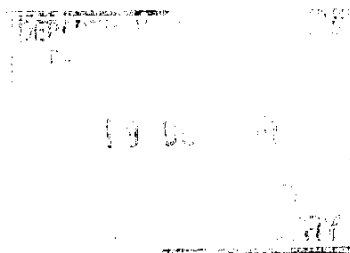


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AESSEAL (MCK) LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000
COMPANY NUMBER NI 17307



AESSEAL (MCK) LIMITED

DIRECTORS

J F McKeever

C J Rea

SECRETARY

H R Roddy

REGISTERED OFFICE

Unit 60 Dunmurray Industrial Estate, Derriaghy Industrial Park, Belfast BT27 9HU

AUDITORS

Roddis Taylor Robinson, Chartered Accountants, 275 Glossop Road, Sheffield S10 2HB

BANKERS

Ulster Bank Limited, Markets Branch, 2 Cromac Street, Belfast BT14 6AT

AESSEAL (MCK) LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2000

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 to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. They are also responsible for safeguarding the assets of the Company hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ACCOUNTS

The Directors present their report and accounts for the year ended 31 December 2000.

ACTIVITIES

The principal activities of the Company are the manufacture and distribution of engineering products to industry.

BUSINESS REVIEW

The Directors consider the results for the year and the position at 31 December 2000 to be satisfactory.

RESULTS FOR THE YEAR

Profit on ordinary activities before taxation amounted to £222325 (1999 £126490) and after taxation £152570 (1999 £87376).

DIVIDENDS

No interim dividend was paid during the year (1999 Nil). The Directors do not recommend payment of a final dividend for the year ended 31 December 2000.

TAX STATUS

The Company is a close Company within the meaning of Section 414 Income and Corporation Taxes Act 1988.

AESSEAL (MCK) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2000

DIRECTORS

The members of the Board during the year were:

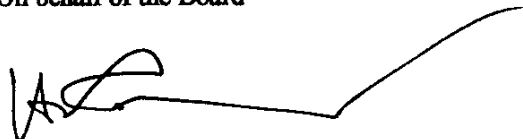
J F McKeever

C J Rea

AUDITORS

Roddis Taylor Robinson, Chartered Accountants, offer themselves for re-appointment in accordance with Article 392 Companies (Northern Ireland) Order 1986.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'H R Roddy', written over a horizontal line.

H R Roddy
Secretary

6 July 2001

AUDITORS' REPORT TO THE MEMBERS OF AESSEAL (MCK) LIMITED

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

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.

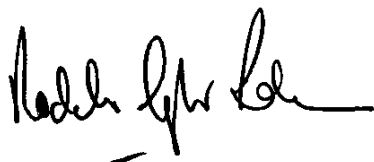
Basis of opinion

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 have 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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies (Northern Ireland) Order 1986.



Roddis Taylor Robinson
Chartered Accountants
Registered Auditors

6 July 2001

AESSEAL (MCK) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2000**

<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
1	TURNOVER - CONTINUING ACTIVITIES	1687194
	Cost of sales	(1029483)
	GROSS PROFIT	657711
	Other operating income	9228
	Distribution costs	(185586)
	Administrative expenses	(263128)
	OPERATING PROFIT - CONTINUING ACTIVITIES	218225
	Other interest receivable and similar income	5682
2	Interest payable and similar charges	(1582)
3	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	222325
4	Tax on profit on ordinary activities	(69755)
	PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	152570
	Dividends	-
14	TRANSFER TO RESERVES	87376

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**FOR THE YEAR ENDED 31 DECEMBER 2000**

The Company had no recognised gains or losses other than the profit for the year of £152570 (1999 £87376).

AESSEAL (MCK) LIMITED

BALANCE SHEET AT 31 DECEMBER 2000

<u>Notes</u>	<u>2000</u> £	<u>1999</u> £
FIXED ASSETS		
5 Tangible assets	<u>74168</u>	<u>87327</u>
CURRENT ASSETS		
6 Stocks	155472	129329
7 Debtors	322013	338061
Cash at bank and in hand	<u>136202</u>	<u>102207</u>
8 CREDITORS (amounts due within one year)	<u>613687</u> <u>(367690)</u>	<u>569597</u> <u>(202536)</u>
NET CURRENT ASSETS	<u>245997</u>	<u>367061</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		
9 CREDITORS (amounts due after one year)	(8862)	(294355)
11 PROVISIONS FOR LIABILITIES AND CHARGES	-	(1300)
	<u>311303</u>	<u>158733</u>
CAPITAL AND RESERVES		
13 Called up share capital	16000	16000
14 Profit and loss account	<u>295303</u>	<u>142733</u>
15 SHAREHOLDERS' FUNDS	<u>311303</u>	<u>158733</u>

Signed on behalf of the Board


J F McKeever - Director

AESSEAL (MCK) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's accounts.

a) BASIS OF PREPARATION OF ACCOUNTS

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards. There were no material departures from those standards.

