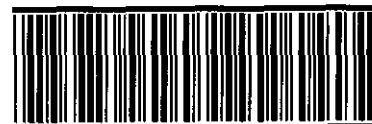


Company Registration No. 1945954 (England and Wales)

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1998



A14 *ACLHXIKN* 660
COMPANIES HOUSE 03/08/99



Bank Passage, off Market Square Stafford, ST16 2JS
Telephone: (01785) 258311 Fax: (01785) 252614
E.Mail – stafford@deanstatham.co.uk
DX 701368 Stafford 3



CHEMIQUE ADHESIVES AND SEALANTS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Abbreviated balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the abbreviated accounts	8 - 17

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

The directors present their report and financial statements for the year ended 31 December 1998.

Principal activities and review of the business

The principal activity of the company continued to be that of the manufacture and sale of adhesives.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

An ordinary dividend amounting to £53,000 was paid during the year.

Directors

The following directors have held office since 1 January 1998:

M J McMullen

B C McMullen

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 1998	1 January 1998
M J McMullen	49,999	49,999
B C McMullen	1	1

Year 2000

The directors consider that the company's existing computer system will not be year 2000 compliant and, along with other considerations, have decided to replace the entire system, which will be fully compliant, at a cost in excess of £40,000.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Dean Statham be reappointed as auditors of the company will be put to the Annual General Meeting.

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1998

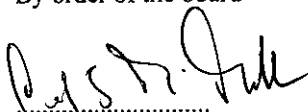
Directors' responsibilities

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;
- 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.

By order of the board



M J McMullen

Director

16.7.99

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

AUDITORS' REPORT TO CHEMIQUE ADHESIVES AND SEALANTS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 17, together with the financial statements of the company for the year ended 31 December 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

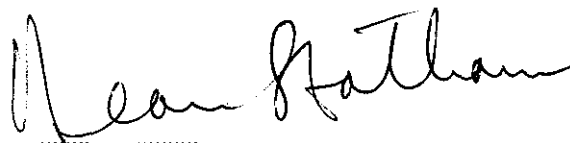
We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 17 are properly prepared in accordance with that provision.

Dean Statham

Chartered Accountants
Registered Auditor



Chartered Accountants
Bank Passage
Stafford
ST16 2JS

28.7.99

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
Gross profit		1,639,377	1,398,482
Distribution costs		(371,072)	(283,584)
Administrative expenses		(1,059,745)	(982,925)
Operating profit	2	208,560	131,973
Exceptional items	2	-	(5,800)
Profit on ordinary activities before interest		208,560	126,173
Other interest receivable and similar income	3	1,842	12
Interest payable and similar charges	4	(62,910)	(52,854)
Profit on ordinary activities before taxation		147,492	73,331
Tax on profit on ordinary activities	5	(47,311)	(25,695)
Profit on ordinary activities after taxation		100,181	47,636
Dividends	6	(53,000)	-
Retained profit for the year	16	47,181	47,636

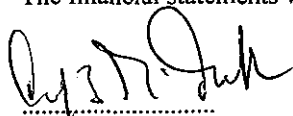
CHEMIQUE ADHESIVES AND SEALANTS LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 1998

	Notes	1998 £	£	1997 £	£
Fixed assets					
Tangible assets	7		444,813		449,927
Current assets					
Stocks	9	300,206		260,937	
Debtors	10	894,302		810,403	
Cash at bank and in hand		2,381		43,769	
		<u>1,196,889</u>		<u>1,115,109</u>	
Creditors: amounts falling due within one year	11	<u>(916,148)</u>		<u>(888,297)</u>	
Net current assets			280,741		226,812
Total assets less current liabilities			<u>725,554</u>		<u>676,739</u>
Creditors: amounts falling due after more than one year	12		<u>(382,486)</u>		<u>(380,852)</u>
			<u>343,068</u>		<u>295,887</u>
Capital and reserves					
Called up share capital	15	50,000		50,000	
Profit and loss account	16	293,068		245,887	
Shareholders' funds	17		<u>343,068</u>		<u>295,887</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 16/7/99



