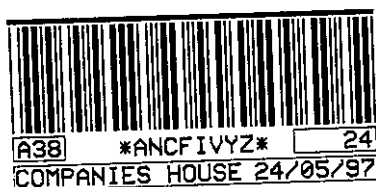


James M Brown Limited

Report and Abbreviated Accounts

31 December 1996

Registered No. 382434



DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 1996.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £1,117,000 (1995: £944,000).

The directors recommend the payment of a dividend of £280,000 (1995: £230,000), which leaves a profit of £837,000 (1995: £714,000) to be retained.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is the manufacture and sale of inorganic chemicals.

Certain products made by the company are the subject of environmental legislation and every effort is being made to ensure that the company carries on its business profitably in the future.

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors the market value of freehold land and buildings exceeds its book value but, in the absence of a professional valuation, they are unable to quantify the amount.

FIXED ASSETS

The changes in fixed assets during the year are summarised in note 6 to the accounts.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year were:

K A Alexander (Chairman)
N W Gibson
W P Alexander

K A Alexander retires by rotation and being eligible offers himself for re-election.

K A Alexander and W P Alexander are directors of the ultimate parent undertaking and their interests in the shares of the ultimate parent undertaking are shown in that company's accounts.

No other director had an interest in the shares of the company or any group undertakings at any time during the year.

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts 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 accounts comply with the Companies Act. 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.

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be put to the members at the Annual General Meeting.

By order of the board


D C Welch
Secretary

25 March 1997

REPORT OF THE AUDITORS

to the members of James M Brown Limited

We have examined the abbreviated accounts on pages 5 to 12 together with the annual accounts of James M Brown Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to prepare abbreviated accounts and whether they have been properly prepared in accordance with that schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm by reference to the audited accounts, that the company is entitled to the exemptions claimed in the directors' statement on page 6 and that the abbreviated accounts have been properly prepared from those annual accounts. The scope of our work does not include examining or dealing with events after the date of our report on the full accounts.

Opinion

In our opinion the directors are entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section B of Part III of Schedule 8 to that Act in respect of the year ended 31 December 1996 and the abbreviated accounts on pages 5 to 12 have been properly prepared in accordance with Schedule 8 to that Act.

Other information

On 25 March 1997, we reported, as auditors of the company, to the members on the annual accounts prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1996, and our audit report was as follows:

"We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

REPORT OF THE AUDITORS

to the members of James M Brown Limited

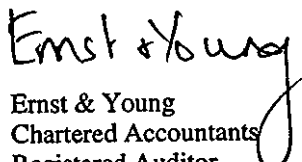
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1996 and of the profit for the year then ended and have been properly prepared in accordance with the requirements of the Companies Act 1985 applicable to medium-sized companies."


Ernst & Young
Chartered Accountants
Registered Auditor
Birmingham

25 March 1997

James M Brown Limited

ABBREVIATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 1996

	Notes	1996 £'000	1995 £'000
GROSS PROFIT		3,511	3,345
Staff costs	4	1,830	1,849
Depreciation of owned fixed assets		202	263
Other operating charges		261	221
OPERATING PROFIT	2	1,218	1,012
Interest receivable		363	367
Dividends received		60	30
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,641	1,409
Tax on profit on ordinary activities	5	524	465
PROFIT FOR THE FINANCIAL YEAR	13	1,117	944
Final dividends proposed		280	230
RETAINED PROFIT FOR THE FINANCIAL YEAR		837	714

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses for the year other than the profit attributable to the shareholders of this company of £1,117,000 for the year ended 31 December 1996 and a profit of £944,000 in the year ended 31 December 1995.