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 from producing a cash flow statement as it is a wholly owned Subsidiary undertaking of AES Engineering Limited.

b) TURNOVER

Turnover represents the amount received or receivable for goods and services provided to customers during the year, excluding value added tax.

c) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated at rates intended to write off the cost of the fixed assets over the expected useful lives of the assets concerned. The principal annual rates are:

Short leasehold property	Equal instalments over the period of the lease.
Plant and equipment	25% reducing balance
Motor vehicles	25% to 33 $\frac{1}{3}$ % straight line

d) STOCKS

Stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs.

e) DEFERRED TAXATION

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

AESSEAL (MCK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2000

1. ACCOUNTING POLICIES (CONTINUED)

f) OPERATING CONTRIBUTIONS

Operating contributions that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life.

Other operating contributions are credited to the profit and loss account when receivable.

g) PENSION COSTS

The Company operates a defined contribution pension scheme. The charge in the profit and loss account for pension costs is the amount of the Company's contributions payable to the pension scheme for the year.

h) FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into sterling using the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currency have been translated into sterling at the closing rates. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

i) LEASING

Assets acquired under hire purchase contracts or finance leases are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges are included in creditors.

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

2. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2000</u>	<u>1999</u>
	£	£
Finance charges - hire purchase obligations and finance leases	1482	1561
Bank interest	100	-
	<u>1582</u>	<u>1561</u>

AESSEAL (MCK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2000

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>2000</u>	<u>1999</u>
	£	£
After charging:		
Directors' emoluments (note 17)	75660	62270
Depreciation - owned assets	21273	17424
Depreciation - assets held under finance leases and hire purchase contracts	10885	10249
Auditors' remuneration including expenses	2600	2250
Operating leases - property	10025	8036
Loss on disposal of fixed assets	4137	364
Foreign currency exchange losses (net)	-	8106
	<hr/>	<hr/>
After crediting:		
Operating contributions	9228	33373
Foreign currency exchange gains (net)	2731	-
	<hr/>	<hr/>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2000</u>	<u>1999</u>
	£	£
UK Corporation tax at 30% (1999 28%)	73066	38535
Corporation tax overprovided in prior years	(2011)	(721)
Transfer (from)/to deferred tax	(1300)	1300
	<hr/>	<hr/>
	69755	39114
	<hr/>	<hr/>

AESSEAL (MCK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2000

5. TANGIBLE FIXED ASSETS

	Short Leasehold Property Adaptations £	Plant and Equipment £	Motor Vehicles £	Total £
Cost:				
At 1 January 2000	19888	56569	89746	166203
Additions	-	9533	12332	21865
Disposals	-	(15213)	-	(15213)
At 31 December 2000	19888	50889	102078	172855
Depreciation:				
At 1 January 2000	13583	38104	27189	78876
Provision for the year	3444	5911	22803	32158
Disposals	-	(10859)	-	(10859)
Exchange differences	-	-	(1488)	(1488)
At 31 December 2000	17027	33156	48504	98687
Net book value:				
At 31 December 2000	2861	17733	53574	74168
At 31 December 1999	6305	18465	62557	87327

The net book value of tangible fixed assets includes an amount of £30188 (1999 £31680) in respect of assets held under hire purchase contracts or finance leases.

6. STOCKS

	<u>2000</u> £	<u>1999</u> £
Finished goods and goods for resale	155472	129329

7. DEBTORS

	<u>2000</u> £	<u>1999</u> £
Trade debtors	207405	184638
Amounts due from Group undertakings	84036	123577
Other debtors	20541	14189
Prepayments and accrued income	10031	15657
	322013	338061

AESSEAL (MCK) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2000****8. CREDITORS (AMOUNTS DUE WITHIN ONE YEAR)**

	<u>2000</u>	<u>1999</u>
	£	£
Obligations under finance leases and hire purchase contracts	9178	11801
Trade creditors	81003	51345
Amounts owed to Group undertakings	123885	64164
Corporation tax payable	72042	38535
Other taxes and social security	6573	4852
Accruals and deferred income	75009	31839
	<u>367690</u>	<u>202536</u>

9. CREDITORS (AMOUNTS DUE AFTER ONE YEAR)

	<u>2000</u>	<u>1999</u>
	£	£
Obligations under finance leases and hire purchase contracts	8862	7953
Amounts owed to Group undertakings	-	285000
Accruals and deferred income	-	1402
	<u>8862</u>	<u>294355</u>

10. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	<u>2000</u>	<u>1999</u>
	£	£
Obligations under finance leases and hire purchase contracts	18040	19754
Due within one year (included in current liabilities)	(9178)	(11801)
	<u>8862</u>	<u>7953</u>

The obligations under finance leases and hire purchase contracts are secured on certain tangible fixed assets of the Company.

