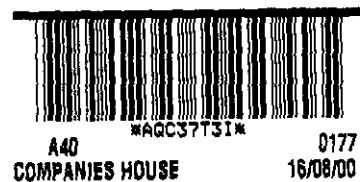


2068119

Spectus Systems Limited

Report and Accounts

31 December 1999



Spectus Systems Limited

Registered No. 2068119

DIRECTORS

I Barron	(appointed 5 January 2000)
A W Short	(appointed 5 January 2000)
S J Sutherland	(resigned 5 January 2000)
M R Broadhead	(resigned 5 January 2000)
T J Martin	(resigned 5 January 2000)
N C E Tongue	(resigned 5 January 2000)
J A Brown	(resigned 5 January 2000)
J M Guerin	(resigned 5 January 2000)
C Jackson	(resigned 5 January 2000)
J C Lupton	(resigned 5 January 2000)

SECRETARY

I Barron

AUDITORS

Ernst & Young
PO Box 61
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

REGISTERED OFFICE

Waverley
Edgerton Road
Huddersfield
West Yorkshire
HD3 3AR

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company during the year continued to be the manufacture and sale of products from extruded PVC-U materials.

On 31 December 1999 the trade and assets of the company were transferred to its intermediate parent undertaking, HW Plastics Limited, at book value for a consideration of £13,162,229.

From 1 January 2000 the company will be non trading.

RESULTS AND DIVIDENDS

The results for the year are shown in the profit and loss account on page 7.

The directors do not recommend the payment of a dividend. The profit for the year of £1,817,473 has been taken to reserves.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1999 are those listed on page 2. In addition Messrs R S Maslin and C A Phillips resigned as directors on 31 July 1999 and 30 April 1999 respectively.

The interests of J M Guerin and T J Martin in the share capital of the ultimate parent undertaking, Heywood Williams Group PLC are disclosed in the accounts of the company's intermediate holding undertaking, HW Plastics Limited. The interests of M R Broadhead and N C E Tongue are disclosed in the accounts of the ultimate parent undertaking.

There were no other interests in the share capital of the ultimate parent undertaking requiring disclosure under the Companies Act 1985.

There are no directors' interests in Spectus Systems Limited requiring disclosure under the Companies Act 1985.

EMPLOYEE INVOLVEMENT

Employees are kept informed of the performance and objectives of the company through established management procedures and by the availability to each employee of a copy of the group's annual report and accounts and interim report. In addition, the company distributes biannually to each employee the group's in-house journal "Intercom".

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT (continued)

Employee involvement in operational performance forms an integral and essential part of the company's strategy of commitment to the philosophies of Total Quality Management. Throughout the company, all employees participate in structured programmes to encourage continuous improvements in product and service quality.

Employee involvement in financial performance is encouraged through the ultimate parent company's well established executive and savings-related share option schemes. The company is committed to ensuring a safe and healthy working environment for all employees consistent with the requirements of health and safety legislation. The company gives disabled people full and fair consideration for appropriate employment opportunities, career development, promotion and training where their abilities allow.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The company has made donations totalling £393 (1998 - £1,086) to various local charities. No political contributions have been made.

YEAR 2000 COMPUTER RISK

The implementation of the company's Year 2000 programme was completed successfully. No disruption to the business operations occurred, nor is any expected to occur, as a result of the date change. The incremental costs in respect of the company's Year 2000 programme were immaterial, as early identification of the risk to our business allowed us to absorb most of the compliance cost as part of the ongoing improvement to our computer based systems.

AUDITORS

A resolution to appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

I Barron
Secretary

3/17 2000

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- 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 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.

The above statement, which should be read in conjunction with the statement of the auditors' responsibilities in the Report of the Auditors, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

REPORT OF THE AUDITORS

to the members of Spectus Systems Limited

We have audited the accounts on pages 7 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

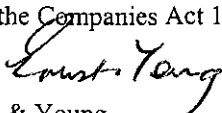
Basis of opinion

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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditors
Leeds

9 August 2000

Spectus Systems Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	Notes	1999 £	1998 £
TURNOVER - discontinued operations	2	33,316,154	32,544,679
Changes in stocks of finished goods and work-in-progress		799,501	(970,249)
Raw materials and consumables		(16,893,608)	(15,290,862)
Staff costs	5	(5,418,373)	(5,326,423)
Depreciation		(1,820,702)	(1,779,869)
Other operating charges (net)		(6,489,642)	(6,851,484)
		(29,822,824)	(30,218,887)
OPERATING PROFIT - discontinued operations	3	3,493,330	2,325,792
Interest receivable and similar income		-	4,247
Interest payable and similar charges	6	(985,716)	(677,295)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,507,614	1,652,744
Taxation on profit on ordinary activities	7	(690,141)	(541,905)
RETAINED PROFIT FOR THE FINANCIAL YEAR	16	1,817,473	1,110,839

The company has no recognised gains or losses for 1999 or 1998 other than the profit for the year. Accordingly, a statement of recognised gains and losses has not been presented.