M J McMullen
Director

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

	1998 £	1997 £
Net cash inflow from operating activities	201,229	148,166
Returns on investments and servicing of finance		
Interest received	217	12
Interest paid	(62,793)	(51,476)
Net cash outflow for returns on investments and servicing of finance	(62,576)	(51,464)
Taxation	(28,250)	(27,728)
Capital expenditure		
Payments to acquire tangible assets	(32,357)	(92,182)
Receipts from sales of tangible assets	9,500	3,000
Net cash outflow for capital expenditure	(22,857)	(89,182)
Equity dividends paid	(53,000)	-
Net cash inflow/(outflow) before management of liquid resources and financing	34,546	(20,208)
Financing		
Repayment of long term bank loan	(7,613)	(8,149)
Capital element of hire purchase contracts	(30,102)	(22,010)
Decrease in debt	(37,715)	(30,159)
Net cash outflow from financing	(37,715)	(30,159)
Decrease in cash in the year	(3,169)	(50,367)

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

1	Reconciliation of operating profit to net cash inflow from operating activities	1998	1997
		£	£
	Operating profit	208,560	131,973
	Depreciation of tangible assets	66,319	64,626
	Loss on disposal of tangible assets	2,846	1,582
	Increase in stocks	(39,269)	(47,937)
	Increase in debtors	(82,274)	(65,621)
	Increase in creditors within one year	45,047	63,543
	Net cash inflow from operating activities	201,229	148,166

2	Analysis of net debt	1 January 1998	Cash flow	Other non-cash changes	31 December 1998
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	43,769	(41,388)		2,381
	Bank overdrafts	(238,863)	38,219		(200,644)
		(195,094)	(3,169)		(198,263)
	Debt:				
	Finance leases	(21,986)	30,102	(41,194)	(33,078)
	Debts falling due within one year	(8,860)	(2,159)	-	(11,019)
	Debts falling due after one year	(376,406)	9,772	-	(366,634)
		(407,252)	37,715	(41,194)	(410,731)
	Net debt	(602,346)	34,546	(41,194)	(608,994)

3	Reconciliation of net cash flow to movement in net debt	1998	1997
		£	£
	Decrease in cash in the year	(3,169)	(50,367)
	Cash outflow from decrease in debt and lease financing	37,715	30,159
	Change in net debt resulting from cash flows	34,546	(20,208)
	New finance lease	(41,194)	-
	Movement in net debt in the year	(6,648)	(20,208)
	Opening net debt	(602,346)	(582,138)
	Closing net debt	(608,994)	(602,346)

4	Major non-cash transactions
	During the year the company entered into finance lease arrangements in respect to assets with a total capital value at the inception of the leases of £41,194.

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Straight line over the term of the lease except, where the extension of the lease is known with reasonable certainty, the improvements are written off over 10 years.
Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15-33% reducing balance
Motor vehicles	25% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income as incurred.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

