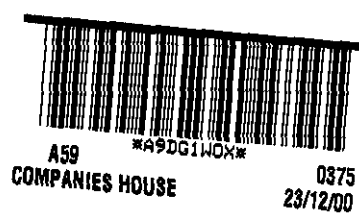


PRECISION POLYMERS AND RECLAIM (STROUD) LIMITED

(Company Number 3747491)

**DIRECTORS' REPORT AND ACCOUNTS
8 APRIL 1999 TO 30 APRIL 2000**



DIRECTORS' REPORT

The Directors present their Report and the Financial Statements of the Company for the Period 8 April 1999 to 30 April 2000.

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the Company's state of affairs and of its profit or loss for the year. When they prepare these statements the Directors are required to:

1. Select suitable accounting policies and apply them consistently.
2. Make judgements and estimates which are reasonable and prudent.
3. Prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose, at any time and with reasonable accuracy, the Company's financial position and which enable them to ensure that the Financial Statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

PRINCIPAL ACTIVITY

The Company's acquired the business of Precision Polymers and Reclaim Ltd and started trading on 26 May 1999. Its principal activity is the manufacture, sale, and distribution of plastics and plastic materials.

DIRECTORS

The Directors of the Company throughout the Period and there interests, all of which are beneficial, in its issued ordinary shares were:

	ORDINARY SHARES HELD
	30.4.00
Michael HUGHES	95
Lyn BRIDGE	95
Meryl WILLIAMS	10

DIVIDENDS

No dividends were paid during the Period or are proposed now,

DIRECTORS' REPORT - Continued

CLOSE COMPANY PROVISIONS

The Directors consider that the Company is a "Close Company" according to the terms of the Income and Corporation Taxes Act 1988.

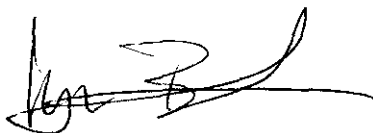
AUDITORS

The Auditors, Trenfield Williams, have expressed their willingness to continue in office and a resolution for their reappointment will be put to the forthcoming Annual General Meeting.

This report takes advantage of the special exemptions available to small companies.

On behalf of the Board

Director

A handwritten signature in black ink, appearing to be 'J. B. Z.', written over a horizontal line.

AUDITORS' REPORT

TO THE MEMBERS OF PRECISION POLYMERS AND RECLAIM (STROUD) LIMITED

We have audited the Financial Statements on pages 4 to 11 which have been prepared according to the historical cost convention and the accounting policies described on page 6.

Directors' and Auditors' Responsibilities

The directors' report describes the directors responsibility for the preparation of financial statements. Our responsibility as auditors is to form an independent opinion on these financial statements and report this opinion to you.

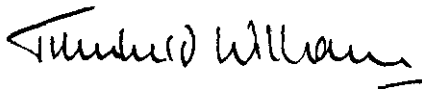
Basis of Opinion

We have carried out our audit in accordance with the 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 when they prepared the financial statements and an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been disclosed adequately and applied consistently.

We planned and performed our audit to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to gain reasonable assurance that the financial statements are free from material mis-statement whether caused by fraud or by other irregularity or error. To form our opinion we have also considered the overall adequacy of the way that information is presented in the financial statements.

Opinion

In our opinion these Financial Statements give, within the terms of the historical cost convention, a true and fair view of the Company's state of affairs on 30 April 2000 and of its profit for the Period which ended on that day and have been properly prepared in accordance with the provisions of the Companies Act 1985 which apply to small companies.



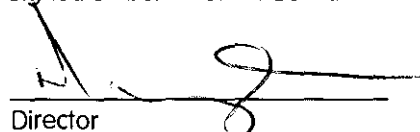
TRENFIELD WILLIAMS
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR
13 TRIANGLE SOUTH
CLIFTON
BRISTOL BS8 1BB
18 December 2000

BALANCE SHEET - 30 APRIL 2000

TANGIBLE FIXED ASSETS (Note 2)		196,910
CURRENT ASSETS		
Stock (Note 1)	33,992	
Debtors (Note 3)	185,750	
Cash at bank and in hand	111	
	<u>219,853</u>	
CREDITORS		
Amounts falling due within one year (Note 4)	233,197	
NET CURRENT LIABILITIES		(13,344)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>183,566</u>
CREDITORS		
Amounts falling due after more than one year (Note 5)		(111,512)
PROVISIONS FOR LIABILITIES AND CHARGES (Note 7)		(13,732)
		<u>£ 58,322</u>
CAPITAL AND RESERVES		
Called up Share Capital (Note 8)		200
Revenue Reserves		58,122
EQUITY SHAREHOLDERS' FUNDS		<u>£ 58,322</u>

These Accounts have been prepared according to the special provisions for small companies in Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective March 2000).

