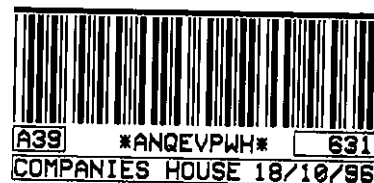


THE CHILLINGTON TOOL COMPANY LIMITED

REGISTERED NO: 37792

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1995



THE CHILLINGTON TOOL COMPANY LIMITED

Report of the Directors

The directors present the audited financial statements for the year ended 31 December 1995.

Activities

The principal activities of the company are the worldwide marketing of edge tools and other products manufactured by its associated companies in South America, Africa and the Far East and the provision of raw materials, plant, equipment and technical assistance required by the associated overseas companies.

Business Review

Both the levels of business and the year-end financial position were satisfactory and the directors expect this to continue for the foreseeable future.

Results and Dividends

The Profit for the year after taxation amounted to £39,770 (1994: Profit £233,126).

The directors recommend the payment of a dividend of £170,000 (1994: £150,000). An amount of £130,30 has been transferred from reserves.

Directors and Directors' Interests

The directors who served during the year were as follows:

K P Legg	J B Fenton
G Moores	K W Key
S S Hobhouse	

The directors do not have any beneficial interest in the shares of the company. The interests of Mr Legg, Mr Moores and Mr Hobhouse in the shares of the ultimate parent company, Plantation & General Investments Plc are shown in the directors' report of that Company.

At 31 December 1995, Mr Fenton and Mr Key held options over the ordinary shares of 25p each of Plantation & General Investments Plc, under the 1986 Executive Share Option Scheme, which are exercisable in normal circumstances, between three and ten years from the date of granting the option.

<u>NAME OF DIRECTOR</u>	<u>NO OF ORDINARY SHARES UNDER OPTION</u>	<u>DATE OF GRANT</u>	<u>EXERCISE PRICE</u>
J B Fenton	3,276	5 July 1988	127.0p
	5,417	28 June 1991	37.0p
K Key	6,006	3 June 1987	130.0p
	3,276	5 July 1988	127.0p
	4,333	27 June 1989	148.0p
	6,500	1 July 1990	95.0p
	27,083	28 June 1991	37.0p

THE CHILLINGTON TOOL COMPANY LIMITED

Report of the Directors (Cont)

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss for that period. It is also the directors' responsibility to maintain adequate accounting records, safeguard the assets of the company and take reasonable steps in preventing and detecting fraud and other irregularities.

The directors confirm that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements on a going concern basis, and that applicable accounting standards have been followed.

FIXED ASSETS

The movement in fixed assets is shown in note 7 to the financial statements.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Hacker Young as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



M A Gage
Secretary

Bridge Road
Haywards Heath
West Sussex
RH16 1UA

16 May 1996

AUDITORS' REPORT TO THE MEMBERS OF
THE CHILLINGTON TOOL COMPANY LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 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 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hacker Young
Hacker Young
Registered Auditor
Chartered Accountants

London
16 May 1996

THE CHILLINGTON TOOL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>Notes</u>	<u>Continuing Operations</u>	
		<u>1995</u>	<u>1994</u>
		<u>£</u>	<u>£</u>
TURNOVER	2	4,790,391	4,640,829
Cost of Sales		(3,707,391)	(3,580,757)
		-----	-----
Gross Profit		1,083,000	1,060,072
Net operating expenses	3	(941,123)	(871,921)
		-----	-----
Operating Profit		141,877	188,151
Interest payable (net)	4	(43,497)	(38,151)
		-----	-----
Profit on ordinary activities before taxation	5	98,380	150,000
Taxation	6	(58,610)	83,126
		-----	-----
Profit on ordinary activities after taxation		39,770	233,126
Dividend		(170,000)	(150,000)
		-----	-----
Retained (Loss)/ Profit for the year	14	(130,230)	83,126
		=====	=====

Notes on pages 6 to 11 form part of these financial statements.

Reconciliations of movements in shareholders' funds are set out in note 14.

There are no recognised gains or losses other than the profit for the year as disclosed above.

There is no material difference between the result as disclosed above and the result as given on an unmodified historical cost basis.