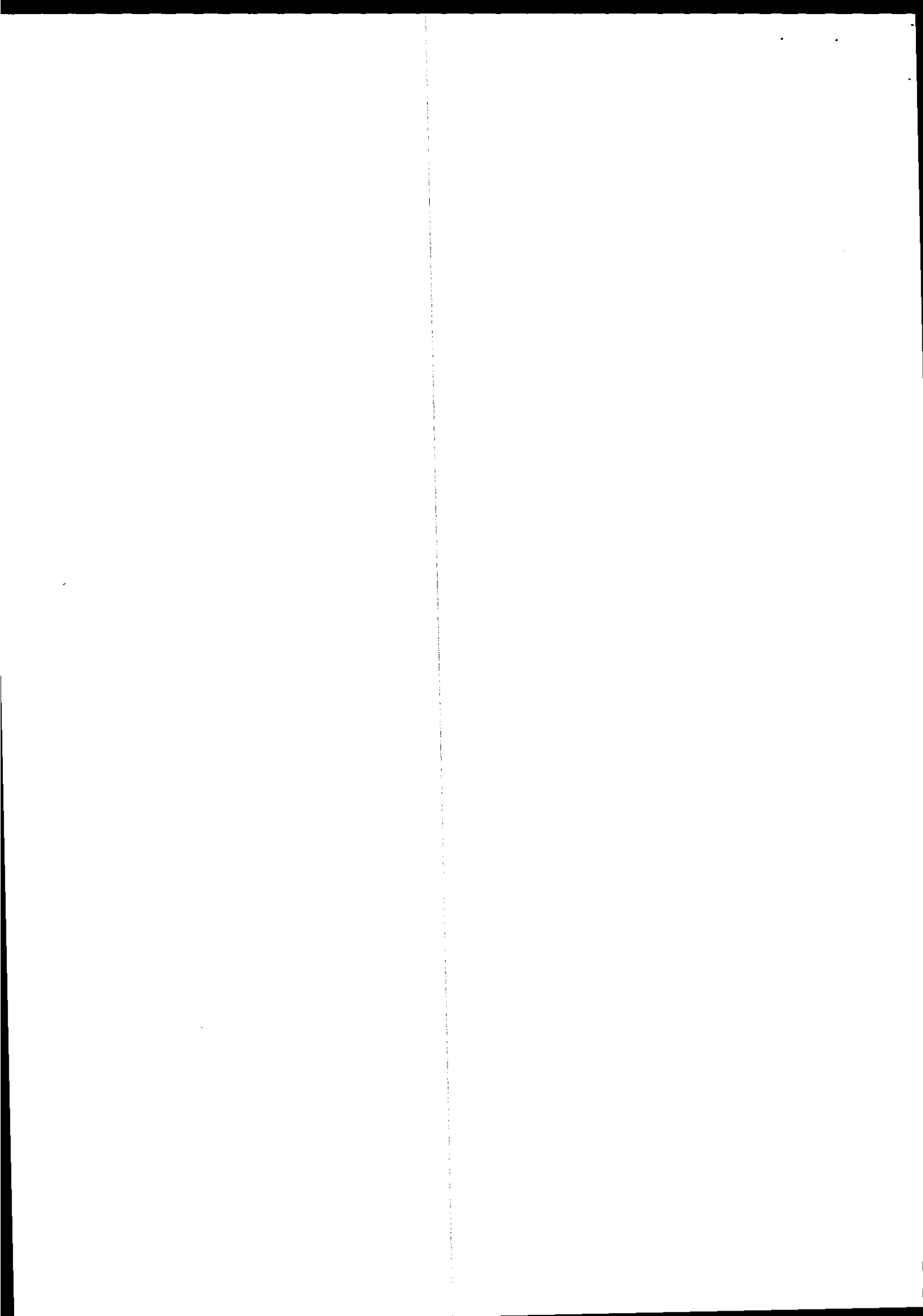
The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Foreign currency translation

