

SIGN AND RETURN TO
HIGGINSON & COMPANY

CLEAREX PLASTICS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1995

2899888



CLEAREX PLASTICS LIMITED

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FOR THE YEAR ENDED 31ST DECEMBER 1995

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CLEAREX PLASTICS LIMITED

Registered in England
on 22 February 1994
Number 2899888

COMPANY INFORMATION

CHAIRMAN

DEREK ROBINSON

REGISTERED OFFICE

Fence Houses
HOUGHTON LE SPRING
Tyne & Wear
DH4 5RF

DIRECTORS

ROY JONES
DEREK ROBINSON
ALAN COLES

SECRETARY

ALAN COLES

TRADING ADDRESS

Fence Houses
HOUGHTON LE SPRING
Tyne & Wear
DH4 5RF

AUDITORS

HIGGINSON & COMPANY
81-83 High Street North
DUNSTABLE
Bedfordshire
LU6 1JJ

BANKERS

National Westminster Bank Plc
The Galleries
Washington Centre
Tyne & Wear
NE38 7SG

CLEAREX PLASTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1995

The director submit his report together with the audited financial statements for the year ended 31st December 1995.

Results and Dividends

The trading profit for the year after taxation was £33,265, it has been transferred to reserves.

Parent Company

Clearex Plastics is a wholly owned subsidiary of Octo Industries Limited which is part of the Octo Industries Inc group based in Canada.

Principle Activities and Business Review

The principal activity of the company is that of plastic forming.

The directors are confident that the company will continue to trade profitably in the future.

Directors and their Interest in Shares

The directors who served during the year and their interests, together with the interests of their families, in the share capital of the company was as follows:

Ordinary Shares of £1 each
31st December 1995

ROY JONES	-
DEREK ROBINSON	-
ALAN COLES	-

Roy Jones and Derek Robinson are directors of Octo Industries Ltd. Roy Jones is also a director of Octo Industries Inc.

Political and Charitable Donations

During the year, the company made no political donations or charitable contributions.

CLEAREX PLASTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1995

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 and loss of the company for the that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The Auditors, Messrs HIGGINSON & COMPANY, Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board

.....
ALAN COLES, Secretary

18th April 1996

CLEAREX PLASTICS LIMITED

REPORT OF THE AUDITORS'
TO THE MEMBERS OF CLEAREX PLASTICS LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 1995

We have audited the financial statements on pages 5 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 11 and 12.

Respective responsibilities of the directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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 judgments 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 information and explanations which we consider 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 the 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 31st December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

18th April 1996

81-83 High Street North
DUNSTABLE
Bedfordshire
LU6 1JJ



HIGGINSON & COMPANY
Accountants
& Registered Auditors

CLEAREX PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1995

		<u>1995</u>	<u>22nd February</u> <u>1994</u> <u>to</u> <u>31st December</u> <u>1994</u>
		£	£
	Notes		
<u>TURNOVER</u>	2	2,444,139	1,100,748
Cost of sales		(1,892,796)	(768,971)
<u>GROSS PROFIT</u>		551,343	331,777
Net operating expenses		(477,821)	(247,984)
<u>OPERATING PROFIT</u>	3	73,522	83,793
Profit and (loss) on sale of fixed assets		(2,861)	-
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST</u>		70,661	83,793
Net interest	6	(7,102)	(2,517)
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		63,559	81,276
Tax on profit/(loss) on ordinary activities		(30,294)	(30,725)
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		33,265	50,551
Balance brought forward		50,551	-
<u>RETAINED PROFIT CARRIED FORWARD</u>		£83,816	£50,551

The notes on page 11 to 18 form part of these financial statements.

CLEAREX PLASTICS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31ST DECEMBER 1995

	<u>1995</u>	<u>22nd February 1994 to 31st December 1994</u>
	£	£
<u>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</u>		
Profit for the financial year	33,265	50,551
Unrealised surplus on revaluation of fixed assets	(8,240)	337,602
Total recognised gains and losses since last annual report	<u>£25,025</u>	<u>£388,153</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

Reported profit on ordinary activities before taxation	63,559	81,276
Historical cost profit on ordinary activities before taxation	<u>£63,559</u>	<u>£81,276</u>
Historical cost profit for the year Retained after taxation, extraordinary items and dividends	<u>£33,265</u>	<u>£50,551</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

Profit for the financial year	33,265	50,551
	33,265	50,551
Other recognised gains and losses Relating to the year (net)	(8,240)	337,602
New share capital subscribed	-	2
Net additions to shareholders' funds	25,025	388,155
Opening shareholders' funds	388,155	-
Closing shareholders' funds	<u>£413,180</u>	<u>£388,155</u>

CONTINUING OPERATIONS

All amounts relate to continuing activities.

