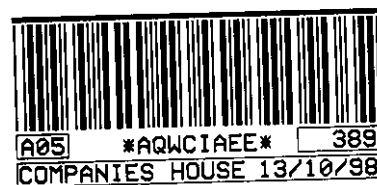


ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1997

Registered number 03303086



ATLAS WARD STRUCTURES LIMITED **(formerly Kingspan Structures Limited)**

DIRECTORS' REPORT

DIRECTORS

The directors who held office during the year were as follows:

E Murtagh	(appointed 27 January 1997, resigned 15 May 1997)
B Murtagh	(appointed 27 January 1997, resigned 15 May 1997)
D Mulvihill	(appointed 27 January 1997, resigned 15 May 1997)
B Collet	(appointed 10 January 1997, resigned 27 January 1997)
E McCarthy	(appointed 27 January 1997, resigned 15 May 1997)
M Crimmins	(appointed 27 January 1997, resigned 15 May 1997)
K Anderson	(appointed 21 April 1997)
TG Goldberg	(appointed 1 May 1997)
R Reinhardt	(appointed 1 May 1997)
IEA Wyatt	(appointed 21 April 1997)

The directors present their annual report and the audited financial statements for the period from incorporation on 10 January 1997 to 31 December 1997.

PRINCIPAL ACTIVITIES

The company's principal activity is the design, manufacture, supply and erection of structured steel and pre-engineered buildings. The company changed its name from Kingspan Structures Limited to Atlas Ward Structures Limited with effect from 14 February 1997.

REVIEW OF THE BUSINESS

The company was incorporated on 15 January 1997.

Effective from 15 January 1997 the entire share capital of Atlas Ward Structures Limited was acquired by Atlas Ward Holdings limited.

RESULTS AND DIVIDENDS

During the period ended 31 December 1997 the company made a profit of £803,000 . The directors recommend the payment of a dividend of £395,000 to ordinary shareholders.

The directors who served during the year are shown above. All four directors are also directors of the ultimate parent undertaking and details of their shareholding in that company are reported in its accounts.

EMPLOYEES

It is the company's practice to give full and fair consideration to applications for employment received from disabled persons, subject to the company's requirements and to the qualifications, ability and aptitude of the individual in each case.

Employees are provided with information about the company through regular briefing bulletins.

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

DIRECTORS' REPORT (continued)

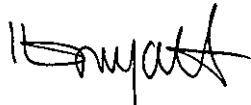
POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable contributions during the year.

AUDITORS

The auditors, Price Waterhouse, having been appointed during the period, are willing to continue in office and a resolution as to their re-appointment and their remuneration will be proposed at the Annual General Meeting.

By order of the board

A handwritten signature in dark ink, appearing to read 'H. Smyth', is written over the printed name of the Secretary.

Secretary

11 June 1998

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

STATEMENT OF 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;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- 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 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.

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF ATLAS WARD STRUCTURES LIMITED (formerly Kingspan Structures Limited)

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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 December 1997 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants and
Registered Auditors

11 June 1998

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

**PROFIT AND LOSS ACCOUNT - FOR THE PERIOD 15 JANUARY 1997 TO
31 DECEMBER 1997**

	<u>1997</u> £'000
TURNOVER (Note 1, 2)	43,791
Cost of sales	(33,052)
	<hr/>
GROSS PROFIT	10,739
Distribution costs	(2,191)
Administrative expenses	(7,139)
	<hr/>
PROFIT BEFORE TAXATION	1,409
Taxation (Note 6)	(606)
	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	803
Dividends	(395)
	<hr/>
RETAINED PROFIT	408
	<hr/> <hr/>

There is no material difference between reported and historical cost profit.

There are no recognised gains or losses other than the profit attributable to the shareholders of the company as described above.

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

BALANCE SHEET - 31 DECEMBER 1997

	<u>1997</u> £'000
FIXED ASSETS	
Tangible assets (Note 7)	1,100
	<hr/>
CURRENT ASSETS	
Stocks (Note 8)	3,402
Debtors (Note 9)	3,816
Cash at bank and in hand	1,743
	<hr/>
	8,961
CREDITORS: amounts falling due within one year (Note 10)	(9,653)
	<hr/>
NET CURRENT LIABILITIES	(692)
	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	408
	<hr/>
	408
	<hr/>
CAPITAL AND RESERVES	
Called up share capital (Note 11)	-
Profit and loss account (Note 12)	408
	<hr/>
SHAREHOLDERS' FUNDS (EQUITY)	408
	<hr/>

These financial statements were approved by the board of directors on 11 June 1998 and were signed on its behalf by:



K Anderson
Chairman

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE PERIOD ENDED 31 DECEMBER 1997

	<u>1997</u> £'000
Profit for the period	803
Dividends	(395)
	<hr/>
Net addition to shareholders' funds	408
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds (equity)	408
	<hr/> <hr/>

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

(b) Turnover

Turnover represents the invoiced value of sales to third parties, net of trade discounts and value added tax. Where the company acts as a sub-contractor, turnover represents the value of work undertaken.