Signed on behalf of the Board


Director

These Financial Statements were approved by the Board on 18 December 2000.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 8 APRIL 1999 TO 30 APRIL 2000

TURNOVER (Note 9)	621,681
Raw Materials and Consumables	(115,736)
Other External Charges	(99,914)
GROSS PROFIT	406,031
Staff Costs (Note 10)	(157,010)
Depreciation (Note 1)	(18,790)
Other Operating Charges	(143,278)
OPERATING PROFIT	86,953
Interest payable (Note 11)	(13,009)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 12)	73,944
TAXATION (Note 13)	(15,822)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	58,122
DIVIDENDS	-
RETAINED PROFIT FOR THE PERIOD	58,122
REVENUE RESERVES BROUGHT FORWARD	-
REVENUE RESERVES CARRIED FORWARD	<u>£ 58,122</u>

NOTES TO THE ACCOUNTS FOR THE PERIOD 8 APRIL 1999 TO 30 APRIL 2000

1. ACCOUNTING POLICIES

Basis of Accounting

The Financial Statements have been prepared according to the historical cost convention, prevailing Accounting Standards, the terms of the Companies Act 1985 and the provisions of Part VII of the Act available to small companies, and the "Financial Reporting Standard for Smaller Entities (effective March 2000)"

Depreciation

The provision for depreciation is calculated on the net cost of Tangible Fixed Assets in order to write off their cost over their estimated useful lives. Items of Plant and Machinery are written off evenly over periods of between five and twenty years depending on the characteristics of the asset in question; Motor Vehicles are written off evenly over seven years; and Leasehold Improvements together with associated Fixtures and Fittings are written off over the term of the lease.

Stocks

Stocks are valued at the lower of cost or net realisable value.

Hire Purchase and Leases

Assets acquired under Hire Purchase, Lease Purchase, and Finance Lease agreements are included in Fixed Assets at their cash equivalent purchase price and depreciated according to the Company's usual depreciation policies. Payments under operating leases are charged against revenue as the expenditure is incurred.

Deferred Tax

The Company's policy is to provide for deferred tax in full by the liability method at rates currently in force. Tax is deferred because the tax relief obtained from capital allowances exceeds depreciation charged against the cost of relevant fixed assets.

Cash Flow Statement

The Company has not published a cash flow statement. It has chosen to take advantage of the exemption afforded by Financial Reporting Standard No. 1 on the grounds that it is a small company.

NOTES TO THE ACCOUNTS FOR THE PERIOD 8 APRIL 1999 TO 30 APRIL 2000 - Continued

2. TANGIBLE FIXED ASSETS

	Plant and Equipment	Motor Vehicles	Total
Cost			
Additions	200,000	10,700	210,700
Disposals	-	-	-
30 April 2000	<u>200,000</u>	<u>10,700</u>	<u>210,700</u>
Depreciation			
Eliminated on disposals	-	-	-
Charge for the Period	<u>12,492</u>	<u>1,298</u>	<u>13,790</u>
30 April 2000	<u>12,492</u>	<u>1,298</u>	<u>13,790</u>
Net Book Values			
30 April 2000	<u>£ 187,508</u>	<u>£ 9,402</u>	<u>£ 196,910</u>

On 30 April 2000 a motor vehicle with a net book value totalling £9,402 was held under a hire purchase contract. The Period's depreciation charge for this asset was £1,298.

3. DEBTORS

	30.4.00
Trade Debtors	175,805
Prepayments and Accrued Income	9,545
Other Debtors	400
	<u>£ 185,750</u>

NOTES TO THE ACCOUNTS FOR THE PERIOD 8 APRIL 1999 TO 30 APRIL 2000 - Continued

4. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	30.4.00
Bank Overdraft	64,524
Bank Loan	24,025
Other Loans	41,667
Trade Creditors	55,965
Accrued Charges and Deferred Income	29,057
Taxation and Social Security	12,447
Hire Purchase and Finance Leases	3,422
Corporation Tax	2,090
Other Creditors	-
	<u>£ 233,197</u>

The Bank Loan and Overdrafts are secured by a floating charge over all the assets and undertakings of the Company. This charge incorporates a fixed charge over Fixed Assets and Book Debts.

