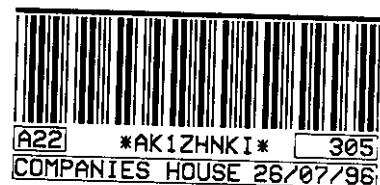


Registered No. 1175652

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

ZEBRAFLEX LIMITED

FOR THE YEAR ENDED 31 DECEMBER 1995



DIRECTORS AND ADVISERS

DIRECTORS

D E Leech
Chairman

E Floate

D Thornhill

M E Nicholson
Sales & Marketing Director

G F McGowan

M B Yearwood

ADVISERS

REGISTERED AUDITORS

Coopers & Lybrand
Melrose House
42 Dingwall Road
Croydon
CRO 2NE

SOLICITORS

Edge & Ellison
Rutland House
148 Edmund Street
Birmingham
B3 2JR

SECRETARY AND REGISTERED OFFICE

G F McGowan
Glencagles Court
Brighton Road
Crawley
West Sussex
RH10 6UE

BANKERS

Barclays Bank PLC
Slough Business Centre
P O Box 756
Hamilton Road
Slough
SL1 4SG

INSURERS

Minets Limited
Minet House
66 Prescott Street
London
E1 8BU

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

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the Company in the year under review was that of the manufacture and distribution of hot poured sealants and proprietary surface repair materials and treatments, along with a full range of thermoplastic road marking materials.

RESULTS AND DIVIDENDS

The profit for the year amounted to £677,706 (1994: £339,252) which has been taken to reserves. The directors have recommended a dividend of £NIL (1994: £235,000).

POST BALANCE SHEET EVENT

On 29 February 1996, the Ordinary shares of Streamline Holdings PLC, the ultimate parent company, were admitted to the Official List of the London Stock Exchange.

DIRECTORS AND THEIR INTERESTS

The following directors held office during the year:

D E Leech (Chairman)
D N Thornhill
E Floate
M E Nicholson
G F McGowan

Directors interests in shareholdings and share options in the ultimate parent company are shown in the financial statements of that company with the exception of G F McGowan and M E Nicholson who each held 2,482 shares and 19,197 share options in each of the Streamline Holdings Limited Executive Share Option Scheme No.1 and the Executive Share Option Scheme No. 2 throughout the year.

On 22nd January 1996, M B Yearwood was appointed as a director.

No director had any interest in the shares of the Company during the year.

No director has had any interest in any contract with the Company.

FUTURE DEVELOPMENTS

The Company intends to maintain its strategy of growth through the introduction of new products, improved efficiency and geographic expansion.

FIXED ASSETS

Movements in fixed assets are shown in Note 8 to the financial statements.

RESEARCH AND DEVELOPMENT

The Company continues to pursue its policy of developing new products and processes to maintain and improve competitiveness in the market place.

HEALTH, SAFETY AND THE ENVIRONMENT

It is the Company's policy that its products should be safe to use and that its activities are conducted with a proper concern for the environment and the health and safety of its staff, customers and the community.

Full account is taken of these matters in researching and developing new products and processes and building new plant.

EMPLOYMENT OF DISABLED PERSONS

The Company's policy during the year has been, and continues to be, one of equal opportunity in the selection, training and career development of staff (whether disabled or otherwise). Advice is sought where necessary from medical officers and any reasonable facility required for disabled employees is provided.

DONATIONS

Charitable donations made during the year amounted to £45 (1994: £193).

EMPLOYEES

Employees are encouraged to participate in the Company's activities through staff meetings and regular briefings throughout the year.

AUDITORS

A resolution to reappoint the auditors, Coopers & Lybrand will be proposed at the Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by 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 31 December 1995. 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.

By order of the Board on 26 March 1996

A handwritten signature in black ink, appearing to be 'E Floate', written over a horizontal line.

E Floate
Director

AUDITORS REPORT TO THE MEMBERS OF ZEBRAFLEX LIMITED

We have audited the financial statements on pages 7 to 18.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5 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.