THE CHILLINGTON TOOL COMPANY LIMITED

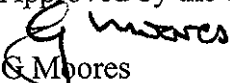
BALANCE SHEET

AS AT 31 DECEMBER 1995

	<u>Note</u>	<u>1995</u> £	<u>1994</u> £
Fixed Assets			
Tangible Assets	7	2,718	5,080
Investments	8	-	974,997
		-----	-----
		2,718	980,077
		-----	-----
Current Assets			
Stocks	9	390,524	272,482
Debtors	10	2,484,842	2,127,298
		-----	-----
		2,875,366	2,399,780
		-----	-----
Creditors: amounts falling due within one year			
Debt Finance	11	698,257	558,175
Creditors	12	1,908,117	2,406,282
		-----	-----
		2,606,374	2,964,457
		-----	-----
Net Current Assets/(Liabilities)		268,992	(564,677)
		-----	-----
Total Assets less current liabilities		271,710	415,400
		-----	-----
Creditors: amounts falling due after more than one year	12	(25,459)	(38,919)
		-----	-----
Total Assets		246,251	376,481
		=====	=====
Capital and Reserves			
Called up Share Capital	13	12,900	12,900
Profit and Loss Account	14	233,351	363,581
		-----	-----
		246,251	376,481
		=====	=====

The notes on pages 6 to 11 form part of these financial statements.

Approved by the board of directors on 16 May 1996 and signed on its behalf by:


G Moores
Director

THE CHILLINGTON TOOL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Depreciation

Depreciation is calculated on the straight line basis to write off assets over their expected useful lives as follows:

	<u>%</u>
Plant & Machinery	20
Motor Vehicles	25
Fixtures and fittings	20-33 $\frac{1}{3}$

(c) Stocks

Stocks are stated at the lower cost and net realisable value.

(d) Foreign currencies

Amounts originally denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date.

Exchange differences arising on such translations are included in the profit on ordinary activities before taxation.

(e) Pensions

The Company is a member of the group pension scheme of its ultimate holding company - Plantation & General Investments Plc. This funded pension scheme provides benefits based on final pensionable pay. The contributions to the scheme are based on pension costs across the group as a whole. Pension costs for the plan have been accounted for in accordance with statement of standard accounting practice 24 (SSAP24).

(f) Cashflow Statement

The Company has taken advantage of the exemption permitted by FRS 1 whereby a cashflow statement need not be prepared by a wholly owned subsidiary of a parent company which itself publishes a consolidated cashflow statement.

THE CHILLINGTON TOOL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont)

2. TURNOVER

Represents the value of goods despatched and invoiced during the year excluding trade discounts and Value Added Tax.

The geographical analysis of turnover during the year was as follows:-

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
United Kingdom	259,434	187,313
Europe (excluding UK)	291,411	44,131
Middle East and Mediterranean	243,327	215,926
Africa	1,947,266	2,071,035
South East Asia	1,653,499	1,802,489
USA and Canada	-	4,618
South America and Caribbean	376,280	307,831
Australasia	19,174	7,486
	<u>£4,790,391</u>	<u>£4,640,829</u>

3. NET OPERATING EXPENSES

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Distribution costs	727,311	679,712
Administrative expenses	556,588	522,890
Other operating income	(342,776)	(330,681)
	<u>941,123</u>	<u>871,921</u>

4. INTEREST PAYABLE (NET)

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
On amounts wholly repayable within 5 years:		
Bank overdraft	46,968	57,732
Other loans	54	-
	<u>47,022</u>	<u>57,732</u>
Less: interest receivable	(3,525)	(19,581)
	<u>43,497</u>	<u>38,151</u>

THE CHILLINGTON TOOL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont)

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) Profit on ordinary activities before taxation is stated after charging:

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Auditor's remuneration	7,192	5,000
Depreciation	2,362	2,362
	<u>=====</u>	<u>=====</u>

(b) Directors' emoluments

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Remuneration including pension contributions of £8,903 (1994: £10,555)	132,322	138,473
	<u>=====</u>	<u>=====</u>
Highest paid director	59,230	53,432
	<u>=====</u>	<u>=====</u>

Number of directors whose emoluments excluding pension contributions were within the ranges:

	<u>1995</u>	<u>1994</u>
£0 - £5,000	2	2
£20,001 - £25,000	1	-
£40,001 - £45,000	-	2
£45,001 - £50,000	1	-
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-
	<u>=====</u>	<u>=====</u>

(c) Staff costs

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Wages and salaries	160,756	199,379
Social Security	11,095	11,655
Pension costs	13,366	16,720
	<u>-----</u>	<u>-----</u>
	185,217	227,754
	<u>=====</u>	<u>=====</u>

The average number of staff employed was:	<u>1995</u>	<u>1994</u>
	<u>No</u>	<u>No</u>
Sales and distribution	1	1
Administration	-	2
Overseas employees	3	6
	<u>----</u>	<u>----</u>
	4	9
	<u>=====</u>	<u>=====</u>

THE CHILLINGTON TOOL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont)