CLEAREX PLASTICS LIMITED

BALANCE SHEET

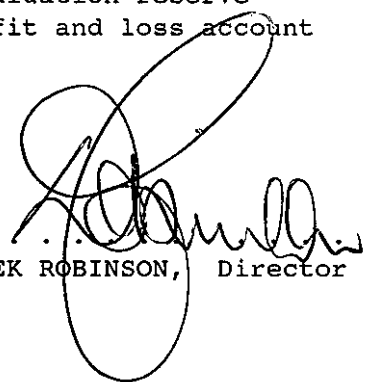
AS AT 31ST DECEMBER 1995

22nd February 1994

to

31st December 1994

	Notes	£	£	£	£
<u>FIXED ASSETS</u>					
Tangible assets	8		528,155		575,253
<u>CURRENT ASSETS</u>					
Stocks	9	121,779		110,448	
Debtors	10	479,534		672,893	
Cash at bank and in hand		43,814		16	
		645,127		783,357	
CREDITORS: amounts falling due within one year		380,339		544,933	
<u>NET CURRENT ASSETS</u>			264,788		238,424
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			792,943		813,677
<u>LIABILITIES</u>					
CREDITORS: amounts falling due after more than one year	12				
Other			302,138		322,125
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>	12				
Deferred income			77,625		103,397
			£413,180		£388,155
<u>CAPITAL AND RESERVES</u>					
Called up share capital	14		2		2
Revaluation reserve	15		329,362		337,602
Profit and loss account			83,816		50,551
			£413,180		£388,155

...  ...
DEREK ROBINSON, Director

Approved on
18th April 1996

The notes on page 11 to 18 form part of these financial statements.

CLEAREX PLASTICS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1995

	Notes	<u>1995</u>	<u>22nd February 1994</u> <u>to</u> <u>31st December 1994</u>
		£	£
<u>NET CASH INFLOW FROM OPERATING</u> <u>ACTIVITIES</u>	1	146,688	217,261
<u>RETURNS ON INVESTMENTS AND</u> <u>SERVICING OF FINANCE</u>			
Interest paid		<u>(7,102)</u>	<u>(2,517)</u>
Net cash outflow from returns on investments and servicing of finance		(7,102)	(2,517)
<u>TAXATION</u>			
Corporation tax paid		<u>(30,750)</u>	<u>-</u>
<u>Tax paid</u>		(30,750)	-
<u>INVESTING ACTIVITIES</u>			
Payments to acquire tangible fixed assets		(54,830)	(262,691)
Receipts from sales of tangible fixed assets		<u>11,740</u>	<u>-</u>
Net cash outflow from investing activities		<u>(43,090)</u>	<u>(262,691)</u>
Net cash inflow/(outflow) before financing		65,746	(47,947)
<u>FINANCING</u>			
Issue of share capital		-	2
Long term loans		<u>26,013</u>	<u>-</u>
Net cash inflow from financing		<u>26,013</u>	<u>2</u>
<u>INCREASE/(DECREASE) IN CASH AND</u> <u>CASH EQUIVALENTS</u>		<u>£91,759</u>	<u>£(47,945)</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE CASH FLOW STATEMENT

AS AT 31ST DECEMBER 1995

1. RECONCILIATION OF OPERATING PROFIT TO NET
CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1995</u>	<u>22nd February 1994</u> <u>to</u> <u>31st December 1994</u>
	£	£
Operating profit	73,522	83,793
Depreciation and amortisation	87,327	25,040
Increase in stock	(11,331)	(110,448)
Decrease/(increase) in debtors	193,359	(672,893)
(Decrease)/increase in creditors	(196,189)	891,769
Net cash inflow from operating activities	<u>£146,688</u>	<u>£217,261</u>

2. ANALYSIS OF CHANGES OF CASH AND
CASH EQUIVALENTS DURING THE YEAR

	£
Balance at 1st January 1995	(47,945)
Net cash inflow	<u>91,759</u>
Balance at 31st December 1995	<u>£43,814</u>

3. ANALYSIS OF THE BALANCES OF CASH AND THE CASH
EQUIVALENTS AS SHOWN ON THE BALANCE SHEET

	<u>1995</u>	<u>1994</u>	<u>Change</u> <u>in period</u>
	£	£	£
Cash at bank and in hand	43,814	16	43,798
Bank overdrafts	-	(47,961)	47,961
	<u>£43,814</u>	<u>£(47,945)</u>	<u>£91,759</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE CASH FLOW STATEMENT

AS AT 31ST DECEMBER 1995

4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (Including Premium)	Loans and finance lease obligations
	£	£
Balance at 1st January 1995	2	-
Cash inflow/(outflow) from financing	-	26,013
Balance at 31st December 1995	£2	£26,013

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1995

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts have been prepared in accordance with applicable Accounting Standards, on the basis of historical cost as modified by the revaluation of certain fixed assets.