(c) Tangible fixed assets and depreciation

Fixed assets are stated at acquisition cost and depreciated on the straight line basis over their original estimated useful lives. Fixed assets under construction are not depreciated.

The principal estimated useful lives are not depreciated.

Leasehold buildings	25 years
Plant and machinery	3 - 10 years
Computer and office equipment	3 - 7 years
Motor vehicles	4 years

(d) Stocks

Stocks are valued at the lower of the cost and net realisable value; due allowance is made for obsolete and slow moving items. Cost includes, where appropriate, a proportion of production overhead.

(e) Amounts recoverable on long term contracts

Amounts recoverable on long term contracts are valued at cost less any foreseeable losses to completion of the contract. Profits are determined on the basis of contract completion and are recognised on a prudent basis in accordance with SSAP 9.

(f) Research and Development

Expenditure on research and development is written off in the year in which it is incurred.

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)
NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

1 ACCOUNTING POLICIES (continued)

(g) Pensions

Pension costs of defined benefit schemes are charged against profits in a systematic manner over the service lives of the employees in each scheme. In each case the pension costs comprise:

- (a) The regular pension cost, that is the consistent ongoing cost, calculated as a level percentage of the current and expected future pensionable earnings.
- (b) Variations from the regular cost, arising from scheme surpluses or deficits allocated over the expected remaining service lives of the employees in each scheme.

Any difference between the amounts charged in the profit and loss account and the amount payable as contributions to the fund are carried forward as provisions or prepayments.

(h) Leased assets

Operating lease rentals are charged to the profit and loss account when incurred.

(i) Deferred taxation

Provision for deferred taxation is made using the liability method in respect of the taxation effect of all timing differences to the extent that there is reasonable probability that the tax deferred will crystallise in the foreseeable future.

(j) Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in a foreign currency are translated into sterling at the exchange rates ruling at the balance sheet date.

2 SEGMENTAL INFORMATION

Turnover by geographical segment comprises:

	<u>1997</u> £'000
United Kingdom	19,883
Rest of Europe	12,586
Far East	11,322
	<hr/>
	43,791
	<hr/>

Turnover represents supply of steel building structures.

Geographic segmentation of turnover by destination is not materially different from turnover by origin.

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1997</u> £'000
Profit on ordinary activities before taxation is stated after charging:	
Auditors' remuneration:	18
Rentals payable under operating leases	230
Depreciation of tangible fixed assets	299
	<u> </u>

4 DIRECTORS' REMUNERATION

	<u>1997</u> £'000
Aggregate emoluments	286
	<u> </u>
Highest paid director	
Total emoluments	129
	<u> </u>

Three directors have benefits accruing under the Ward Buildings Systems Retirement Benefit Scheme (Note 13). The highest paid director has an annual accrued pension benefit of £62,249 at 31 December 1997.

5 STAFF COSTS

	<u>1997</u> £'000
Wages and salaries	6,637
Social security costs	564
Other pension costs (see Note 13)	434
	<u> </u>
	7,635
	<u> </u>

The average number of employees (including Directors) during the period of trading was 315.

6 TAXATION

	<u>1997</u> £'000
UK corporation tax at 31.5%	606
	<u> </u>

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

NOTES TO THE ACCOUNTS - 31 DECEMBER 1997 (continued)

7 TANGIBLE FIXED ASSETS

	Leasehold land and buildings £'000	Plant and machinery £'000	Equipment fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At beginning of year	-	-	-	-	-
On acquisition of business	-	2,703	130	458	3,291
Additions	124	96	283	90	593
Disposals	-	-	-	(62)	(62)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	124	2,799	413	486	3,822
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At beginning of year	-	-	-	-	-
On acquisition of business	-	2,229	61	175	2,465
Charge for period	2	171	31	95	299
Disposals	-	-	-	(42)	(42)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2	2,400	92	228	2,722
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book amount					
At 31 December 1997	122	399	321	258	1,100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book amount of leasehold land and buildings comprises:

	1997 £'000
Long leasehold	-
Short leasehold	122
	<hr/>
	122
	<hr/>

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)
NOTES TO THE ACCOUNTS - 31 December 1997 (continued)

8 STOCKS

	<u>1997</u> £'000
Raw materials and consumables	747
Work in progress	2,655
	<hr/> 3,402 <hr/>

Where raw materials on consignment are deemed in substance to be assets of the group they have been included in stocks. The principle determining criteria is whether the company bears the risks and rework of holding the asset. The company has included £349,000 of consignment stock in raw materials and a corresponding amount in trade creditors.