5. CREDITORS : AMOUNTS FALLING DUE AFTER ONE YEAR	30.4.00
Bank Loan	63,230
Other Loans	45,139
Hire Purchase and Finance Leases	3,143
	<u>£ 111,512</u>

All creditors are payable within five years

6. LOANS AND MATURITY OF DEBT

On 30 April 2000 the loan liability to the Company's bank was £87,255. This loan is repayable in monthly instalments of £2,623. At current interest rates this means that the loan should be repaid by January 2003.

When the Company's business was bought from its previous owner, £125,000 of the consideration was deferred to be repaid, interest free, over three years in monthly instalments of £3,473. £86,806 was outstanding on 30 April 2000. The final repayment is due in May 2002. This facility is secured by a second charge over the assets and undertakings of the Company.

NOTES TO THE ACCOUNTS FOR THE PERIOD 8 APRIL 1999 TO 30 APRIL 2000 - Continued

7. PROVISIONS FOR LIABILITIES AND CHARGES 30.4.00

The provision is solely for deferred taxation:

Provision at the beginning of the Period	-
Transfer from Profit and Loss account	13,732
Provision at the end of the Period	<u>£ 13,732</u>

8. CALLED UP SHARE CAPITAL 30.4.00

Authorised:

1,000 Ordinary shares of £1 each £ 1,000

Allotted, issued and fully paid:

200 Ordinary shares of £1 each £ 200

9. TURNOVER

Turnover is the amount receivable for goods and services provided during the Period. It excludes Value Added Tax and trade discounts. All turnover was within the United Kingdom.

10. STAFF COSTS

During the Period the average weekly number of employees (including directors) was 12.
Payroll costs were:

Wages, Salaries, and Expenses	143,573
Social security costs	13,437
	<u>£ 157,010</u>

All Pension contributions were to defined contribution schemes.

11. INTEREST PAYABLE AND SIMILAR CHARGES

On Bank overdrafts and loans repayable within five years	12,208
Hire Purchase and Finance Leases	801
	<u>£ 13,009</u>

NOTES TO THE ACCOUNTS FOR THE PERIOD 8 APRIL 1999 TO 30 APRIL 2000 - Continued

12. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Profit on ordinary activities before
taxation is stated after charging:

Directors' Emoluments	
- remuneration and benefits as executives	£ -
Auditors' remuneration	£ 1,000

13. TAX ON PROFIT ON ORDINARY ACTIVITIES

The provision is wholly for UK Corporation Tax:

On the results of the Period	2,090
Deferred taxation	13,732
	<u>£ 15,822</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000
Profit for the Financial Period	58,122
Dividends	-
	<u>58,122</u>
New share capital subscribed	200
	<u>58,322</u>
Net change in shareholders' funds	-
Opening shareholders' funds	-
	<u>£ 58,322</u>

All shareholders' funds are attributable to equity interests.

NOTES TO THE ACCOUNTS FOR THE PERIOD 8 APRIL 1999 TO 30 APRIL 2000 - Continued

15. LEASE COMMITMENTS

On 30 April 2000 the Company's minimum annual commitment to payments due under non - cancellable operating leases was:

For Leasehold Premises

Leases expiring within one year	-
Leases expiring within two to five year	-
Leases expiring after more than five years	62,044
	<u>£ 62,044</u>

16. GUARANTEES

The Company has given an unlimited guarantee to secure the bank facilities granted to Extrusion and Moulding Compounds Ltd (EMC) and Capital Valley Plastics Ltd (CVP) which are Companies under common control. The guarantee is secured in the same way as this Company's own bank facilities. On 30 April 2000, EMC had relevant bank facilities totalling £192,050 and CVP had relevant facilities of £276,417. However the directors believe that these liabilities are covered sufficiently by the other companies own assets and so no provision is either made or called for in these financial statements.

17. TRANSACTIONS WITH DIRECTORS AND RELATED COMPANIES

The Company trades goods and services with Extrusion and Moulding Compounds Limited (EMC) and Capital Valley Plastics Limited (CVP) - Companies in which the directors of this Company have a controlling interest. The following transactions have taken place during the Period:

	Sales to EMC	Purchases from EMC	Sales to CVP	Purchases from CVP
Raw Materials	7,062	-	161,126	-
Management and Administration	-	-	-	44,000
	<u>£ 7,062</u>	<u>£ -</u>	<u>£ 161,126</u>	<u>£ 44,000</u>

On 30 April 2000, £3,613 was owed by EMC and £73,882 was owed by CVP.

18. CAPITAL COMMITMENTS

There were no Capital Commitments on 30 April 2000.