AESSEAL (MCK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2000

11. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Deferred Taxation</u> £
At 1 January 2000	1300
Transfer to profit and loss account	<u>(1300)</u>
At 31 December 2000	<u>-</u>

12. DEFERRED TAXATION

The balance at 31 December 2000 is made up as follows:

	<u>Provided and Potential</u> <u>2000</u> £	<u>1999</u> £
Timing differences:		
Accelerated capital allowances	<u>-</u>	<u>1300</u>

13. CALLED UP SHARE CAPITAL

	<u>2000</u> £	<u>1999</u> £
Allotted and fully paid:		
16000 ordinary shares of £1 each	<u>16000</u>	<u>16000</u>
Authorised:		
50000 ordinary shares of £1 each	<u>50000</u>	<u>50000</u>

AESSEAL (MCK) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2000****14. RESERVES**

	<u>Profit and Loss Account</u> £
At 1 January 2000	142733
Retained profit for the year	152570
At 31 December 2000	<u>295303</u>

15. RECONCILIATION OF MOVEMENTS OF SHAREHOLDERS' FUNDS

	<u>2000</u> £	<u>1999</u> £
Equity interests:		
Profit for the year	152570	87376
Opening shareholders' funds	158733	71357
Closing shareholders' funds	<u>311303</u>	<u>158733</u>

16. LEASING COMMITMENTS

At 31 December 2000 the Company had annual commitments under non-cancellable operating leases as detailed below:-

	<u>2000</u> £	<u>1999</u> £
Land and buildings		
Operating leases which expire:		
Within one year	5833	-
Within two to five years	<u>1874</u>	<u>8874</u>

AESSEAL (MCK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2000

18. PARTICULARS OF EMPLOYEES

The average number of persons employed by the Company (including Directors) during the year was:

Category:	<u>2000</u>	<u>1999</u>
Directors	2	2
Workshop	5	3
Sales	5	5
Administration	4	4
	<u>16</u>	<u>14</u>

Their total remuneration was:	<u>2000</u> £	<u>1999</u> £
Wages and salaries	286846	230901
Social security costs	21607	16058
Pension costs	11119	11119
	<u>319572</u>	<u>258078</u>

19. PENSION COSTS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds.

Contributions payable to the scheme by the Company are included in the pension costs charge in respect of the year and amounted to £11119 (1999 £11119). There were no outstanding contributions to the scheme at the year end (1999 nil).

20. RELATED PARTIES

a) Controlling Parties

The Company is under the control of AES Engineering Limited. The ultimate controlling party is considered to be Mr C J Rea, by virtue of his shareholding in that Company.

b) Related Party Transactions

Advantage has been taken of the exemption in FRS8 from disclosing transactions with AES Engineering Limited and other Companies in the AES Group of Companies as the Company is a 100% Subsidiary undertaking. The Company did not enter into any transactions with the Directors during the year.

AESSEAL (MCK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2000

21. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY

AES Engineering Limited is the Company's smallest and largest Parent undertaking and ultimate holding Company.

Copies of the accounts of AES Engineering Limited can be obtained from the Registered Office at Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham S60 1BZ, United Kingdom.

22. COMMITMENTS ON BEHALF OF GROUP COMPANIES

Along with the other Group undertakings based in Great Britain, the Company has given security in favour of HSBC Bank plc against Group borrowings by way of an Unlimited Multilateral Company guarantee, to secure all liabilities of each other, and a debenture giving fixed and floating charges over assets of the Company.

23. APPROVAL OF ACCOUNTS

These accounts were approved at a Directors' meeting held on 6 July 2001

AESSEAL (MCK) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2000

17. INFORMATION REGARDING DIRECTORS

Share interests:

The Directors of the Company at 31 December 2000 were as follows:

J F McKeever

C J Rea

None of the directors had interests in the shares of the company at that date or at 31 December 1999.

Directors' interests in Parent undertaking:

The interest of C J Rea, who is a Director of the Parent Company, in the shares of AES Engineering Limited are shown in that Company's accounts. J F McKeever has the following interest in the Parent undertaking:

	<u>2000</u>	<u>1999</u>
Ordinary shares of £1 each	<u>7614</u>	<u>8040</u>

Remuneration:

	<u>2000</u>	<u>1999</u>
	£	£
Directors emoluments amounted to:		
Emoluments including benefits in kind	64541	51151
Money purchase pension scheme contributions	<u>11119</u>	<u>11119</u>
	<u>75660</u>	<u>62270</u>

There is one director who is a member of a money purchase pension scheme (1999 one).

Financial transactions:

During the year the Company traded with AES Engineering Limited, a Company in which C J Rea and J F McKeever have an interest. All the transactions were carried out on a normal commercial basis.