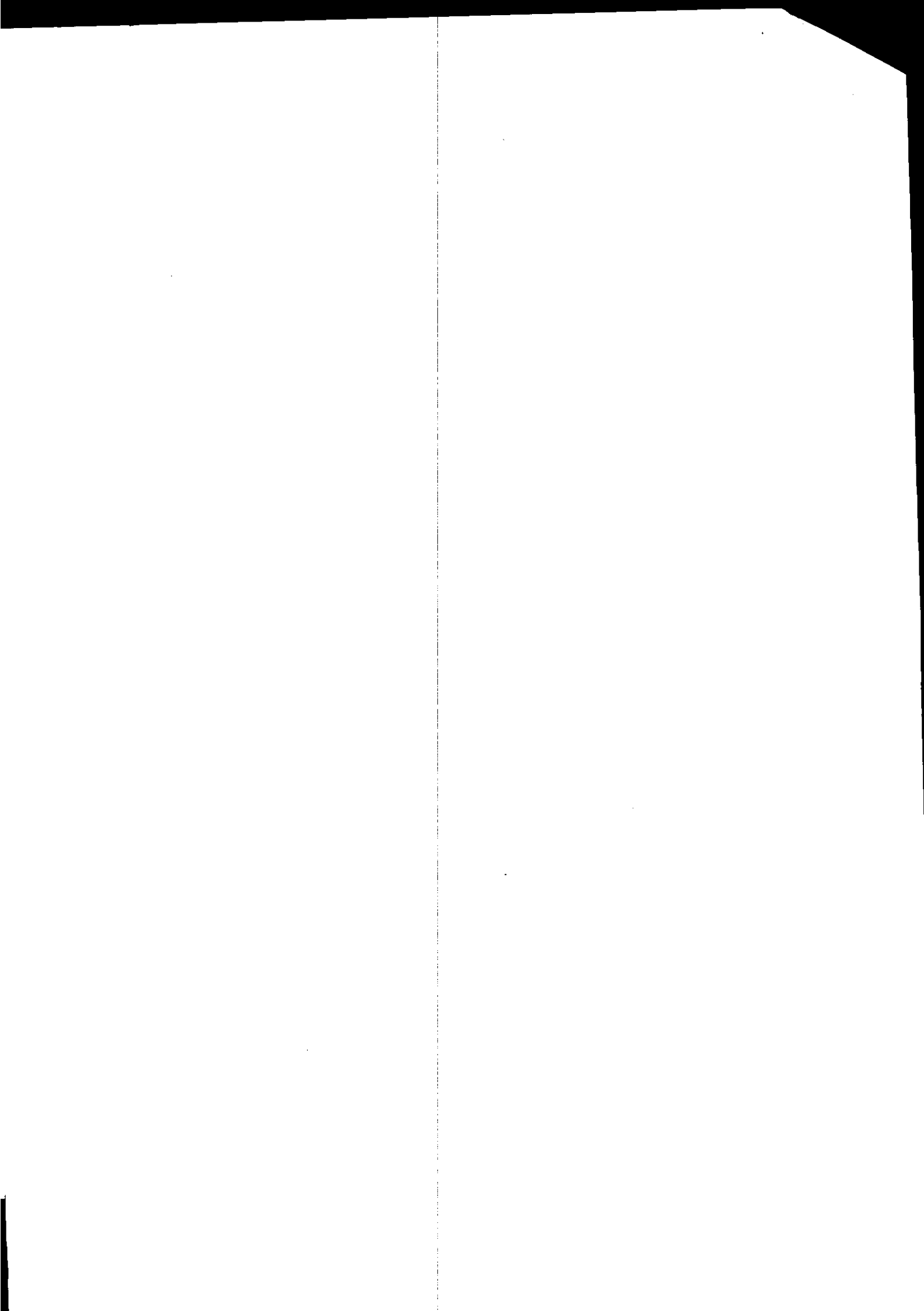
Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.



CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

2	Operating profit	1998	1997
		£	£
	Operating profit is stated after crediting:		
	Profit on foreign exchange	3,570	-
	and after charging:		
	Depreciation of tangible assets	66,319	64,626
	Operating lease rentals		
	-Land and Buildings	69,630	66,780
	-Hire of plant and machinery	17,398	21,388
	Auditors' remuneration	3,700	3,500
	Loss on the sale of fixed assets	2,846	1,582
	Loss on foreign exchange	-	8,331
		<u> </u>	<u> </u>
	Exceptional items		
	Write off subsidiary loan	-	1,581
	Subsidiary bad debt	-	4,219
		<u> </u>	<u> </u>
3	Other interest receivable and similar income	1998	1997
		£	£
	Bank interest	-	12
	Other interest	1,842	-
		<u> </u>	<u> </u>
		1,842	12
		<u> </u>	<u> </u>
4	Interest payable	1998	1997
		£	£
	On bank overdrafts	20,980	14,029
	On bank loans	15,580	15,043
	Hire purchase interest	3,544	2,678
	Other interest	72	488
	Pension loan interest	22,734	20,616
		<u> </u>	<u> </u>
		62,910	52,854
		<u> </u>	<u> </u>

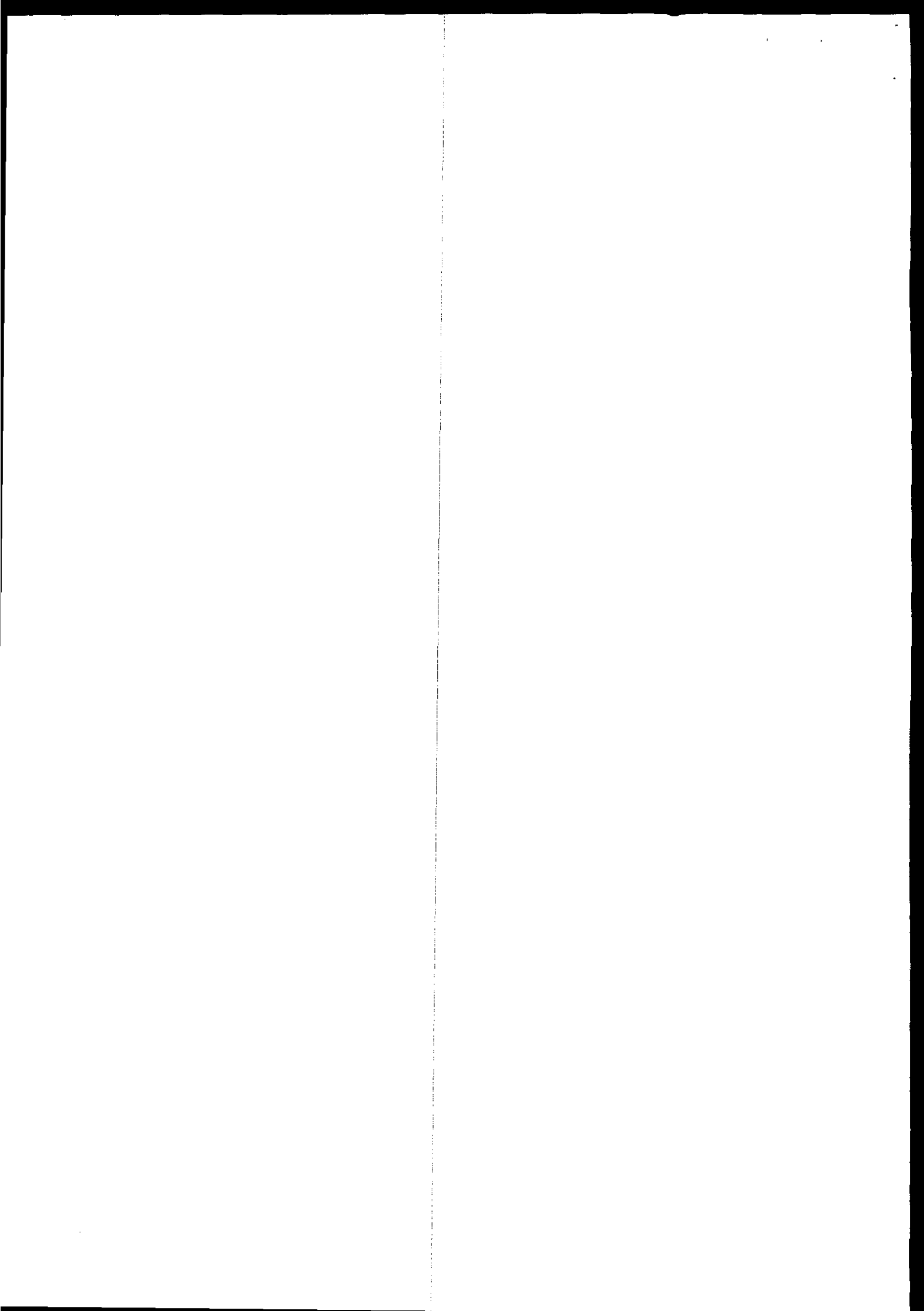


CHEMIQUE ADHESIVES AND SEALANTS LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1998**

5	Taxation	1998	1997
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 21% (1997 - 22%)	39,000	23,000
	Prior years		
	U.K. corporation tax	8,311	2,695
		<u>47,311</u>	<u>25,695</u>

The tax charge for 1997 was reduced by £918 as a result of the bad debt write off included in exceptional items.