Spectus Systems Limited

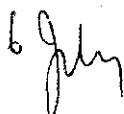
BALANCE SHEET

at 31 December 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	8	-	10,364,660
Investments	9	-	50,000
		<u>-</u>	<u>10,414,660</u>
CURRENT ASSETS			
Stocks	10	-	2,082,114
Debtors: amounts falling due within one year	11	-	5,085,975
Debtors: amounts falling due after more than one year	11	13,162,229	-
		<u>13,162,229</u>	<u>7,168,089</u>
CREDITORS: amounts falling due within one year	12	10,223,969	8,024,790
NET CURRENT ASSETS/(LIABILITIES)		<u>2,938,260</u>	<u>(856,701)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,938,260</u>	<u>9,557,959</u>
CREDITORS: amounts falling due after more than one year	13	-	8,437,172
NET ASSETS		<u><u>2,938,260</u></u>	<u><u>1,120,787</u></u>
CAPITAL AND RESERVES			
Called up equity share capital	15	2	2
Profit and loss account	16	2,938,258	1,120,785
EQUITY SHAREHOLDERS' FUNDS	16	<u><u>2,938,260</u></u>	<u><u>1,120,787</u></u>



A.W. Short
Director



2000

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES

Basis of accounting

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

Group accounts

Group accounts are not prepared as the company is a wholly owned subsidiary undertaking of a parent undertaking established under the law of a member state of the EC.

Cash flow

The company is exempt from the requirements of FRS1 (revised) and therefore has not prepared a cash flow statement. Its results are included within the consolidated accounts of its ultimate parent company and these accounts are publicly available.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life. Freehold buildings and leaseholds with over 40 years to run at date of acquisition are depreciated over 40 years from date of acquisition or subsequent revaluation. Leaseholds with less than 40 years to run are depreciated over the remaining life of the lease. Freehold land is not depreciated. Plant is depreciated over periods between 3 and 16 years and vehicles over periods between 3 and 5 years.

Stocks

Stocks are stated at the lower of cost, which is incurred in bringing each product to its present location and condition, and net realisable value. Raw materials and goods for resale are included at purchase cost on a first in, first out basis and valuations of work in progress and finished goods include cost of direct materials, labour and appropriate overheads.

Deferred taxation

Provision is made for deferred taxation, using the liability method, in respect of timing differences except where the liability is not expected to arise in the foreseeable future.

Leasing and hire purchase commitments

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals paid under operating leases are charged against profits on a straight line basis over the term of the lease.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Spectus Systems Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

1. ACCOUNTING POLICIES (continued)

Pensions

Heywood Williams Group PLC operates defined benefit and defined contribution pension schemes whose assets are held in separate trustee administered funds.

The defined benefit pension schemes are funded and contributions are made in accordance with the recommendations of independent actuaries based on pension cost across the group in the United Kingdom. An independent valuation of the schemes was performed as at 5 April 1997. Details of the valuation are included in the accounts of Heywood Williams Group PLC. Any differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover, which is stated net of value added tax, comprises amounts invoiced to third parties. Turnover is wholly attributable to the discontinued operations of the company.

Turnover (discontinued operations) by geographical market was:

	1999 £	1998 £
United Kingdom	31,913,777	31,857,775
Continental Europe	1,329,533	623,151
Other countries	72,844	63,753
	<u>33,316,154</u>	<u>32,544,679</u>

3. OPERATING PROFIT

This is stated after charging/(crediting):

	1999 £	1998 £
Auditors' remuneration	20,000	21,000
Fees paid to the auditors for non-audit services	1,700	3,500
Depreciation and amounts written off tangible fixed assets		
- owned	1,820,702	1,525,869
- held under hire purchase contracts	-	254,000
(Profit) /loss on sale of fixed assets	(21,132)	26,591
Hire of plant & equipment	284,360	536,122
Property rentals	228,290	339,950
Research and development	2,870	70,971
Management charge	887,000	1,188,200
	<u></u>	<u></u>

Spectus Systems Limited

NOTES TO THE ACCOUNTS at 31 December 1999

4. DIRECTORS' REMUNERATION

	1999 £	1998 £
Emoluments (excluding pension contributions)	555,218	512,046

8 directors (1998 - 10) were members of the group defined benefit scheme.

Highest paid director:

	1999 £	1998 £
Emoluments for highest paid director	131,261	160,618
Accrued pension entitlement	2,709	2,555

The highest paid director, was provisionally awarded 8,884 shares under a long term incentive scheme of shares in the ultimate holding company.

5. STAFF COSTS

	1999 £	1998 £
Wages and salaries	4,773,901	4,684,714
Social security costs	405,653	404,935
Other pension costs	238,819	236,774
	5,418,373	5,326,423

The average monthly number of employees during the year was 259 (1998 - 248).

