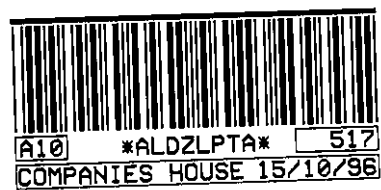


NT SHAPLAND & PETTER LIMITED

(COMPANY NO: 312202)

FINANCIAL STATEMENTS

31 DECEMBER 1995



NT SHAPLAND & PETTER LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

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DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The directors hereby present their report together with the audited financial statements for the year ended 31 December 1995.

RESULTS

The results for the year are set out in the profit and loss account on page 5.

The company did not pay an interim dividend during the year and no final dividend is proposed.

The loss for the year has been transferred to reserves as shown in note 19 to the financial statements.

PRINCIPAL ACTIVITY

The principal activity of the company is the manufacture of doors, doorsets and wood interiors. There were no significant changes during the year.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors consider that the company's overall state of affairs is acceptable taking into account the continuing adverse trading conditions. The company is involved in expanding the business into the selected niche markets of contract joinery and customised fixtures and furnishings.

RESEARCH & DEVELOPMENT

The company has a continuing product development programme.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 11 to the financial statements. The directors consider the value of the freehold land and buildings to be in excess of net book value.

DIRECTORS

The directors of the company at 31 December 1995, all of whom served during the year ended on that date were as follows:

NJR Smith	(Chairman)
KM Bishop	
LFW Hartin	
WJ Newton	
M Buckley	
NEJ Martin	(Appointed 15 November 1995)

C Smith was appointed as a director on 3 January 1996.

RC Young was appointed as a director and chairman on 12 January 1996.

JS Thompson was appointed as a director on 12 January 1996.

NJR Smith resigned on 12 January 1996.

MCD Ledbury-Moore served as an alternate director during the year and resigned on 12 January 1996.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The directors' interests in the share capital of the ultimate parent company were as follows:-

Ordinary shares of 25p	31 December 1995		1 January 1995	
	Shares	Options	Shares	Options
NJR Smith	500	20,000	500	-
LFW Hartin	-	9,409	-	9,409
WJ Newton	-	12,545	-	12,545
M Buckley	-	6,272	-	6,272
KM Bishop	-	-	-	-
NEJ Martin	-	-	-	-

During the year NJR Smith was granted 20,000 options under the Newman Tonks Executive Share Option Scheme.

The options held by the other directors were granted under the Newman Tonks Share Save Scheme.

EMPLOYEE INVOLVEMENT

The company continues to ensure a good flow of information and consultation between all employees so that there is an awareness of the financial and economic factors affecting the company's performance.

There is continuous informal communication with all employees and their elected representatives. Regular meetings are also held with trade union shop stewards. Production committees with constantly changing shop floor memberships meet regularly to discuss production problems.

DISABLED PERSONS

Applications for employment by disabled persons are given sympathetic consideration bearing in mind the aptitudes and abilities of the applicant. If an existing employee becomes disabled, such steps are taken as are practical and reasonable to retain that person in employment and to assist with suitable training and career development opportunities.


TAXATION STATUS

The company is not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

AUDITORS

A resolution to reappoint Coopers & Lybrand as auditors will be proposed at the annual general meeting.

Signed on behalf of the board
20 March 1996



M BUCKLEY
Secretary

Registered Office: The Crescent, Birmingham Business Park, Birmingham B37 7YX.

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 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.

REPORT OF THE AUDITORS TO THE MEMBERS OF NT SHAPLAND & PETTER LIMITED

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 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.

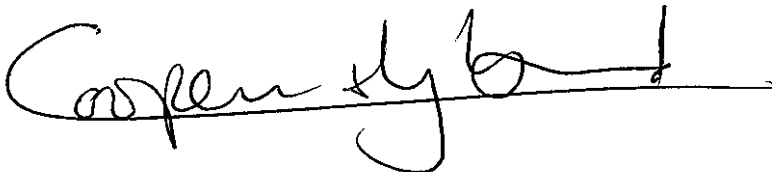
Basis of opinion

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 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 at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Coopers & Lybrand', written over a horizontal line.

COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
Plymouth

20 March 1996

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	Notes	1995 £	1994 £
Turnover	2	20,960,964	18,775,121
Cost of sales		18,065,823	16,058,754
Gross profit		<u>2,895,141</u>	<u>2,716,367</u>
Other operating expenses	3	3,738,405	3,884,631
Operating loss		<u>(843,264)</u>	<u>(1,168,264)</u>
Interest receivable and similar income	6	27,293	-
Interest payable and similar charges	7	(49,834)	(14,715)
Loss on ordinary activities before taxation	8	<u>(865,805)</u>	<u>(1,182,979)</u>
Taxation on loss on ordinary activities	9	(322,645)	(508,942)
Loss on ordinary activities after taxation		<u>(543,160)</u>	<u>(674,037)</u>
Dividends	10	-	131,088
Retained loss for the period	19	<u>(543,160)</u>	<u>(805,125)</u>

All items above relate to continuing operations.

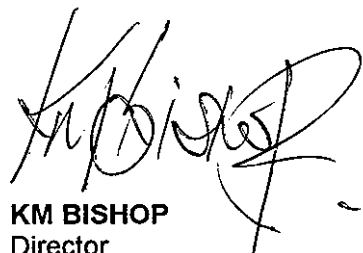
The company has no recognised gains and losses other than the losses stated above.
A statement of total recognised gains and losses has therefore not been prepared.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

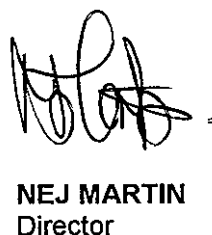
BALANCE SHEET AS AT 31 DECEMBER 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	11	2,232,266	2,408,979
Current assets			
Stocks	12	2,329,531	2,469,841
Debtors	13	7,987,911	7,800,390
Cash at bank and in hand		<u>1,512</u>	<u>927</u>
		10,318,954	10,271,158
Creditors: amounts falling due within one year	14	<u>4,888,901</u>	<u>5,076,714</u>
Net current assets		5,430,053	5,194,444
Total assets less current liabilities		<u>7,662,319</u>	<u>7,603,423</u>
Creditors: amounts falling due after more than one year	15	8,459,457	7,857,401
Net liabilities		<u>(797,138)</u>	<u>(253,978)</u>
Capital and reserves			
Called up share capital	17	410,059	410,059
Other reserves	18	10,000	10,000
Profit and loss account	19	(1,217,197)	(674,037)
Equity shareholders' funds	20	<u>(797,138)</u>	<u>(253,978)</u>

The financial statements on pages 5 to 14 were approved by the board of directors on 20 March 1996 and were signed on its behalf by:



KM BISHOP
Director



NEJ MARTIN
Director

The notes on pages 7 to 14 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1 ACCOUNTING POLICIES**

The following policies have been used in dealing with items which are considered material in relation to the company's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention modified by the revaluation of certain fixed assets. The company has taken advantage of the exemption covered by Financial Reporting Standard 1 and has not produced a cash flow statement. A cash flow statement is presented in the consolidated financial statements of the ultimate parent company.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land where the cost of such land is capable of being separately identified. Tangible fixed assets are written off over their expected useful lives on a straight line basis at the following annual rates:

Freehold land and buildings	2%
Plant and machinery	10%
Motor vehicles	25%
Office equipment	20%
Computer equipment	25%

Research and development

All research and development expenditure is written off to the profit and loss account as it is incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is defined as being the expenditure incurred in the normal course of business in bringing the various items to their present location and condition. Net realisable value is defined as being the estimated net sales value of the various items less all costs to completion and any further costs to be incurred.

Deferred taxation

Deferred taxation relating to capital allowances and other timing differences is provided for unless a liability is unlikely to arise in the foreseeable future. Provisions are calculated at the rates of corporation tax expected to be in force when the timing differences reverse.

Advance corporation tax is carried forward as a deferred asset or set-off against corporation tax liabilities where such set-off is expected to be available within one year. Otherwise it is charged to the profit and loss account as irrecoverable.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in the trading profit. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

Leases

Assets held under finance leases are included in tangible fixed assets at their capital values and depreciated in accordance with the policy stated above. The capital element of future rentals is included within creditors. The finance charge element is charged to the profit and loss account over the period of the lease in proportion to the outstanding capital amount.

Annual rentals payable under operating leases are charged to the profit and loss account.

Pension scheme arrangements

The principal scheme is the Newman Tonks Group UK Retirement Benefits Plan which is of the defined benefit type with assets held in separate trustee administered funds. The amount charged to the profit and loss account is calculated so as to produce a substantially level percentage of the current and estimated future pensionable payroll. Variations from the regular cost so calculated are allocated to the profit and loss account over the average remaining service lives of employees.