6	Dividends	1998	1997
		£	£
	Ordinary interim paid	53,000	-



CHEMIQUE ADHESIVES AND SEALANTS LIMITED

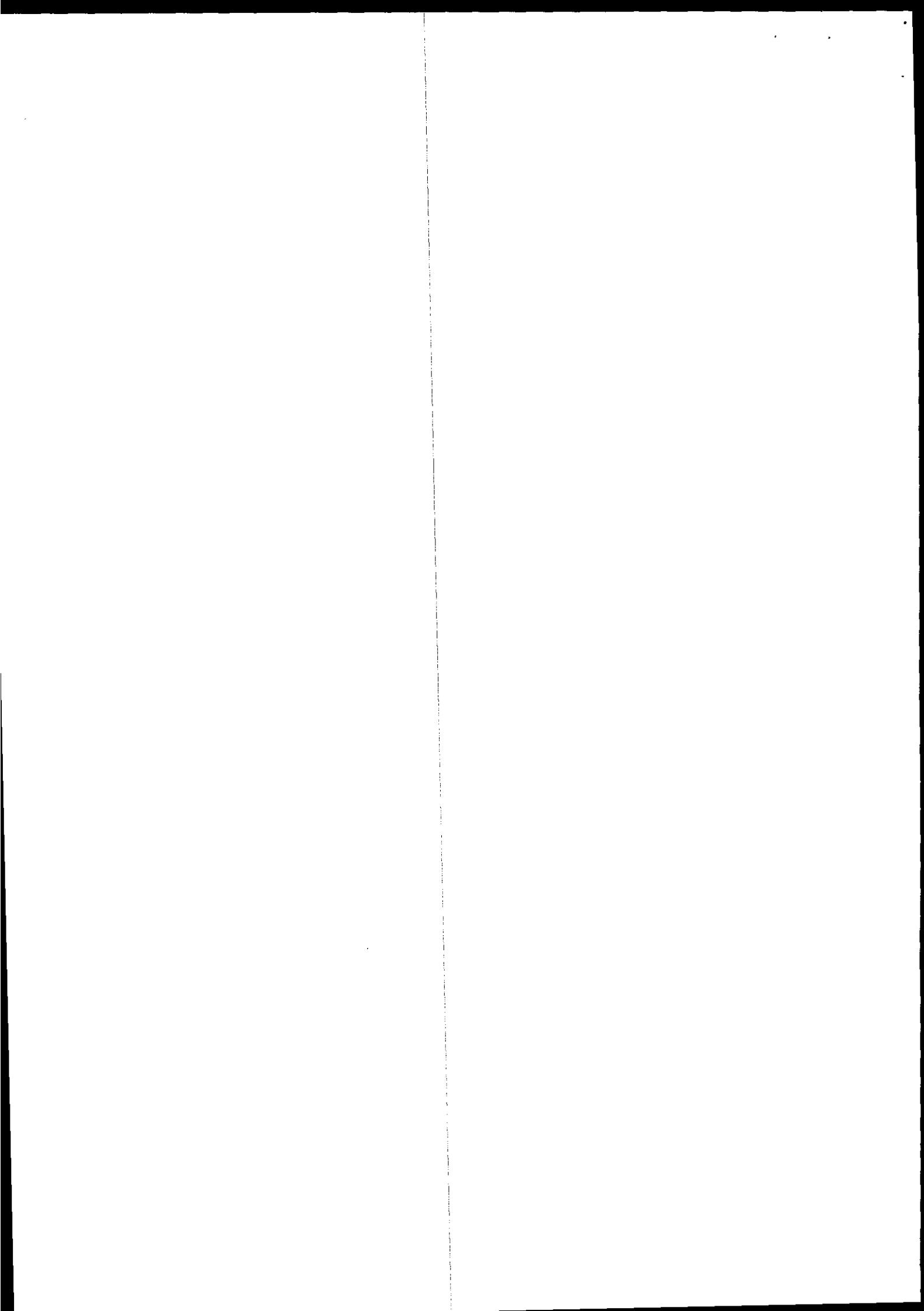
NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

7 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 1998	236,198	374,829	73,175	27,190	711,392
Additions	900	21,063	10,394	41,194	73,551
Disposals	-	-	(4,000)	(19,190)	(23,190)
At 31 December 1998	237,098	395,892	79,569	49,194	761,753
Depreciation					
At 1 January 1998	36,960	174,134	36,283	14,088	261,465
On disposals	-	-	(2,225)	(8,619)	(10,844)
Charge for the year	7,309	33,269	14,809	10,932	66,319
At 31 December 1998	44,269	207,403	48,867	16,401	316,940
Net book value					
At 31 December 1998	192,829	188,489	30,702	32,793	444,813
At 31 December 1997	199,238	200,693	36,894	13,102	449,927

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 31 December 1998	-	30,896	30,896
At 31 December 1997	30,706	10,125	40,831
Depreciation charge for the year			
31 December 1998	-	10,298	10,298
31 December 1997	5,419	3,375	8,794



CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 January 1998 & at 31 December 1998	15,000
Provisions for diminution in value	
At 1 January 1998 & at 31 December 1998	15,000
Net book value	
At 31 December 1998	-
At 31 December 1997	-

The investment represented a 100% holding in Axil Products Limited, a company registered in England and Wales. The company ceased trading on 14 February 1997. The value of the investment has been written off as the company was insolvent at this date.

Due to exemptions available under section 248 of the Companies Act 1985 the company is exempt from the requirement to prepare group accounts.

