

Registered no: 00914801

Netlon International Limited
Annual report
for the year ended 30 September 1997



Netlon International Limited

Annual report for the year ended 30 September 1997

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Directors and advisers

Directors

R P T Duckworth

D Johnstone

C Kennerley

F Smith

Registered Auditors

Coopers & Lybrand

Abacus Court

6 Minshull Street

Manchester

M1 3ED

Secretary and registered office

D Johnstone

Kelly Street

Mill Hill

Blackburn

BB2 4PJ

Bankers

Lloyds Bank PLC

Church Street

Blackburn

Lancashire

BB2 1JG

**Directors' report
for the year ended 30 September 1997**

The directors present their report and the audited financial statements for the year ended 30 September 1997.

Principal activities

The principal activities of the company are those of licensing agents and research and development.

Review of business

The profit and loss account is set out on page 5.

The company has not traded during the year.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend.

Directors

The directors of the company at 30 September 1997, all of whom have been directors for the whole of the year ended on that date, except as stated below, are listed on page 1.

D Johnstone was appointed a director on 13 March 1997.

H W Parsons, who was a director on 1 October 1996, resigned on 12 December 1996.

C Kennerley and F Smith resigned as directors on 31 December 1997 and 18 October 1997 respectively.

Directors' interests in shares of the company

The directors have no beneficial interests in any shares in the company. The shareholdings of the directors in the parent undertaking are shown in that company's financial statements.

Changes in fixed assets

The movements in fixed asset investments during the year are set out in note 7.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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 of the company for that period.

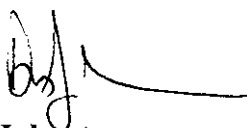
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 September 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

The directors appointed Coopers & Lybrand to act as auditors for the period. A resolution to reappoint the auditors will be proposed at the annual general meeting.

By order of the board



D Johnstone
Company secretary
30 July 1998

Report of the auditors to the members of Netlon International Limited

We have audited the financial statements on pages 5 to 10.

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 30 September 1997 and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Manchester
30 July 1998

**Profit and loss account
for the year ended 30 September 1997**

	Notes	1997 £	1996 £
Discontinued operations			
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		-	-
Profit on disposal of investment in subsidiary undertaking		-	14,098,000
Profit on ordinary activities before taxation	4	-	14,098,000
Tax credit on ordinary activities	5	-	-
Dividend	6	-	(14,098,000)
Result for the financial year	11	-	-

The company did not trade during the year and as a consequence the operations have been disclosed as discontinued.

The company has no recognised gains and losses other than the loss stated above and therefore no separate statement of total recognised gains and losses has been presented.

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

**Balance sheet
at 30 September 1997**

	Notes	1997 £	1996 £
Fixed assets			
Investments	7	-	-
Current assets			
Debtors	8	279,975	279,975
Cash at bank and in hand		84	84
		<u>280,059</u>	<u>280,059</u>
Creditors: amounts falling due within one year	9	(375)	(375)
Net current assets		<u>279,684</u>	<u>279,684</u>
Net assets		<u>279,684</u>	<u>279,684</u>
Capital and reserves			
Called up share capital	10	93,113	93,113
Share premium account	11	2,100	2,100
Capital redemption reserve	11	7,500	7,500
Profit and loss account	11	176,971	176,971
Equity shareholders' funds	12	<u>279,684</u>	<u>279,684</u>

The financial statements on pages 5 to 10 were approved by the board of directors on 30 July 1998 and were signed on its behalf by:



D Johnstone
Director

**Notes to the financial statements
for the year ended 30 September 1997**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

2 Directors' emoluments

The directors of the company are paid by its fellow subsidiary company, Netlon Limited and received no remuneration for their services to Netlon International Limited.

3 Employee information

No persons, apart from the directors, are directly employed by Netlon International Limited.

4 Profit on ordinary activities before taxation

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	-	-
	<u> </u>	<u> </u>

5 Tax on profit on ordinary activities

	1997 £	1996 £
United Kingdom corporation tax at 33% (1996: 33%)	-	-
	<u> </u>	<u> </u>

6 Dividends

A dividend of £Nil (1996: £14,098,000) equivalent to £Nil per share was paid on the bearer shares during the year.

7 Fixed asset investments

	Subsidiary undertakings £
Cost	
At 1 October 1996	-
Disposal	-
	<hr/>
At 30 September 1997	-
	<hr/>
Net book value	
At 30 September 1997	-
	<hr/> <hr/>
Net book value	
At 1 October 1996	-
	<hr/> <hr/>

8 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Amounts owed by fellow subsidiary undertakings	279,975	279,975
	<hr/> <hr/>	<hr/> <hr/>

9 Creditors: amounts falling due within one year

	1997 £	1996 £
Amounts due to fellow subsidiary undertakings	-	-
Corporation tax	-	-
Accruals	375	375
	<hr/> <hr/>	<hr/> <hr/>
	375	375

10 Called up share capital

	1997 £	1996 £
Authorised		
92,500 bearer shares of US\$ 0.01	613	613
100,000 deferred shares of £1 each	100,000	100,000
	<u>100,613</u>	<u>100,613</u>
Allotted, called up and fully paid		
92,500 bearer shares of US\$ 0.01	613	613
92,500 deferred shares of £1 each	92,500	92,500
	<u>93,113</u>	<u>93,113</u>

The shares carry the following voting and/or redemption rights:

Bearer shares

The bearer shares carry the same right and privileges as members entered on the company's register. The holder of a bearer share is entitled to surrender his warrant and have their name entered as a registered member of the company in respect of the shares specified in the warrant.

Deferred shares

The deferred shares carry no voting rights and no entitlement to dividends. Upon liquidation the holders of the deferred shares are entitled to participate in the assets of the company after the holders of every other class of share receives £1 million in respect of each share held. The company has the power and authority to purchase the deferred shares at any time.

11 Share premium account and reserves

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 October 1996	2,100	7,500	176,971
Result for the year	-	-	-
At 30 September 1997	<u>2,100</u>	<u>7,500</u>	<u>176,971</u>

12 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Result for the financial year	-	-
Opening shareholders' funds	279,684	279,684
	<hr/>	<hr/>
Closing shareholders' funds	279,684	279,684
	<hr/>	<hr/>

13 Contingent liabilities

A composite guarantee and mortgage debenture covers all assets and shareholdings in the Tensar International Limited group.

14 Ultimate parent company

The directors regard Tensar International Limited, a company registered in England and Wales, as the ultimate parent company. Copies of the parent's consolidated financial statements may be obtained from the Secretary, Tensar International Limited, Kelly Street, Mill Hill, Blackburn, Lancashire, BB2 4PJ.