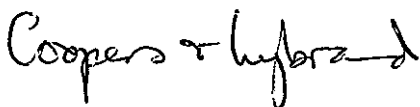
BASIS OF OPINION

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Croydon

26 March 1996

ZEBRAFLEX LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1995

	Notes	<u>1995</u>	<u>1994</u>
		£	£
Turnover	1,2	6,657,091	5,333,153
Cost of sales		(4,567,802)	(3,593,451)
Gross profit		2,089,289	1,739,702
Distribution costs		(228,080)	(194,488)
Administration costs		(807,024)	(1,014,210)
OPERATING PROFIT		1,054,185	531,004
Interest receivable on bank deposits		-	2,225
Interest payable and similar charges	3	-	(31,979)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,054,185	501,250
Tax on profit on ordinary Activities	6	(376,479)	(161,998)
PROFIT FOR THE FINANCIAL YEAR		677,706	339,252
Dividends	7	-	(235,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR	17	677,706	104,252

All figures refer to continuing activities.

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

The notes on pages 9 to 18 form part of these financial statements.

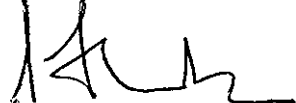
The Company has no recognised gains and losses other than the profits above and therefore no separate Statement of total recognised gains and losses has been presented.

BALANCE SHEET AT 31 DECEMBER 1995

	Notes	£	<u>1995</u> £	£	<u>1994</u> £
FIXED ASSETS					
Tangible assets	8		523,359		444,855
CURRENT ASSETS					
Stocks	9	234,257		295,141	
Debtors	10	1,099,680		1,037,801	
Cash at bank and in hand		405,654		670,267	
			<u>1,739,591</u>	<u>2,003,209</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	(1,387,358)		(2,260,782)	
NET CURRENT ASSETS/(LIABILITIES)			<u>352,233</u>	<u>(257,573)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES			875,592		187,282
PROVISIONS FOR LIABILITIES AND CHARGES	12		(73,509)		(62,905)
NET ASSETS			<u>802,083</u>		<u>124,377</u>
CAPITAL AND RESERVES					
Called up share capital	16		15,866		15,866
Profit and loss account	17		786,217		108,511
EQUITY SHAREHOLDERS' FUNDS	18		<u>802,083</u>		<u>124,377</u>

Approved by the Board on: 26 March 1996

DIRECTOR



E Floate

The notes on pages 9 to 18 form part of these financial statements

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable Accounting Standards in the United Kingdom.

A summary of the more important accounting policies, which have been applied consistently, are set out below.

BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention.

CASH FLOW

No cash flow statement has been prepared as Streamline Holdings PLC, the ultimate parent company, is preparing consolidated financial statements including a consolidated cash flow statement.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated in the balance sheet at cost less accumulated depreciation. No depreciation is provided on freehold land or assets in the course of construction. Other assets are depreciated on a straight-line basis over their estimated useful lives.

The following rates of depreciation applied during the year:

	<u>Rate</u>
Plant and machinery	10 - 25% p.a
Motor Vehicles:	
Commercial	12.5 - 25% p.a.
Cars	25% p.a.
Fixtures, fittings, tools & equipment	10 - 20% p.a.

TURNOVER

Turnover represents the invoiced sales for the year, net of customer rebates and allowances, excluding value added tax.

STOCKS

Stocks and manufacturing work-in-progress are stated at the lower of cost including attributable overheads, and net realisable value.

DEFERRED TAXATION

Provision is made for deferred taxation on accelerated capital allowances and other timing differences, to the extent that an asset or liability is expected to crystallise, at the rate anticipated for the year in which the timing difference is expected to reverse.

1. ACCOUNTING POLICIES (continued)FOREIGN CURRENCY

Transactions denominated in foreign currencies are recorded in sterling at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the exchange rates ruling at 31 December. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is dealt with through the profit and loss account.

RESEARCH AND DEVELOPMENT

Research and development is charged to the profit and loss account as incurred in the year.

OPERATING LEASES

Operating lease payments are charged to the profit and loss account on a straight-line basis over the lease term.

PENSION COST

The charge to the profit and loss account represents the regular cost calculated under the projected unit method after allowing for any experience variations, based on the advice of a professionally qualified actuary. The effects of variations from regular costs are spread over the expected average remaining service lives of members of the scheme.

FINANCE LEASES

Assets acquired under finance leases are treated as if they have been purchased outright and the corresponding liability to the leasing company is included as a lease obligation. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of the equivalent owned assets. Leasing payments are treated as consisting of capital repayments and interest elements and the interest is charged to the profit and loss account as incurred.