(b) Amortisation of Goodwill

Goodwill is wholly written off in the year purchased.

(c) Turnover

Turnover represents the amount invoiced by the company in the normal course of business for goods supplied and services provided, excluding Value Added Tax.

(d) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and property held for investment, at rates calculated to write off the cost or valuation of each asset less its estimated residual value, over its expected useful life as follows:

Plant and Machinery	- 5 to 10 Years
Furniture and Equipment	- 4 to 10 Years
Motor Vehicles	- 25% WDV

(e) Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items.

(f) Hire Purchase and Leased Assets

Where assets are financed by leasing or hire purchase agreements, the assets are treated as if they had been purchased. The present value of the minimum lease payments payable during the lease term is capitalised as a tangible asset and the corresponding lease commitment is included as a liability.

Rentals payable are apportioned between interest, which is charged to the profit and loss account, and capital which reduces the outstanding commitment.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a payable basis.

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1995

1. ACCOUNTING POLICIES (Continued)

(g) Deferred Government Grant

The company obtained a grant under the Industrial Development Act 1982 to provide assistance for the initial capital expenditure incurred by the company. The grant is to be written off over the life of the assets to which it relates.

(h) Pension Scheme

The company has a defined contribution pension scheme. The scheme is administered by an independent pension company. The payments due in this respect are charged to the profit and loss account when they become payable. The charge to the year in the profit and loss account amounted to £46,710

(i) Fixed Assets

All Fixed Assets are initially recorded at cost. Plant and Equipment have subsequently been revalued.

(j) Leasing and hire purchase commitments

Where assets are financed by leasing or hire purchase agreements, the assets are treated as if they had been purchased. The present value of the minimum lease payments payable during the lease term is capitalised as a tangible asset and the corresponding lease commitment is included as a liability.

2. TURNOVER

The turnover and pre-tax profit are attributable to the principal activity of the company carried out wholly in the United Kingdom.

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1995

3. OPERATING PROFIT

	<u>1995</u> £	<u>22nd February 1994</u> to <u>31st December 1994</u> £
Net operating expenses for the year are:		
Administrative expenses	486,821	251,359
Other income	(9,000)	(3,375)
	<u>£477,821</u>	<u>£247,984</u>
Other operating income includes:		
Government grants	<u>9,000</u>	<u>3,375</u>
(a) This is stated after charging or crediting:		
	<u>1995</u> £	<u>22nd February 1994</u> to <u>31st December 1994</u> £
Directors remuneration	48,952	22,899
Auditor's remuneration	4,000	2,500
Depreciation	90,188	25,040
Amortisation of intangible assets	-	10,002
Hire of plant and machinery	<u>2,435</u>	<u>1,204</u>
(b) Directors remuneration		
	<u>1995</u> £	<u>22nd February 1994</u> to <u>31st December 1994</u> £
Directors remuneration	44,421	20,781
Directors national insurance contributions	4,531	2,118
	<u>£48,952</u>	<u>£22,899</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1995

4. STAFF COSTS

	<u>1995</u>	<u>22nd February 1994</u> <u>to</u> <u>31st December 1994</u>
	<u>£</u>	<u>£</u>
Wages and salaries	824,963	309,018
Social security costs	56,816	22,541
Other pension costs	46,710	26,009
	<u>£928,489</u>	<u>£357,568</u>

5. TRANSACTIONS INVOLVING DIRECTORS

Management charges have been paid to group companies during the period of trading.

The above transactions were authorised by the board.