James M Brown Limited

BALANCE SHEET at 31 December 1996

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	6	1,186	1,233
Investments	7	19	19
		<u>1,205</u>	<u>1,252</u>
CURRENT ASSETS			
Stocks	8	1,037	1,126
Debtors	9	2,108	2,436
Short-term loans and deposits		6,384	5,470
Cash at bank and in hand		260	177
		<u>9,789</u>	<u>9,209</u>
CREDITORS: amounts falling due within one year	10	2,045	2,322
NET CURRENT ASSETS		<u>7,744</u>	<u>6,887</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,949</u>	<u>8,139</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	11	-	27
		<u>8,949</u>	<u>8,112</u>
CAPITAL AND RESERVES			
Called up share capital	12	450	450
General reserve	13	850	850
Profit and loss account	13	7,649	6,812
TOTAL SHAREHOLDERS' FUNDS		<u>8,949</u>	<u>8,112</u>

The directors have taken advantage of the exemptions conferred by Part II of schedule 8 to the Companies Act 1985 on the grounds that the company is entitled to the benefits of those exemptions as a medium sized company.

K A Alexander
Director

N W Gibson
Director

25 March 1997

NOTES TO THE ABBREVIATED ACCOUNTS

for the year ended 31 December 1996

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards with the following exception. Stocks of metal and the metal content of work-in-progress and finished goods have been valued at the lower of cost and net realisable value at 31 December 1996. The metal market replacement price on that date has been taken as the measure of net realisable value, except where subsequent or anticipated falls in price have reduced the net realisable value. The directors believe that the valuation which has been placed on the stocks is preferable because metal market prices are subject to erratic fluctuations and the realisable value of finished stocks is affected by the current replacement price of the metal content.

Stocks

Stocks are stated at the lower of cost and net realisable value, subject to the above note. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials and goods for resale	-	purchase cost on a first in, first out basis
Work in progress and finished goods	-	Cost of direct materials and labour plus attributable overhead based on normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold building	- over 20 years
Plant and equipment	- over 3 to 10 years
Motor vehicles	- over 4 years

Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension costs

Pension benefits are funded over the employees' periods of service. The cost is calculated by an independent qualified actuary and deficiencies or surpluses arising from triennial valuations of the group's scheme are amortised over the remaining service lives of employees. It is not regarded as prudent to credit the profit and loss accounts with a negative pension cost where the annual amortisation of a surplus is greater than the regular cost.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 1996

2. OPERATING PROFIT

	1996 £'000	1995 £'000
This is stated after charging/(crediting):		
Auditors' remuneration	10	8
Rent receivable from group undertakings	(46)	(43)
Research and development	66	49
Profit on disposal of fixed assets	24	(2)

3. DIRECTORS' EMOLUMENTS

	1996 £'000	1995 £'000
Fees	1	1
Other emoluments (including pension contributions)	83	79
	84	80

	1996 £'000	1995 £'000
Directors' emoluments, excluding pension contributions for the:		
Chairman	5	5
Highest paid director	75	71

Directors remuneration excluding pension contributions fell within the following ranges:

	1996 No.	1995 No.
£ nil - £5,000	1	1
£ 5,001 - £10,000	1	1
£70,001 - £75,000	1	1

With the exception of the provision of a car and fuel the chairman receives his remuneration from the parent company, which makes a management charge for his services to this company.

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 1996

4. STAFF COSTS

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Wages and salaries	1,607	1,614
Social security costs	137	172
Pension costs	86	63
	<u>1,830</u>	<u>1,849</u>

The average number of persons employed by the company during the year, including directors, was as follows:

	<i>1996</i> <i>No.</i>	<i>1995</i> <i>No.</i>
Management and administration	18	19
Sales	3	3
Production	72	70
	<u>93</u>	<u>92</u>

5. TAXATION OF PROFIT ON ORDINARY ACTIVITIES

	<i>1996</i> <i>£'000</i>	<i>1995</i> <i>£'000</i>
Based on the profit for the year:		
Current year:		
Corporation tax at 33% (1995: 33%)	555	527
Deferred taxation	(25)	(61)
	<u>530</u>	<u>466</u>
Amounts over provided in previous years:		
Corporation tax	(4)	(1)
Deferred tax	(2)	-
	<u>524</u>	<u>465</u>