2. TURNOVER

An analysis of turnover by geographical market is given below:

GEOGRAPHICAL MARKET	<u>1995</u> £	<u>1994</u> £
United Kingdom	6,547,095	5,129,385
Other countries	109,996	203,768
	<u>6,657,091</u>	<u>5,333,153</u>

The directors do not consider there to be substantially different classes of business carried out by the Company.

3. INTEREST PAYABLE AND SIMILAR CHARGES

In respect of:	<u>1995</u> £	<u>1994</u> £
Bank overdrafts	-	116
Finance leases	-	11,949
Factoring	-	19,914
	<u>-</u>	<u>31,979</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is shown after charging:	<u>1995</u> £	<u>1994</u> £
Auditors' remuneration - for audit	2,800	4,000
Depreciation - owned assets	163,607	150,224
- assets on finance lease	-	40,592
Research and development	33,823	30,678
Operating lease rental		
- in respect of plant and machinery	176,982	98,307
- other	13,511	57,222
And after crediting:	<u></u>	<u></u>
Profit on disposal of fixed assets	<u>11,956</u>	<u>54,553</u>

5. DIRECTORS AND EMPLOYEES(a) Directors' Remuneration

Directors' emoluments (including pension contributions) during the year amounted to £138,564 (1994 : £161,902).

	<u>1995</u>	<u>1994</u>
	£	£
Salary payments (including bonuses)	42,784	54,888
Other emoluments	95,780	107,014
	<u>138,564</u>	<u>161,902</u>

Mr D E Leech, Mr E Floate and Mr G F McGowan were directors of a fellow subsidiary company during the year and were remunerated by that company for their services to the group as a whole.

Emoluments (excluding pension contributions) in respect of duties wholly or mainly discharged in the UK:

	<u>1995</u>	<u>1994</u>
	£	£
- Emoluments of the highest paid Director	86,810	83,325

The emoluments (excluding pension contributions) of directors fell within the following bands:

	<u>1995</u>	<u>1994</u>
	Number	Number
£NIL - £ 5,000	3	3
£25,001 - £30,000	-	1
£35,001 - £40,000	-	1
£45,001 - £50,000	1	-
£80,001 - £85,000	-	1
£85,001 - £90,000	1	-

(b) Employees

Total staff costs were:

	<u>1995</u>	<u>1994</u>
	£	£
Salaries and wages	1,077,303	800,433
Social Security	101,882	84,677
Other pension costs	14,135	8,271
	<u>1,193,320</u>	<u>893,381</u>

5. DIRECTORS AND EMPLOYEES (continued)

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

	<u>1995</u> Number	<u>1994</u> Number
<u>By Activity</u>		
Production and contracting	32	25
Distribution	3	4
Administration	18	17
	<u>53</u>	<u>46</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge for the year arises as follows:

	<u>1995</u> £	<u>1994</u> £
UK Corporation tax at 33% - current	381,418	202,335
- prior year	10,436	(586)
Deferred taxation	(15,375)	(39,751)
	<u>376,479</u>	<u>161,998</u>

7. DIVIDENDS

	<u>1995</u> £	<u>1994</u> £
Dividends ordinary - Final	-	235,000
	<u>-</u>	<u>235,000</u>

8. TANGIBLE ASSETS

	Plant, machinery and motor <u>vehicles</u>	Fixtures, fittings, tools and <u>equipment</u>	<u>Total</u>
	£	£	£
<u>Cost</u>			
At 1 January 1995	1,021,781	155,523	1,177,304
Additions	130,091	19,934	150,025
Disposals	(110,053)	-	(110,053)
Transfer from immediate parent	- 159,903	-	159,903
At 31 December 1995	<u>1,201,722</u>	<u>175,457</u>	<u>1,377,179</u>
<u>Depreciation</u>			
At 1 January 1995	635,113	97,336	732,449
Charge for the year	150,212	13,395	163,607
Disposals	(108,549)	-	(108,549)
Transfer from immediate parent	66,313	-	66,313
At 31 December 1995	<u>743,089</u>	<u>110,731</u>	<u>853,820</u>
<u>NET BOOK VALUE</u>			
At 31 December 1995	<u>458,633</u>	<u>64,726</u>	<u>523,359</u>
At 31 December 1994	<u>386,668</u>	<u>58,187</u>	<u>444,855</u>

9. STOCKS

	<u>1995</u>	<u>1994</u>
	£	£
Raw materials and consumables	164,650	210,429
Finished goods and goods for resale	69,607	84,712
	<u>234,257</u>	<u>295,141</u>

The replacement cost of finished goods and goods for resale are not materially different from the amounts shown.