2 TURNOVER

Turnover represents the net amount invoiced to customers excluding value added tax.

Analysis of turnover by destination:	1995 £	1994 £
United Kingdom	19,812,102	17,865,874
Europe (excluding United Kingdom)	190,669	52,449
Africa and Middle East	259,259	331,057
Far East and Australia	693,162	524,765
Rest of the World	5,772	976
	<u>20,960,964</u>	<u>18,775,121</u>

3 OTHER OPERATING EXPENSES

	1995 £	1994 £
Selling and distribution costs	1,767,591	1,987,527
Administrative expenses	1,970,814	1,897,104
	<u>3,738,405</u>	<u>3,884,631</u>

NOTES TO THE FINANCIAL STATEMENTS

4 DIRECTORS' EMOLUMENTS

	1995 £	1994 £
Salaries and taxable benefits (including pension contributions)	<u>253,958</u>	<u>272,717</u>
Salaries and taxable benefits (excluding pension contributions) include amounts paid to:	1995 £	1994 £
The chairman	Nil	Nil
The highest paid director	<u>79,646</u>	<u>70,913</u>

The number of directors, including the chairman and the highest paid director, who received emoluments (excluding pension contributions) for the year in the following ranges was:

	1995 Number	1994 Number
£0 to £5,000	1	4
£5,001 to £10,000	1	-
£35,001 to £40,000	-	2
£40,001 to £45,000	1	-
£45,001 to £50,000	1	1
£55,001 to £60,000	-	1
£60,001 to £65,000	1	-
£70,001 to £75,000	-	1
£75,001 to £80,000	1	-

5 EMPLOYEE INFORMATION

The average number of persons (including executive directors) employed by the company during the year was:

	1995 Number	1994 Number
Manufacturing	397	414
Office and management	<u>160</u>	<u>205</u>
	<u>557</u>	<u>619</u>

Aggregate payroll costs for the above persons:

	1995 £	1994 £
Wages and salaries	7,012,382	7,691,096
Social security costs	704,582	806,865
Other pension costs	<u>71,170</u>	<u>103,422</u>
	<u>7,788,134</u>	<u>8,601,383</u>

NOTES TO THE FINANCIAL STATEMENTS

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	1995 £	1994 £
Tax repayment supplement	24,131	-
Interest on late payment by customers	3,162	-
	<u>27,293</u>	<u>-</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	1995 £	1994 £
Interest on finance leases	3,785	5,985
Interest on bank overdraft	46,049	8,730
	<u>49,834</u>	<u>14,715</u>

8 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging:	1995 £	1994 £
Auditors' remuneration: audit	22,000	23,260
Auditors' remuneration: non-audit services	8,916	8,550
Hire of assets - operating leases	166,493	172,840
Depreciation of owned assets	304,128	333,039
Depreciation of assets held under finance leases	37,855	37,855
Research and development expenditure	49,326	92,381
Charitable donations	555	845
Foreign exchange losses	12,482	18,526
and after crediting:		
Profit on sale of tangible assets	<u>53,840</u>	<u>48,028</u>

9 TAXATION

	1995 £	1994 £
UK corporation tax credit at 33% (1994: 33%)	(300,000)	(430,000)
Over provision in previous years	(22,645)	(112,752)
Deferred taxation	-	(97,000)
Advance corporation tax written off	-	130,810
	<u>(322,645)</u>	<u>(508,942)</u>

NOTES TO THE FINANCIAL STATEMENTS

10 DIVIDENDS

	1995 £	1994 £
Interim paid (1994: 31.97p per ordinary share)	-	131,088

11 TANGIBLE ASSETS

	Freehold land & buildings £	Plant & machinery £	Motor vehicles £	Office fixtures & fittings £	Total £
Cost or valuation					
At 1 January 1995	1,787,181	2,560,215	8,182	728,022	5,083,600
Additions	-	95,969	-	76,668	172,637
Disposals	-	(47,232)	-	-	(47,232)
At 31 December 1995	1,787,181	2,608,952	8,182	804,690	5,209,005

Depreciation

At 1 January 1995	324,686	1,850,299	4,884	494,752	2,674,621
Charge for the year	34,548	198,583	1,995	106,857	341,983
Disposals	-	(39,865)	-	-	(39,865)
At 31 December 1995	359,234	2,009,017	6,879	601,609	2,976,739

Net book value

At 31 December 1995	1,427,947	599,935	1,303	203,081	2,232,266
At 31 December 1994	1,462,495	709,916	3,298	233,270	2,408,979

Cost or valuation at 31 December 1995 is represented by:

Cost	1,457,181	2,608,952	8,182	804,690	4,879,005
Valuation	330,000	-	-	-	330,000
	1,787,181	2,608,952	8,182	804,690	5,209,005

Freehold land and buildings are stated at a market valuation carried out in 1968. The directors have reassessed the allocation of values between land & buildings based on professional advice received during the year.