6. INTEREST PAYABLE

	1999 £	1998 £
Bank loans and overdrafts	-	98,942
Hire purchase contracts	-	82,773
Ultimate parent undertaking	985,716	495,580
	985,716	677,295

Spectus Systems Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

7. TAXATION

	1999 £	1998 £
The taxation charge/(credit) based on the result for the year, comprises:		
Corporation tax at 30.25% (1998 - 31.0%)	765,344	541,905
Corporation tax over provided in prior years	(75,203)	-
	<u>690,141</u>	<u>541,905</u>

8. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant, equipment and vehicles £	Total £
Cost			
At 1 January 1999	3,519,686	18,500,103	22,019,789
Additions	136,787	2,308,319	2,445,106
Inter group transfers	(3,656,473)	(20,708,250)	(24,364,723)
Disposals	-	(100,172)	(100,172)
At 31 December 1999	-	-	-
Depreciation			
At 1 January 1999	99,319	11,555,810	11,655,129
Charge for the year	97,064	1,723,638	1,820,702
Inter group transfers	(196,383)	(13,179,276)	(13,375,659)
Disposals	-	(100,172)	(100,172)
At 31 December 1999	-	-	-
Net book amounts			
At 31 December 1999	-	-	-
At 1 January 1999	3,420,367	6,944,293	10,364,660

The net book amounts of properties comprise freeholds £nil (1998 - £3,385,367) and short leaseholds £nil (1998 - £35,000).

9. INVESTMENTS

	£
Cost	
At 1 January 1999	50,000
Inter group transfer	(50,000)
At 31 December 1999	-

Spectus Systems Limited

NOTES TO THE ACCOUNTS at 31 December 1999

10. STOCKS

	1999 £	1998 £
Raw materials and consumables	-	426,427
Work in progress	-	123,610
Finished goods and goods for resale	-	1,532,077
	-	2,082,114

11. DEBTORS

	1999 £	1998 £
Amounts falling due within one year:		
Trade debtors	-	3,709,683
Amounts due from group undertakings	-	770,390
Other debtors	-	396,627
Prepayments and accrued income	-	209,275
	-	5,085,975

	1999 £	1998 £
Amounts falling due after more than one year:		
Amounts due from group undertakings	13,162,229	-

12. CREDITORS: amounts falling due within one year

	1999 £	1998 £
Bank loans and overdrafts	-	3,702,741
Trade creditors	-	1,890,677
Amounts due to group undertakings	10,223,969	677,281
Corporation tax	-	596,609
Other taxes and social security costs	-	719,985
Other creditors	-	171,777
Accruals	-	265,720
	10,223,969	8,024,790

13. CREDITORS: amounts falling after more than one year

	1999 £	1998 £
Amounts owed to other group undertakings	-	8,437,172

Spectus Systems Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

14. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts and the full potential liability are as follows:

	1999	Provided 1998	Full potential liability 1999	1998
	£	£	£	£
Capital allowances in advance of depreciation	-	-	-	793,531
Other timing differences	-	-	-	(13,666)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>779,865</u>

15. CALLED UP EQUITY SHARE CAPITAL

	1999	Authorised 1998	Issued and fully paid 1999	1998
	No.	No.	£	£
Ordinary shares of £1 each	100	100	2	2

16. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 January 1998	2	9,946	9,948
Profit for the financial year	-	1,110,839	1,110,839
At 1 January 1999	2	1,120,785	1,120,787
Profit for the financial year	-	1,817,473	1,817,473
At 31 December 1999	2	2,938,258	2,938,260

17. CAPITAL COMMITMENTS

	1999 £	1998 £
Contracted but not provided for	-	322,000

Spectus Systems Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

18. OTHER FINANCIAL COMMITMENTS

The company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Operating leases which expire				
Within one year	-	61,500	-	157,174
Within two to five years	-	173,998	-	85,069
In over five years	-	29,750	-	-
	-	265,248	-	242,243

19. CONTINGENT LIABILITY

The company, together with its ultimate parent undertaking and certain fellow subsidiary undertakings, had given guarantees and rights of set off in respect of bank overdrafts and loans by certain companies within the Heywood Williams group. At 31 December 1999, the amounts outstanding under these guarantees totalled £nil (1998 - £nil) as at 31 December 1999 the company's intermediate holding undertaking, HW Plastics Limited, had taken over the conduct of, and rights and interests in the bank account of the company.

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 not to disclose transactions with fellow subsidiary undertakings where more than 90 per cent of the voting rights are controlled within the group.

21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Spectus-Comet Limited is the company's immediate parent undertaking. The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Heywood Williams Group PLC which is registered in England and Wales. Copies of Heywood Williams Group PLC accounts can be obtained from:

Heywood Williams Group PLC
Waverley
Edgerton Road
Huddersfield
West Yorkshire
HD3 3AR

Heywood Williams Group PLC is also the ultimate parent undertaking and the company's controlling party.