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995</u> £	<u>1994</u> £
Trade debtors	962,242	738,079
Amounts receivable from group undertakings	17,031	6,065
Other debtors	1,422	2,551
Prepayments and accrued income	43,606	82,800
ACT recoverable	75,379	208,306
	<u>1,099,680</u>	<u>1,037,801</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995</u> £	<u>1994</u> £
Trade creditors	723,005	655,873
Amounts owed to group undertakings	143,686	1,214,663
Corporation tax	381,418	202,335
Other taxation and social security	94,051	104,012
Accruals and deferred income	45,198	76,053
Other creditors	-	7,846
	<u>1,387,358</u>	<u>2,260,782</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>Operating</u> <u>Provisions</u> £	<u>Deferred</u> <u>Tax (see Note 13)</u> £	<u>Total</u> £
At 1 January 1995	47,530	15,375	62,905
Profit & loss account	51,166	(15,375)	35,791
Amounts utilised	(25,187)	-	(25,187)
	<u>73,509</u>	<u>-</u>	<u>73,509</u>

The operating provisions are mainly in respect of warranties and other potential liabilities of the Company.

13. DEFERRED TAXATION

Deferred taxation provided in the financial statements and the amount of the total potential liability are as follows:

	<u>Provided in accounts</u>		<u>Amounts not provided</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Tax effect of timing differences because of:-				
Accelerated capital allowances	-	32,205	-	-
Short-term timing differences	-	(16,830)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	15,375	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14. OPERATING LEASE COMMITMENTS

Obligations under non-cancellable operating leases payable within the following twelve months relate to leases expiring as follows:-

	<u>1995</u>	<u>1994</u>
	£	£
<u>Land & Buildings</u>		
With commitments expiring :		
After five years	43,000	43,000
	<u> </u>	<u> </u>
	43,000	43,000
	<u> </u>	<u> </u>

	<u>1995</u>	<u>1994</u>
	£	£
<u>Other</u>		
With commitments expiring :		
Within one year	3,854	2,467
Between one and five years	10,139	36,700
After five years	1,844	-
	<u> </u>	<u> </u>
	15,837	39,167
	<u> </u>	<u> </u>

15. CONTINGENT LIABILITIES

Under the terms of a joint banking arrangement with certain fellow subsidiaries, the Company is jointly and severally liable to the extent of any monies standing to the credit of its own account toward the total amount of the net overdraft of the participants.

Certain group undertakings, including the Company, cross guarantee the obligations of each of the other obligators under the terms of a bank loan agreement. The Company had fixed and floating charges over all its assets as security for borrowing under the same loan agreement. However, following the listing of the ultimate parent company on the London Stock Exchange in February 1996, all security was released.

16. CALLED UP SHARE CAPITAL

	<u>1995</u> £	<u>1994</u> £
Authorised		
64,000 'A' cumulative redeemable preference shares of £1 each	64,000	64,000
3,000 cumulative participating preferred ordinary shares of £1 each	3,000	3,000
37,000 ordinary shares of £1 each	37,000	37,000
	----- 104,000 =====	----- 104,000 =====
Allotted, called up and fully paid		
15,866 ordinary shares of £1 each	15,866 =====	15,866 =====

17. PROFIT AND LOSS ACCOUNT

	£
At 1 January 1995	108,511
Profit for the financial year	677,706
At 31 December 1995	----- 786,217 =====

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u> £	<u>1994</u> £
Profit for the financial year	677,706	104,252
Ordinary share allotment	-	3,866
Net addition to shareholders' funds	----- 677,706	----- 108,118
Opening shareholders' funds	124,377	16,259
Closing shareholders' funds	----- 802,083 =====	----- 124,377 =====

19. ULTIMATE PARENT UNDERTAKING

Streamline Holdings PLC, a company registered in England and Wales, is the ultimate parent undertaking.

20. POST BALANCE SHEET EVENT

On 29 February 1996, the Ordinary shares of Streamline Holdings PLC, the ultimate parent company, were admitted to the Official List of the London Stock Exchange.