Assets held under finance leases (included within plant & machinery above):	1995 £	1994 £
Cost	378,550	378,550
Accumulated depreciation	271,296	233,441
	107,254	145,109

NOTES TO THE FINANCIAL STATEMENTS

12 STOCKS

	1995 £	1994 £
Raw materials and consumables	1,418,632	1,633,050
Work in progress	406,260	416,166
Finished goods	504,639	420,625
	<u>2,329,531</u>	<u>2,469,841</u>

13 DEBTORS

Amounts receivable within one year:	1995 £	1994 £
Trade debtors	4,583,588	4,203,911
Other debtors	7,295	3,950
Prepayments and accrued income	391,844	370,096
Amounts owed by parent company	2,511,655	2,311,879
Amounts owed by fellow subsidiaries	193,513	436,664
Advance corporation tax recoverable	-	32,772
Income tax recoverable	16	11,118
Corporation tax recoverable	300,000	430,000
	<u>7,987,911</u>	<u>7,800,390</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Trade creditors	2,133,467	1,838,409
Bills of exchange	935,799	755,015
Other taxation and social security	854,989	455,380
Accruals and other creditors	725,008	989,400
Obligations under finance leases	-	24,613
Amounts owed to fellow subsidiaries	229,195	1,004,066
Amounts owed to parent company	10,443	9,831
	<u>4,888,901</u>	<u>5,076,714</u>

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Amounts owed to fellow subsidiaries	<u>8,459,457</u>	<u>7,857,401</u>

The amounts due to fellow subsidiaries are interest free and without formal terms for repayment.

NOTES TO THE FINANCIAL STATEMENTS

16 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation:	1995 Potential liability £	1995 Amount provided £	1994 Potential liability £	1994 Amount provided £
On capital allowances in excess of depreciation	283,618	-	380,082	-
Other timing differences	35,394	-	(13,036)	-
	319,012	-	367,046	-

17 SHARE CAPITAL

Authorised:	1995 £	1994 £
490,000 ordinary shares of £1 each	490,000	490,000
10,000 2.5% redeemable participating preference shares of £1 each	10,000	10,000
	500,000	500,000

Issued and fully paid:	1995 £	1994 £
410,059 ordinary shares of £1 each	410,059	410,059

18 OTHER RESERVES

	1995 £	1994 £
Capital redemption reserve	10,000	10,000

19 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1995	(674,037)
Retained loss for the year	(543,160)
At 31 December 1995	(1,217,197)

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Opening shareholders' funds	(253,978)	551,147
Loss for the year	(543,160)	(674,037)
Dividends	-	(131,088)
Closing shareholders' funds	(797,138)	(253,978)

NOTES TO THE FINANCIAL STATEMENTS

21 CAPITAL COMMITMENTS

	1995 £	1994 £
Contracted but not provided for	221,131	57,000
Authorised but not contracted for	-	16,000

22 CONTINGENT LIABILITIES

	1995 £	1994 £
Trade indemnities	71,605	362,556

23 PENSIONS

The company participates in a defined benefit scheme operated by the parent company. Details of the scheme may be found in the parent company's consolidated financial statements.

The total contributions paid in the year were £71,170 (1994: £103,422) which also represents the charge for the year in the financial statements. There were no outstanding contributions at the year end.

24 FINANCIAL COMMITMENTS

Commitments under non-cancellable operating leases:	1995 £	1994 £
Expiring within one year	6,551	67,235
Expiring between one and five years inclusive	112,404	81,857
	<u>118,955</u>	<u>149,092</u>

25 ULTIMATE PARENT COMPANY

The directors regard Newman Tonks Group PLC, a company registered in England and Wales, as the ultimate parent company.

The ultimate parent company's consolidated financial statements may be obtained from The Secretary, Newman Tonks Group PLC, The Crescent, Birmingham Business Park, Birmingham B37 7YX.