

**HEH INVESTMENTS LIMITED**  
**(formerly IML (LABELS & SUPPLIES) LIMITED)**  
**(REGISTERED NUMBER 1247237)**

**DIRECTORS' REPORT AND ACCOUNTS**  
**31 December 1996**



**HEH INVESTMENTS LIMITED  
(formerly IML (LABELS & SUPPLIES) LIMITED)**

**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996**

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 December 1996.

**PRINCIPAL ACTIVITY AND RESULTS**

The principal activity of the Company is to hold investments. The results of the Company are disclosed in the profit and loss account on page 4.

**CHANGE OF NAME**

On 19 January 1996 the Company changed its name to HEH Investments Limited.

**DIRECTORS AND DIRECTORS' INTERESTS**

The following Directors served during the year and up to the date of this report:

RNC Hall	
AM Smith	(resigned 30 June 1996)
MLW Hughes	(appointed 1 July 1996)

Mr RNC Hall retires by rotation and, being eligible, offers himself for re-appointment.

Mr MLW Hughes, having been appointed during the year also retires and, being eligible, offers himself for re-appointment.

None of the Directors had any beneficial interest in the shares of the Company at any time during the year.

The interests of Mr RNC Hall and Mr MLW Hughes in the shares of the ultimate parent company, Hall Engineering (Holdings) PLC, of which they are also Directors, are dealt with in the Directors' Report of that company.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the Directors to prepare financial statements for each 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.

**HEH INVESTMENTS LIMITED  
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**DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1996  
(CONTINUED)**

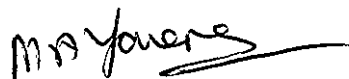
**STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)**

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.

**AUDITORS**

The auditors, Price Waterhouse, have expressed their willingness to be re-appointed.

By Order of the Board

A handwritten signature in black ink, appearing to read 'M A Youens', with a long horizontal flourish extending to the right.

M A YOUENS  
Company Secretary

18 March 1997

*Price Waterhouse*



**AUDITORS' REPORT TO THE MEMBERS OF  
HEH INVESTMENTS LIMITED  
(formerly IML (LABELS & SUPPLIES) LIMITED)**

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of directors and auditors**

As described on pages 1 and 2 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 mis-statement, 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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Price Waterhouse*

**PRICE WATERHOUSE  
Chartered Accountants  
and Registered Auditors**

18 March 1997

**HEH INVESTMENTS LIMITED**  
**(formerly IML (Labels & Supplies) Limited)**

**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1996**

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
<b>TURNOVER</b>		-	-
Foreign exchange gain		<u>630,089</u>	<u>-</u>
<b>OPERATING PROFIT</b>	2	630,089	-
Interest payable to group company		<u>(100,053)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		530,036	-
Tax on profit on ordinary activities	3	<u>33,017</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND BALANCE CARRIED FORWARD</b>		<u>£563,053</u>	<u>£-</u>

The profit for the year has been derived from continuing operations.

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis.

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**BALANCE SHEET - 31 DECEMBER 1996**

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
<b>FIXED ASSETS</b>			
Investments	4	3,417,489	2,850,280
<b>CURRENT ASSETS</b>			
Amounts owed by Group companies		248,125	1,500
Corporation tax recoverable		<u>33,017</u>	<u>-</u>
<b>NET CURRENT ASSETS</b>		<u>281,142</u>	<u>1,500</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,698,631	2,851,780
<b>CREDITORS (amounts falling due after more than one year)</b>			
Amounts due to Group company		<u>(3,134,078)</u>	<u>(2,850,280)</u>
		<u>£564,553</u>	<u>£1,500</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	5	1,500	1,500
Profit and loss account		<u>563,053</u>	<u>-</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	6	<u>£564,553</u>	<u>£1,500</u>

Approved by the Board on 18 March 1997

Signed on its behalf by

DIRECTOR

*Mark W Hughes*

MLW Hughes

**HEH INVESTMENTS LIMITED**  
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**NOTES TO THE ACCOUNTS - 31 DECEMBER 1996**

**1 ACCOUNTING POLICIES**

**(1) Basis of preparation**

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

At 31 December 1996 the Company was a wholly owned subsidiary of Hall Engineering (Holdings) PLC, a company incorporated in England and therefore under Section 228 (2) of the Companies Act 1985, is exempt from producing group accounts.

