal activity of the company is the marketing and sale of highly insulated wall panel to the general UK building industry.

Review of the year and future developments

The Company continues to experience a period of change resulting from Marshalls Plc acquiring a controlling interest. This change will continue until the business is fully integrated with the operations of Marshalls Plc, from which time the Company's performance will show the benefits arising from the increased resources and direction given to it.

Result

Trading for the period has resulted in a loss after taxation of £156,561 as compared with a profit of £578,225 for the year to 30th September 1996. The loss for the period has been deducted from reserves.

Directors

The names of the present directors of the Company appear on page 2. J. P. Hewitt and M. L. Bailey resigned as directors on 20th May 1997.

The interests of the directors in the share capital of group undertakings at 1st October 1996 and at 31st March 1997, other than as shown in the accounts of those undertakings were :-

(a) Ordinary shares of 25p each in Marshalls Plc	Beneficial & family	
	31 March 1997	30 Sept. 1996
	No.	No.
A. R. Dix	11397	11397

On 9th April 1997 Mr A. R. Dix acquired 127 ordinary shares in Marshalls Plc as a result of the take up of a scrip dividend entitlement.

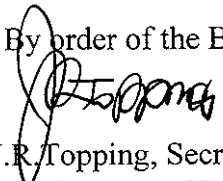
Change of accounting reference date

On 11th March 1997 the Company passed a resolution to change the Company's accounting reference date to 31st March. Accordingly these report and accounts have been prepared for the six month period to 31st March 1997.

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


J.R. Topping, Secretary
Southowram, Halifax
10th June 1997

Panablok (UK) Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial period 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 accounts, the directors are required to:-

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- (d) prepare the accounts 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 accounts 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

Report of the Auditors, KPMG Audit Plc, to the members of Panablok (UK) Limited

We have audited the accounts on pages 6 to 11.

Respective responsibilities of Directors and Auditors

As described on page 4, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

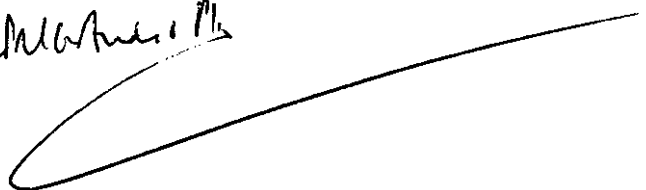
Basis of opinion

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 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 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 as at 31st March 1997 and of its loss for the six month period then ended and have been properly prepared in accordance with the Companies Act, 1985.



KPMG Audit Plc
Chartered Accountants
Registered Auditor
Bradford
10th June 1997

Panablok (UK) Limited

Profit & Loss Account for the 6 months ended 31st March 1997

	Notes	6 months to 31 March 1997 £	12 months to 30 Sept. 1996 £
Turnover		326321 =====	310174 =====
Operating loss	3	(173646)	(190669)
Exceptional item	5	-	(342261)
Loss on ordinary activities before interest		----- (173646)	----- (532930)
Interest charged		(15346)	(4187)
Loss on ordinary activities before taxation		----- (188992)	----- (537117)
Taxation credit/(charge) on loss on ordinary activities	5	32431	(41108)
Deficit for the financial year		----- (156561)	----- (578225)
Deficit brought forward		(840013)	(261788)
Deficit carried forward		----- (996574) =====	----- (840013) =====

The notes on pages 8 to 11 form part of these accounts.

In both the current and preceding periods the Company made no acquisitions

A statement of the movements 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 period (1996 :£Nil) other than those reflected above.

There is no material difference between the result as presented and the corresponding amount prepared on an unmodified historical cost basis.

Panablok (UK) Limited

Balance Sheet as at 31st March 1997

	Notes	31 March 1997	30 September 1996
		£	£
Fixed assets	6	1652	3852
Current assets			
Stocks	7	188147	36618
Debtors	8	158214	211278
Cash at bank and in hand		-	100
		-----	-----
		346361	247996
Creditors			
Amounts falling due within one year	9	236768	188925
		-----	-----
Net current assets		109593	59071
		-----	-----
Total assets less current liabilities		111245	62923
Creditors			
Amounts falling due after more than one year	10	407819	202936
		-----	-----
Net liabilities		(296574)	(140013)
		=====	=====
Capital and reserves			
Called up share capital	11	700000	700000
Profit and loss account		(996574)	(840013)
		-----	-----
Equity shareholders' deficit		(296574)	(140013)
		=====	=====

The notes on pages 8 to 11 form part of these accounts

Approved by the board on 10th June 1997

P D Marshall

P. D. Marshall

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 as modified by the revaluation of certain properties and in accordance with applicable accounting standards. Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small 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 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, manufactured components and work in progress 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.

	6 months to 31 March 1997 No.	12 months to 30 Sept. 1996 No.
2. Employees		
The average number of persons (including directors) employed by the company during the period was :-	10 =====	11 =====
Costs associated with the above employees were :-	£	£
Wages and Salaries	61322	104924
Social Security costs	5514	10846
Other pension costs	1352	-
	----- 68188 =====	----- 115770 =====

Staff costs include directors' emoluments in respect of their services as managers amounting to:-

Salaries	16806	33612
Pensions	1008	1344
	----- 17814 =====	----- 34956 =====

The aggregate emoluments of the highest paid director was £18,992 (1996 - £37,514).

3. Operating costs

Raw materials and consumables	282690	265193
Staff costs (note 3)	68188	115770
Depreciation of tangible fixed assets	1355	2259
Amortisation of intangible fixed assets	-	20133
Other income	-	(41108)
Other external and operating charges	147734	138596
	----- 499967 =====	----- 500843 =====

Panablok (UK) Limited

Notes on the Accounts continued

	6 months to 31 March 1997 £	12 month to 30 Sept 1997 £
3. Operating costs (continued)		
Operating profit is stated after charging		
Hire of plant and machinery	18193	1066
Audit fee	1500	
	-----	-----
4. Exceptional item		
Write off of intangible asset	-	34226
	=====	=====
5. Taxation credit/(charge) on loss on ordinary activities		
Current year :- Capital gain	-	(9589)
Current year losses @ 33%	32431	5479
	-----	-----
	32431	(4110)
	=====	=====
6. Tangible fixed assets - Plant and Equipment		
	Cost £	Accumulated Depreciation £
At 1 October 1996	10965	(7113)
Depreciation provided in accounts	-	(1355)
Disposals	(5300)	4455
	-----	-----
At 31 March 1997	5665	(4013)
	=====	=====
	31 March 1997 £	30 Septembe 1997 £
7. Stocks		
Raw material and consumables	68119	1589
Finished goods	120028	2072
	-----	-----
	188147	3661
	=====	=====

Panablok (UK) Limited

Notes on the Accounts continued

	31 March 1997 £	30 September 1996 £
8. Debtors		
Trade debtors	107603	167714
Other debtors	50611	41108
Prepayments and accrued income	-	2456
	-----	-----
	158214	211278
	=====	=====
9. Creditors - amounts falling due within one year		
Trade creditors	127162	68234
Other creditors	6608	4184
Corporation tax	41108	41108
Taxation and social security	14458	13654
Accruals	47432	61745
	-----	-----
	236768	188925
	=====	=====
10. Creditors - amounts falling due after more than one year		
Amounts owed to parent company	407819	202936
	=====	=====
11. Share Capital		
Authorised, allotted, called up and fully paid:		
600,000 ordinary shares of £1 each	600000	600000
Non-voting ordinary shares of £1 each	100000	100000
	-----	-----
	700000	700000
	=====	=====
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 Hall Ings, Southowram, West Yorkshire, HX3 9TW.