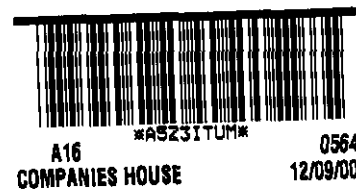


2181116

BCE Cellular Extrusions Limited

Report and Accounts

31 December 1999



BCE Cellular Extrusions Limited

Registered no. 2181116

DIRECTORS

| | |
|---------------|--|
| R Byron | |
| P Davey | (resigned 3 May 2000) |
| M R Broadhead | (appointed 31 August 1999, resigned 31 March 2000) |
| N C E Tongue | (appointed 31 August 1999) |
| L J Campbell | (appointed 28 February 2000) |
| J M Guerin | (appointed 31 August 1999) |
| P D Neilson | (appointed 31 August 1999) |
| T J Martin | (appointed 31 August 1999, resigned 28 March 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

BCE Cellular Extrusions Limited

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company during the year continued to be cellular plastics manufacturers.

On 31 December 1999 the trade and assets of the company were transferred to its immediate parent undertaking, HWBP Limited, at book value for a consideration of £5,188,737.

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 (1998 - £921,500). The profit for the year of £642,207 has been taken to reserves.

DIRECTORS AND THEIR INTERESTS

The directors at 31 December 1999 are those listed on page 2. In addition Messrs G R Bowman and M E C Topham were appointed as directors on 1 August 1999 and resigned on 31 August 1999. M G Cooper resigned as a director on 30 April 1999 and B Lax resigned as a director on 2 August 1999.

The directors' interests in the share capital of the ultimate parent undertaking, Heywood Williams Group PLC were as follows:

| | <i>At 31 December 1999 Ordinary shares of 25p</i> | <i>At 1 January 1999 Ordinary shares of 25p (or date of appointment if later)</i> | <i>Long term incentive plan shares provisionally awarded during the year</i> |
|-------------|---|---|--|
| R Bryon | - | - | - |
| P Davey | - | - | - |
| P D Neilson | - | - | 8,884 |

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 BCE Cellular Extrusions Limited requiring disclosure under the Companies Act 1985.

DIRECTORS' REPORT

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".

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.

EMPLOYMENT OF DISABLED PERSONS

It is the company's policy to give full consideration to applications for employment from disabled persons. Due regard is given to the requirements of the job concerned. If existing employees become disabled every effort is made to enable them to continue their jobs or to offer suitable alternative employment.

The company's general policy on training and promotion is to develop and improve the potential of each employee. This applies to disabled persons.

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

Ernst & Young were appointed auditors on 31 August 1999 and a resolution proposing their reappointment will be put to the members at the Annual General Meeting.

By order the Board

I Barron
Secretary

31/7 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare accounts which 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 for the financial year.

In preparing the accounts of the company the directors confirm that they have:

- selected and consistently applied appropriate accounting policies;
- made reasonable and prudent estimates and judgements where appropriate;
- followed applicable accounting standards; and
- prepared the accounts on a going concern basis.

The directors are responsible for ensuring that the company keeps accounting records which disclose, with reasonable accuracy, the financial position of the company and which enable them to ensure that the accounts comply with the Companies Act 1985. They also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect 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 BCE Cellular Extrusions 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 page 9.

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.

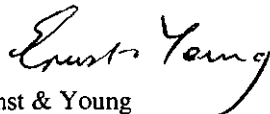
Basis of opinion

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 affairs of the company 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

 2000

BCE Cellular Extrusions Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

| | Notes | 1999 £ | 1998 £ |
|--|-------|-------------|-------------|
| TURNOVER - discontinued operations | 2 | 11,866,103 | 10,019,115 |
| Cost of sales | | (7,786,576) | (7,216,335) |
| GROSS PROFIT | | 4,079,527 | 2,802,780 |
| OPERATING COSTS | | | |
| Distribution costs | | (803,966) | (834,170) |
| Administrative expenses | | (2,930,044) | (768,125) |
| | | (3,734,010) | (1,602,295) |
| OPERATING PROFIT - discontinued operations | 3 | 345,517 | 1,200,485 |
| Net interest and other income | 4 | 29,273 | 29,957 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 374,790 | 1,230,442 |
| Taxation on profit on ordinary activities | 7 | 267,417 | (305,000) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 642,207 | 925,442 |
| Dividends paid | | - | (921,500) |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | 16 | 642,207 | 3,942 |

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.