9 DEBTORS

	<u>1997</u> £'000
Trade debtors	2,002
Amounts owed by group undertakings	1,123
Other debtors	473
Prepayments and accrued income	218
	<hr/> 3,816 <hr/>

10 CREDITORS: Amounts falling due within one year

	<u>1997</u> £'000
Trade creditors	3,909
The amounts owed to group undertakings	2,835
Corporation tax payable	606
Other creditors	595
Accruals and deferred income	1,313
Proposed dividends	395
	<hr/> 9,653 <hr/>

The directors of the parent company have agreed not to seek repayment of amounts due to the parent company until such time as the company is able to repay them.

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

NOTES TO THE ACCOUNTS - 31 December 1997 (continued)

11 SHARE CAPITAL

	<u>Share Capital</u>
Authorised	
Ordinary shares of £1 each	100
	<u>£100</u>
Allotted, called up and fully paid	
Ordinary shares of £1 each	100
	<u>£100</u>

12 PROFIT AND LOSS RESERVE

	<u>1997</u> <u>£'000</u>
At beginning of period	-
Profit for the period	408
	<u>408</u>
Close of period	<u>408</u>

13 PENSION SCHEME

The group provides for pension liabilities by payments to the Ward Building Systems Retirement Benefit Scheme ("The Scheme") whose assets are completely separate from the assets of the company.

The Ward Building Systems Retirement Benefit Scheme is a defined benefit scheme based upon final salary that commenced on 6 June 1992. Liabilities are funded by the payment of contributions based on the advice of independent actuaries and in accordance with the rules of the scheme.

The last actuarial valuation of the scheme was performed as at 6 April 1995 and showed the scheme to be fully funded on both an ongoing and discontinuance basis. In conjunction with the purchase of the trade and assets by the group from the Kingspan Group plc a valuation of the Scheme is in progress with an effective date of 15 January 1997.

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

NOTES TO THE ACCOUNTS - 31 December 1997 (continued)

14 ACQUISITION OF BUSINESS

On 15 May 1997, Atlas Ward Structures Limited completed the acquisition of certain trade and assets of Ward Building Components Limited from Kingspan Group plc. The impact of the acquisition on the balance sheet at that date is as follows:

	Balance sheet at acquisition £'000
Tangible fixed assets	946
Stocks and work in progress	1,284
Debtors	323
Creditors	(1,863)
	<hr/>
Net assets acquired	690
Consideration	690
	<hr/>
Goodwill arising on acquisition	-
	<hr/>
Total cash consideration	699
	<hr/>

In the opinion of the directors the book value of assets acquired represents their fair value to the group.

The results of the acquired business were not reported separately by Rugby Group and therefore a profit and loss account is not available for 1996.

15 ULTIMATE PARENT UNDERTAKING

The Company's parent undertaking and ultimate controlling party is Atlas Ward Holdings Ltd, a company registered in England.

Copies of the group accounts of Atlas Ward Holdings Ltd may be obtained at the following address:
Atlas Ward Holdings Ltd, Sherburn, Malton, North Yorkshire YO17 8PZ.

16 STATEMENT OF CASH FLOW

The Company's ultimate UK parent undertaking, Atlas Ward Holdings Ltd, includes a cash flow statement in its 1997 financial statements. Therefore in accordance with Financial Reporting Standards No1 (Revised), no such statement is included in these financial statements.

ATLAS WARD STRUCTURES LIMITED
(formerly Kingspan Structures Limited)

NOTES TO THE ACCOUNTS - 31 December 1997 (continued)

17 RELATED PARTY DISCLOSURES

Transactions with other companies within the Atlas Ward Holdings Ltd group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standards No8.

18 CONTINGENT LIABILITIES

The company is party to a group arrangement to secure a loan from 3i. The security given comprises:

- (i) a fixed and floating charge over the assets of each group company
- (ii) a legal charge over leasehold land and buildings, Sherburn, North Yorkshire

Furthermore a deed of guarantee has been given by Atlas Ward Structures Limited in favour of 3i in respect of Atlas Ward Holdings Limited.