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 1996

6. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £'000</i>	<i>Motor vehicles £'000</i>	<i>Plant and Machinery £'000</i>	<i>Total £'000</i>
Cost:				
At 1 January 1996	898	143	2,684	3,725
Additions	72	56	60	188
Disposals	-	(48)	(14)	(62)
At 31 December 1996	970	151	2,730	3,851
Depreciation:				
At 1 January 1996	415	92	1,985	2,492
Disposals	-	(29)	-	(29)
Charged for the year	37	19	146	202
At 31 December 1996	452	82	2,131	2,665
Net book value:				
At 31 December 1996	518	69	599	1,186
At 31 December 1995	483	51	699	1,233

7. INVESTMENTS

Cost:	£'000
At 1 January 1996 and 31 December 1996	19

Details of the investments in which the company holds more than 10% of the nominal value of any class of share capital is as follows:

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Emery Colours Limited	England & Wales	Ordinary shares	100%	Ceramic colour manufacturers

James M Brown Limited is a wholly owned subsidiary of an EC parent, and as permitted by Section 228 of the Companies Act 1985, is exempt from the obligation to prepare and deliver group accounts.

8. STOCKS

	<i>1996 £'000</i>	<i>1995 £'000</i>
Raw materials and consumables	358	336
Work in progress	31	124
Finished goods and goods for resale	648	666
	1,037	1,126

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 1996

9. DEBTORS

	1996 £'000	1995 £'000
Trade debtors	1,731	1,894
Amounts owed by subsidiary undertaking	39	100
Amounts owed by fellow subsidiary undertakings	211	264
Other debtors	50	56
Refund of taxation due	6	45
Prepayments and accrued income	71	77
	<u>2,108</u>	<u>2,436</u>

10. CREDITORS: Amounts falling due within one year

	1996 £'000	1995 £'000
Trade creditors	771	1,146
Amounts owed to subsidiary undertaking	14	60
Amounts owed to fellow subsidiary undertakings	5	5
Current corporation tax	601	527
Other taxes and social security costs	99	100
Other creditors	11	-
Accruals	264	254
Proposed final dividend	280	230
	<u>2,045</u>	<u>2,322</u>

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts is as follows:

	1996 £'000	1995 £'000
Capital allowances in advance of depreciation	42	49
Other timing differences	(42)	(22)
	<u>-</u>	<u>27</u>

No deferred tax is provided on the basis that there is an overall asset.

James M Brown Limited

NOTES TO THE ABBREVIATED ACCOUNTS for the year ended 31 December 1996

12. SHARE CAPITAL

	<i>Authorised 1996 £'000</i>	<i>1995 £'000</i>
Ordinary shares of £1 each	500	500

	<i>1996 No.</i>	<i>1995 No.</i>	<i>Allotted, called up and fully paid 1996 £'000</i>	<i>1995 £'000</i>
Ordinary shares of £1 each	450,000	450,000	450	450

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £'000</i>	<i>General reserve £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 January 1995	450	850	6,098	7,398
Profit for the year	-	-	944	944
Dividend	-	-	(230)	(230)
At 1 January 1996	450	850	6,812	8,112
Profit for the year	-	-	1,117	1,117
Dividend	-	-	(280)	(280)
	450	850	7,649	8,949

14. PENSION COSTS

The company participates in the Tennants Consolidated Limited Pension Fund which operates a defined benefit scheme. The surplus disclosed by the actuarial valuation of the fund at 1 October 1993 is being dealt with over the expected remaining service lives of employees by a reduced level of company contributions. Contributions paid therefore represent the pension cost as calculated in accordance with SSAP 24. Further details of the scheme are shown in the accounts of Tennants Consolidated Limited.

15. CONTINGENT LIABILITIES

The bank holds a terminal indemnity to H M Customs & Excise for £10,000.

16. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Tennants Consolidated Limited, a company registered in England and Wales.