BCE Cellular Extrusions Limited

BALANCE SHEET

at 31 December 1999

| | Notes | 1999 £ | 1998 £ |
|---|-------|------------------|--------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | - | 3,714,186 |
| CURRENT ASSETS | | | |
| Stocks | 10 | - | 1,401,945 |
| Debtors: amounts falling due within one year | 11 | - | 1,372,064 |
| Debtors: amounts falling due after more than one year | 11 | 5,188,737 | - |
| Cash at bank and in hand | | - | 82,219 |
| | | <u>5,188,737</u> | <u>2,856,228</u> |
| CREDITORS: amounts falling due within one year | 12 | <u>4,015,265</u> | <u>5,807,837</u> |
| NET CURRENT ASSETS/(LIABILITIES) | | <u>1,173,472</u> | <u>(2,951,609)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,173,472</u> | <u>762,577</u> |
| PROVISIONS FOR LIABILITIES AND CHARGES | 13 | - | (140,000) |
| DEFERRED GOVERNMENT GRANT | 14 | - | (91,312) |
| | | <u>1,173,472</u> | <u>531,265</u> |
| CAPITAL AND RESERVES | | | |
| Called up equity share capital | 15 | 485,000 | 485,000 |
| Share premium account | 16 | 38,000 | 38,000 |
| Profit and loss account | 16 | 650,472 | 8,265 |
| EQUITY SHAREHOLDERS' FUNDS | 16 | <u>1,173,472</u> | <u>531,265</u> |


J M Guerin - Director

07/07/2000

NOTES TO THE ACCOUNTS
at 31 December 1999

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been 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.

Cashflow

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 7 years and vehicles over 4 years.

Deferred taxation

Provision is made for deferred taxation in respect of timing differences when there is a reasonable probability that a liability will crystallise in the foreseeable future.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes, where appropriate, a proportion of production overheads.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Government grants

Government grants towards capital expenditure are credited to the profit and loss account, in equal annual instalments, over the estimated useful lives of the assets to which the grants relate.

BCE Cellular Extrusions Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

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 | 11,003,931 | 9,223,022 |
| Europe | 45,795 | 795,110 |
| Other | 816,377 | 983 |
| | <u>11,866,103</u> | <u>10,019,115</u> |

3. OPERATING PROFIT

This is stated after charging/(crediting):

| | 1999 £ | 1998 £ |
|--|------------------|----------------|
| Auditors' remuneration | 12,500 | 6,448 |
| Fees paid to the auditors for non-audit services | 2,000 | - |
| Depreciation and amounts written off tangible fixed assets | 1,108,485 | 740,743 |
| Hire of plant & equipment | 31,578 | - |
| Profit on disposal of fixed assets | (12,568) | - |
| Management charge | 108,000 | - |
| | <u>1,269,995</u> | <u>747,191</u> |

4. NET INTEREST AND OTHER INCOME

| | 1999 £ | 1998 £ |
|---------------------------------|---------------|---------------|
| Government grants (see note 14) | 29,273 | 29,957 |
| | <u>29,273</u> | <u>29,957</u> |

5. DIRECTORS EMOLUMENTS

| | 1999 £ | 1998 £ |
|--|----------------|----------------|
| Emoluments | 106,823 | 93,106 |
| Company contributions paid to pension scheme | <u>0</u> | <u>11,695</u> |
| | <u>106,823</u> | <u>104,801</u> |
| | 1999 £ | 1998 £ |
| Members of pension scheme | <u>0</u> | <u>4</u> |

BCE Cellular Extrusions Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

6. STAFF COSTS

| | 1999 £ | 1998 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,526,144 | 1,418,199 |
| Social security costs | 134,714 | 119,095 |
| Other pension costs | 55,861 | 63,666 |
| | <u>1,716,719</u> | <u>1,600,960</u> |

The average monthly number of employees during the year was 31 (1998 - 91).

7. TAXATION

| | 1999 £ | 1998 £ |
|---|------------------|----------------|
| The taxation charge/(credit) based on the result for the period, comprises: | | |
| Corporation tax 30.25% (1998 - 31%) | 306,777 | 435,000 |
| Deferred taxation | (140,000) | (40,000) |
| | <u>166,777</u> | <u>395,000</u> |
| Corporation tax over provided in prior years | (434,194) | (90,000) |
| | <u>(267,417)</u> | <u>305,000</u> |

The current year tax charge for the period is higher than the standard rate due to movements on deferred tax not provided (£50,000).