9 Stocks	1998 £	1997 £
Finished goods, raw materials and consumables	300,206	260,937
	<u>300,206</u>	<u>260,937</u>
10 Debtors	1998 £	1997 £
Trade debtors	876,383	791,804
Other debtors	5,619	5,466
Prepayments and accrued income	12,300	13,133
	<u>894,302</u>	<u>810,403</u>

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

11 Creditors: amounts falling due within one year	1998	1997
	£	£
Bank loans and overdrafts (secured)	211,663	247,723
Net obligations under finance lease and hire purchase contracts	17,226	17,540
Trade creditors	496,232	526,897
Corporation tax	25,750	6,689
Other taxes and social security costs	133,876	71,819
Accruals and deferred income	31,401	17,629
	<u>916,148</u>	<u>888,297</u>
	<u><u>11,019</u></u>	<u><u>8,860</u></u>
Debt due within one year		

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

12 Creditors: amounts falling due after more than one year	1998 £	1997 £
Bank loans (secured)	146,634	156,406
Other loans (secured)	220,000	220,000
Net obligations under finance leases and hire purchase agreements	15,852	4,446
	<u>382,486</u>	<u>380,852</u>
Analysis of loans		
Not wholly repayable within five years by instalments:		
Bank loan	92,689	111,979
Not wholly repayable within five years other than by instalments:		
Other loan	220,000	220,000
Wholly repayable within five years	64,964	53,287
	<u>377,653</u>	<u>385,266</u>
Included in current liabilities	(11,019)	(8,860)
	<u>366,634</u>	<u>376,406</u>
Loan maturity analysis		
Between one and two years	11,927	9,679
Between two and five years	42,018	34,748
In five years or more	312,689	331,979
	<u>377,653</u>	<u>385,266</u>
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	17,226	17,540
Repayable between one and five years	15,852	4,446
	<u>33,078</u>	<u>21,986</u>
Included in liabilities falling due within one year	(17,226)	(17,540)
	<u>15,852</u>	<u>4,446</u>

The bank and other loans are secured against the freehold property and a personal guarantee by M J McMullen.
The bank loan bears interest at a rate which fluctuates in line with bank rates. At the year end the rate was 8.25%.

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

13 Provisions for liabilities and charges

Deferred tax is provided at 20% (1997 - 21%) analysed over the following timing differences:

	1998	Not provided 1997	1998	Provided 1997
	£	£	£	£
Accelerated capital allowances	13,078	23,836	-	-

14 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £117,777 (1997 - £15,950).

15 Share capital

	1998 £	1997 £
Authorised		
50,000 Ordinary shares of £ 1 each	50,000	50,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £ 1 each	50,000	50,000

16 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 1998	245,887
Retained profit for the year	47,181
Balance at 31 December 1998	293,068

17 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	100,181	47,636
Dividends	(53,000)	-
Net addition to shareholders' funds	47,181	47,636
Opening shareholders' funds	295,887	248,251
Closing shareholders' funds	343,068	295,887

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

18 Financial commitments

At 31 December 1998 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1998	1997	1998	1997
	£	£	£	£
Expiry date:				
Within one year	6,000	-	22,405	10,432
Between two and five years	15,180	15,180	32,497	25,800
In over five years	28,600	52,600	-	-
	<u>49,780</u>	<u>67,780</u>	<u>54,902</u>	<u>36,232</u>

19 Directors' emoluments

	1998	1997
	£	£
Emoluments for qualifying services	66,850	194,566
Company pension contributions to money purchase schemes	102,925	3,025
	<u>169,775</u>	<u>197,591</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1997 - 1).

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1998 Number	1997 Number
Manufacturing	17	16
Sales and administration	17	16
	<u>34</u>	<u>32</u>

Employment costs

	£	£
Wages and salaries	786,463	770,827
Social security costs	5,250	5,065
Other pension costs	117,777	15,950
	<u>909,490</u>	<u>791,842</u>

CHEMIQUE ADHESIVES AND SEALANTS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 1998

21 Related party transactions

Mr M J McMullen, director and controlling shareholder of the company, owns one of the units from which the company operates. The company has rented the premises since 1 March 1989 at an annual rent of £33,000 (1997 £24,000).

At the balance sheet date Mr M J McMullen owed the company £5,598 (1997 £4,973). The maximum amount during the year was £16,973.

Axil Products Limited is a wholly owned subsidiary of the company, which Mr M J McMullen is also a director. The company ceased trading on 14 February 1997. During 1997 the following transactions took place under normal commercial terms:

	1997 £
Sales	2,705
Purchases	10,985
Plant and machinery	6,200

Mr M J McMullen has given a personal guarantee of £50,000 in favour of The Royal Bank of Scotland PLC.

Included in creditors falling due after one year is a pension loanback totalling £220,000 for which the sole beneficiary is a director, Mr M J McMullen.