6. NET INTEREST

	<u>1995</u>	<u>22nd February 1994</u> <u>to</u> <u>31st December 1994</u>
	<u>£</u>	<u>£</u>
Bank loans & overdrafts	5,369	2,517
Finance leases	1,733	-
	<u>£7,102</u>	<u>£2,517</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1995</u>	<u>22nd February 1994</u> <u>to</u> <u>31st December 1994</u>
	<u>£</u>	<u>£</u>
Based on the profit for the year:		
U.K. Corporation tax at 33%	26,960	30,725
Taxation underprovided in respect of previous years	3,334	-
	<u>£30,294</u>	<u>£30,725</u>

CLEAREX PLASTICS LIMITED**NOTES TO THE ACCOUNTS****AS AT 31ST DECEMBER 1995****8. TANGIBLE FIXED ASSETS**

	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Total
	£	£	£	£
COST				
At 1st January 1995	562,400	2,693	35,200	600,293
Additions	48,681	-	6,149	54,830
Disposals	(16,002)	-	-	(16,002)
At 31st December 1995	595,079	2,693	41,349	639,121
DEPRECIATION				
At 1st January 1995	21,870	253	2,917	25,040
Charge for the year	75,537	2,440	9,350	87,327
Disposals	(1,401)	-	-	(1,401)
At 31st December 1995	96,006	2,693	12,267	110,966
NET BOOK VALUE				
At 31st December 1995	<u>£499,073</u>	<u>-</u>	<u>£29,082</u>	<u>£528,155</u>
At 1st January 1995	<u>£540,530</u>	<u>£2,440</u>	<u>£32,283</u>	<u>£575,253</u>

The net book value of tangible fixed assets included an amount of £41,772 (1994 NIL) in respect of assets held under finance leases and hire purchase contracts.

9. STOCKS

	<u>1995</u>	<u>22nd February 1994 to 31st December 1994</u>
	£	£
Raw materials	69,829	55,051
Work in progress	51,950	55,397
	<u>£121,779</u>	<u>£110,448</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1995

10. DEBTORS

	<u>1995</u>	<u>22nd February 1994</u> <u>to</u> <u>31st December 1994</u>
	£	£
Trade Debtors	471,053	638,538
Prepayments	8,481	34,355
	<u>£479,534</u>	<u>£672,893</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1995</u>	<u>22nd February 1994</u> <u>to</u> <u>31st December 1994</u>
	£	£
Obligations under finance leases and hire purchase contracts	9,181	-
Bank loans and overdrafts	-	47,961
Trade creditors	202,894	282,279
Current corporation tax	30,269	30,725
Other taxes and social security	62,685	91,099
Other creditors	32,075	16,369
Accruals & deferred income	43,235	76,500
	<u>£380,339</u>	<u>£544,933</u>

**12. CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR**

	<u>1995</u>	<u>22nd February 1994</u> <u>to</u> <u>31st December 1994</u>
	£	£
Other amounts:		
Obligations under finance leases and hire purchase contracts (Note 13)	26,013	-
Group companies	276,125	322,125
	<u>£302,138</u>	<u>£322,125</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1995

12. CREDITORS: AMOUNTS FALLING DUE AFTER (Continued)

PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Government grants	
Balance brought forward	56,625	-
Received during year	30,000	60,000
Released during year	(9,000)	(3,375)
Balance as at 31 December 1994	<u>77,625</u>	<u>56,625</u>

The company raises sales invoices in advance for certain tooling contracts. These invoices have been treated as deferred income until such time as the work is completed. The balance at 31 December 1995 amounted to nil (1994 £46,772).

13. OBLIGATIONS UNDER HIRE PURCHASE & FINANCE LEASES

	<u>1995</u> £	<u>22nd February 1994</u> to <u>31st December 1994</u> £
The maturity of amounts is as follows:		
Within one year	9,181	-
In the second to fifth years inclusive	<u>26,013</u>	<u>-</u>
	<u>35,194</u>	<u>-</u>

14. SHARE CAPITAL

	<u>1995</u>	<u>22nd February 1994</u> to <u>31st December 1994</u>
Authorised		
1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, issued, and fully paid		
2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>

CLEAREX PLASTICS LIMITED

NOTES TO THE ACCOUNTS

AS AT 31ST DECEMBER 1995

15. **REVALUATION RESERVE**

		<u>22nd February 1994</u> to <u>31st December 1994</u>
	<u>1995</u> £	£
At 1st January 1995	337,602	-
Surplus arising during the year	(8,240)	337,602
At 31st December 1995	<u>£329,362</u>	<u>£337,602</u>

16. **CONTINGENT LIABILITIES**

In the event of the company not fulfilling the terms under which the Industrial Development grant was made there exists a potential repayment of the monies received. The directors are confident that this situation will not arise.

17. **HOLDING COMPANY**

Clearex Plastics Limited is a wholly owned subsidiary of Octo Industries Limited, a company incorporated in Great Britain.

18. **FINANCIAL COMMITMENT**

At 31 December 1995 the company had annual commitments under operating leases amounting to £60,000 per annum. This represents a lease in respect of the company's trading premises which expires in July 2001.