**(2) Cash flow statement**

As the consolidated Group financial statements of Hall Engineering (Holdings) PLC included a Group cash flow statement, in accordance with Financial Reporting Standard 1 (revised) no cash flow statement is included in these accounts.

**(3) Investments**

Shares in Group companies are stated at cost less provision for permanent diminution in value.

**(4) Foreign currency balances**

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the balance sheet date.

Transactions denominated in foreign currencies occurring during the course of the year are translated into sterling at the rates of exchange prevailing at the dates of these transactions, any translation differences are included within the profit and loss account.

**2 STAFF COSTS AND DIRECTORS' REMUNERATION**

No staff costs or directors' remuneration were paid during the year (1995 - £Nil).

**3 TAX ON PROFIT ON ORDINARY ACTIVITIES**

The taxation credit based on the profit on ordinary activities comprises:

	<u>1996</u>	<u>1995</u>
United Kingdom Corporation Tax at 33% (1995 - 33%)	(£33,017)	£-
	<u>=====</u>	<u>=====</u>

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**NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)**

**4 INVESTMENTS**

	<u>Shares in group companies</u>	<u>Shares in associated companies</u>	<u>Other Investments</u>	<u>Total</u>
<b><u>Cost</u></b>				
At 1 January 1996	1,872,626	977,654	-	2,850,280
Transferred from other group companies	<u>204,850</u>	<u>80,940</u>	<u>281,419</u>	<u>567,209</u>
At 31 December 1996	<u>£2,077,476</u>	<u>£1,058,594</u>	<u>£281,419</u>	<u>£3,417,489</u>

The above investments, all of which are unlisted, comprise the following:

<u>Name</u>	<u>Holding</u>	<u>Country of Incorporation</u>	<u>Primary business</u>
<b>Group companies</b>			
Hall Holdings (Pty) Limited	100%	South Africa	Steel stockholding and heat treatment (through Hall & Pickles, acting as agent)
HHM Limited	100%	Malawi	Steel reinforcement (through H&P Steel Wire, in which HHM Limited has a 48% interest)
Hall Engineering (Far East) Pte Limited	100%	Singapore	Distribution of wire (through Carrington Wire Asia Pte Ltd, in which Hall Engineering (Far East) Pte Limited has a 100% interest)
<b>Associated companies</b>			
Williams Industries Inc	22%	Barbados	Steel related products and electrical engineering and contracting services
<b>Other investments</b>			
BRC Al-Burhan (Private) Limited	43%	Pakistan	Reinforcement and related products
BRC Weldmesh (Gulf) WLL	33%	Bahrain	Reinforcement and related products
IRC Steels Ltd	19%	India	Reinforcement and related products



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**NOTES TO THE ACCOUNTS - 31 DECEMBER 1996 (CONTINUED)**

**5 CALLED UP EQUITY SHARE CAPITAL**

	<u>1996</u>	<u>1995</u>
Authorised, allotted and fully paid: 1,500 Ordinary shares of £1 each	£1,500	£1,500
	<u>          </u>	<u>          </u>

**6 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS**

	<u>1996</u>	<u>1995</u>
Profit for the financial year and net addition to equity shareholders' funds	563,053	-
Opening equity shareholders' funds	<u>1,500</u>	<u>1,500</u>
Closing equity shareholders' funds	<u>£564,553</u>	<u>£1,500</u>

**7 RELATED PARTY TRANSACTIONS**

The Company, being a wholly owned subsidiary of Hall Engineering (Holdings) PLC, has taken advantage of the exemptions within Financial Reporting Standard 8 (Related Party Transactions) and not included details in these accounts of transactions with other Group companies.

**8 ULTIMATE PARENT COMPANY**

The ultimate parent company is Hall Engineering (Holdings) PLC, a company incorporated in Great Britain. A copy of the Group Accounts can be obtained from that company's registered office at Harlescott Lane, Shrewsbury, SY1 3AS.