6.	<u>TAXATION</u>	<u>1995</u>	<u>1994</u>
		£	£
	United Kingdom corporation tax @ 33%	18,874	2,852
	Deferred taxation	-	1,014
		-----	-----
		18,874	3,866
		-----	-----
	Prior year adjustment:		
	Corporation tax	29,470	(80,712)
	Deferred taxation	10,266	(6,280)
		-----	-----
		39,736	(86,992)
		-----	-----
		58,610	(83,126)
		=====	=====

7.	<u>TANGIBLE ASSETS</u>	<u>Plant & Machinery & Vehicles</u>	<u>Fixtures & Fittings</u>	<u>Total</u>
		£	£	£
	COST			
	At 1 January 1995 and at 31 December 1995	10,860	6,804	17,664
		=====	=====	=====
	DEPRECIATION			
	At 1 January 1995	10,344	2,240	12,584
	Charge for year	172	2,190	2,362
		-----	-----	-----
	At 31 December 1995	10,516	4,430	14,946
		-----	-----	-----
	NET BOOK VALUES			
	At 31 December 1995	344	2,374	2,718
		=====	=====	=====
	NET BOOK VALUES			
	At 1 January 1995	516	4,564	5,080
		=====	=====	=====

8. INVESTMENTS

	<u>Shares in subsidiary and associated undertakings</u>	
	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
At cost	-	974,997

In 1995 the Company's investments in fellow subsidiary undertakings aggregating £974,997 were transferred to other fellow subsidiary undertakings at cost.

THE CHILLINGTON TOOL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont)

9.	<u>STOCKS</u>	<u>1995</u>	<u>1994</u>
		£	£
	Contracts in progress	46,158	32,829
	Finished goods and goods for resale	344,366	239,653
		-----	-----
		390,524	272,482
		=====	=====

10.	<u>DEBTORS</u>	<u>1995</u>	<u>1994</u>
		£	£
	Trade debtors	456,697	682,211
	Other debtors	41,492	93,088
	Amounts owed by fellow subsidiary undertakings	1,979,969	1,319,530
	Prepayments and accrued income	6,684	22,203
	Deferred tax	-	10,266
		-----	-----
		2,484,842	2,127,298
		=====	=====

The deferred taxation balance of £10,266 at 31 December 1994, representing the total potential asset at that date, has been charged to profit and loss account in 1995 (Note 6).

11.	<u>DEBT FINANCE</u>	<u>1995</u>	<u>1994</u>
		£	£
	Bank overdraft	698,257	558,175
		=====	=====

12.	<u>CREDITORS</u>	<u>1995</u>	<u>1994</u>
		£	£
	Amounts falling due within one year:		
	Trade Creditors	641,172	455,437
	Corporation tax	18,874	2,852
	Other taxation and social security	11,260	11,260
	Accruals and deferred income	116,204	96,869
	Other creditors	14,800	-
	Amounts owed to ultimate parent company	-	1,180,616
	Amounts owed to fellow subsidiary undertakings	1,105,807	659,248
		-----	-----
		1,908,117	2,406,282
		=====	=====
	Amounts falling due after more than one year:		
	Other creditors	25,459	38,919
		=====	=====

THE CHILLINGTON TOOL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont)

13. CALLED UP SHARE CAPITAL

	<u>1995</u>		<u>1994</u>	
	<u>Authorised</u>	<u>Issued and fully paid</u>	<u>Authorised</u>	<u>Issued and fully paid</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	15,000	12,900	15,000	12,900

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Profit for the Financial year	39,770	233,126
Dividend	(170,000)	(150,000)
Opening shareholders' funds	376,481	293,355
	-----	-----
Closing shareholders' funds	246,251	376,481
	=====	=====

RESERVES

	<u>Profit and Loss Account</u>
	<u>£</u>
At 1 January 1995	363,581
Profit for the financial year	39,770
Dividend	(170,000)

At 31 December 1995	233,351
	=====

15. PENSIONS

The Company is party to Plantation & General Investments Plc Group Pension Scheme. The total pension cost for the Company was £13,366 (1994: £16,720). Formal actuarial valuations of the scheme are carried out triennially, the latest being 31 December 1993. The principal actuarial assumptions adopted at that valuation were that, over the long term, the annual rate of return on new investments would be 2.5% higher than the annual increase on total pensionable earnings and 4.0% higher than the annual increase in dividends receivable. The market value of the scheme at the date of the valuation was £4.86 million and the actuarial value of the assets was sufficient to cover 92% of the benefits that had accrued to members after allowing for expected future increases in earnings. The employers' contribution rate over the average remaining service lives of the members of the scheme takes account of the deficit disclosed by the valuation.

17. ULTIMATE PARENT COMPANY

The ultimate parent company and the only group company for which group accounts are prepared is Plantation & General Investments Plc, a company registered in England and Wales. Copies of this company's accounts can be obtained from The Secretary, 71 Carter Lane, London, EC4V 5EQ.