BCE Cellular Extrusions Limited

NOTES TO THE ACCOUNTS at 31 December 1999

8. TANGIBLE FIXED ASSETS

| | <i>Freehold land and buildings</i> | <i>Plant and machinery</i> | <i>Motor Vehicles</i> | <i>Total</i> |
|-------------------------|--|--------------------------------|---------------------------|--------------|
| | £ | £ | £ | £ |
| Cost: | | | | |
| At 1 January 1999 | 1,856,614 | 6,040,551 | 113,214 | 8,010,379 |
| Additions | - | 52,867 | - | 52,867 |
| Disposals | - | - | (89,050) | (89,050) |
| Inter group transfers | (1,856,614) | (6,093,418) | (24,164) | (7,974,196) |
| At 31 December 1999 | - | - | - | - |
| Depreciation: | | | | |
| At 1 January 1999 | 146,040 | 4,053,298 | 96,855 | 4,296,193 |
| Charge for year | 38,928 | 563,333 | 14,080 | 616,341 |
| Additional depreciation | - | 492,144 | - | 492,144 |
| Disposals | - | - | (86,771) | (86,771) |
| Inter group transfers | (184,968) | (5,108,775) | (24,164) | (5,317,907) |
| At 31 December 1999 | - | - | - | - |
| Net book amounts: | | | | |
| At 31 December 1999 | - | - | - | - |
| At 31 December 1998 | 1,710,574 | 1,987,253 | 16,359 | 3,714,186 |

The cost of freehold land on which no depreciation is charged amounted at 31 December 1999 to £nil (1998 - £300,000).

9. INVESTMENTS IN GROUP UNDERTAKINGS

The company owns 100% of the issued share capital of BCE Co-Extruded Plastics Limited which is a dormant company incorporated in England.

The original cost of £2 has been fully provided against.

10. STOCKS

| | 1999 £ | 1998 £ |
|-------------------------------------|-----------|-----------|
| Raw materials and consumable stores | - | 314,321 |
| Finished goods | - | 1,087,624 |
| | - | 1,401,945 |

BCE Cellular Extrusions Limited

NOTES TO THE ACCOUNTS at 31 December 1999

11. DEBTORS

| | 1999 £ | 1998 £ |
|---|------------------|------------------|
| Amounts falling due within one year: | | |
| Trade debtors | - | 1,369,030 |
| Other debtors | - | 3,034 |
| | <u>-</u> | <u>1,372,064</u> |
| | 1999 £ | 1998 £ |
| Amounts falling due after more than one year: | | |
| Amounts due from group undertakings | 5,188,737 | - |
| | <u>5,188,737</u> | <u>-</u> |

12. CREDITORS: amounts falling due within one year

| | 1999 £ | 1998 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | - | 606,124 |
| Amounts owed to group undertakings | 4,015,265 | 4,634,627 |
| Corporation tax | - | 436,222 |
| Other taxation and social security | - | 90,071 |
| Accruals and deferred income | - | 40,793 |
| | <u>4,015,265</u> | <u>5,807,837</u> |

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation

| | £ |
|------------------------|-----------|
| At 1 January 1999 | 140,000 |
| Credit during the year | (140,000) |
| At 31 December 1999 | <u>-</u> |

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

| | 1999 £ | Provision 1998 £ | Full potential provision 1999 £ | 1998 £ |
|---|-----------|------------------------|---------------------------------------|----------------|
| Capital allowances in advance of depreciation | <u>-</u> | <u>140,000</u> | <u>-</u> | <u>250,000</u> |

BCE Cellular Extrusions Limited

NOTES TO THE ACCOUNTS

at 31 December 1999

14. DEFERRED GOVERNMENT GRANTS

| | 1999 £ | 1998 £ |
|-------------------------------------|-----------|-----------|
| At 1 January 1999 | 91,312 | 121,269 |
| Grant received | 65,000 | - |
| Credited to profit and loss account | (56,273) | (29,957) |
| Inter group transfers | (100,039) | - |
| At 31 December 1999 | - | 91,312 |

15. CALLED UP EQUITY SHARE CAPITAL

| | 1999 No. | Authorised 1998 No. | 1999 £ | Issued and fully paid 1998 £ |
|----------------------------|-------------|---------------------------|-----------|---------------------------------------|
| Ordinary shares of £1 each | 485,000 | 485,000 | 485,000 | 485,000 |

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

| | Share capital £ | Share premium £ | Profit and loss account £ | Total £ |
|-------------------------------|-----------------------|-----------------------|------------------------------------|------------|
| At 1 January 1998 | 485,000 | 38,000 | 4,323 | 527,323 |
| Profit for the financial year | - | - | 925,442 | 925,442 |
| Dividends | - | - | (921,500) | (921,500) |
| At 1 January 1999 | 485,000 | 38,000 | 8,265 | 531,265 |
| Profit for the financial year | - | - | 642,207 | 642,207 |
| At 31 December 1999 | 485,000 | 38,000 | 650,472 | 1,173,472 |

18. 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 immediate holding undertaking, HWBP Limited, had taken over the conduct of, and rights and interests in the bank account of the company.

NOTES TO THE ACCOUNTS

at 31 December 1999

18. 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 Heywood Williams Group PLC group.

Transactions with parties that were considered to be related parties prior to the acquisition of the whole of the company's share capital by the Heywood Williams Group PLC have not been disclosed as they are no longer considered to be related parties.

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTIES

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
HD3 3AR

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