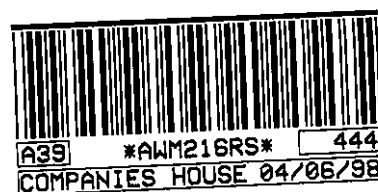


PAWLE & CO. LIMITED

**DIRECTORS REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st. MARCH 1998**

Company No. 2740708 [England & Wales]

Ian J. Gillespie
Ridgeway
7 Dene Close
Rayleigh
Essex
SS6 9LQ



PAWLE & CO. LIMITED

COMPANY INFORMATION

DIRECTORS	G. J. Arnold C. P. Ashby
SECRETARY	C. P. Ashby
REGISTERED NUMBER	2740708
REGISTERED OFFICE	30B, Lychgate Farm Estate Arterial Road Rayleigh Essex. SS6 7TZ

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The following pages do not form part of the Statutory Accounts:-

Trading and Profit and Loss Account and Summaries Pages 9 & 10

PAWLE & CO LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31st. MARCH 1998

The directors present their Report and Financial Statements for the year ended 31st. March 1998.

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial accounts 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;
- 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 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.

Principal Activity

The company's principal activity continues to be that of steel fabrication work.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were as follows:-

	<u>Ordinary Shares</u>	
	1998	1997
G. J. Arnold	50	50
C. P. Ashby	50	50

Auditors

In the directors' opinion, the company was entitled, under Section 249[1] of the Companies Act 1985, to exemption of the audit of its accounts for the year ended 31st. March 1998. No member of the company has requested an audit.

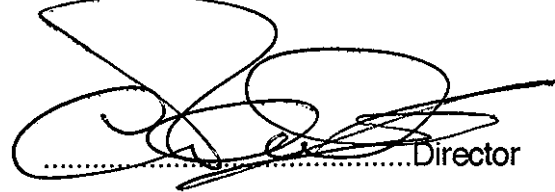
PAWLE & CO. LIMITED

REPORT OF THE DIRECTORS

(CONTINUATION)

In the preparation of the directors report, advantage has been taken of the special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985.

This report was approved by the Board on 3rd. June 1998



.....Director

PAWLE & CO. LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st. MARCH 1998

		1998	[1997]
	[NOTE]	£	£
Turnover	[1,2]	165,023	130,893
Cost of Sales		<u>52,343</u>	<u>49,622</u>
Gross Profit		112,680	81,271
Production & Establishment Costs		63,838	45,563
Administration Costs		<u>25,956</u>	<u>27,815</u>
		<u>89,794</u>	<u>73,378</u>
Operating Profit	[3]	22,886	7,893
Interest Payable		<u>428</u>	<u>50</u>
Profit on ordinary activities before taxation		22,458	7,843
Taxation on Profit on ordinary activities	[4]	<u>3,874</u>	<u>2,262</u>
Profit on ordinary activities after taxation		18,584	5,581
Dividend	[5]	<u>9,600</u>	<u>4,800</u>
Retained Profit for the year		8,984	781
Retained Profit brought forward		<u>2,279</u>	<u>1,498</u>
Retained Profit carried forward		<u>11,263</u>	<u>2,279</u>

Continuing Operations

None of the Company's activities were acquired or discontinued during the above two financial years.

Total Recognised Gains and Losses

There were no recognised gains or losses other than those included in the Profit and Loss Account for the above two financial years.

The notes on pages 6 to 8 form part of these financial statements.

PAWLE & CO. LIMITED

BALANCE SHEET AS AT 31st. MARCH 1998

		1998	[1997]
	[NOTE]	£	£
Fixed Assets			
Tangible Assets	[6]	11,735	5,008
Current Assets			
Stock	[1]	1,390	1,623
Trade Debtors	[7]	38,295	33,587
Cash in Hand and at Bank		6,091	1,243
		<u>45,776</u>	<u>36,453</u>
Creditors			
Amounts falling due within one year	[8]	<u>42,098</u>	<u>39,082</u>
Net Current Assets / [Liabilities]		<u>3,678</u>	<u>[2,629]</u>
Total Assets less Current Liabilities		15,413	2,379
Creditors			
Due after more than one year	[9]	<u>4,050</u>	<u>0</u>
Net Assets		<u>11,363</u>	<u>2,379</u>
Capital and Reserves			
Called Up Share Capital	[10]	100	100
Profit and Loss Account		<u>11,263</u>	<u>2,279</u>
Shareholders' Funds		<u>11,363</u>	<u>2,379</u>

The notes on pages 6 to 8 form part of these financial statements

PAWLE & CO. LIMITED**BALANCE SHEET AS AT 31st. MARCH 1998**
[CONTINUATION]

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249[1] of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's issued share capital have not issued a notice requiring an audit. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 31st. March 1998 and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

In the preparation of the company's annual financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part 1 of Schedule 8 to the Companies Act 1985, and have done so on the grounds that, in their opinion, the company is entitled to the exemptions as a small company.

Approved by the Board on 3rd. June 1998

and signed on their behalf by



Director

PAWLE & CO. LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. MARCH 1998****[1] ACCOUNTING POLICIES****1.1 Accounting Conventions**

The accounts have been prepared under the historical cost convention.

1.2 Tangible Fixed Assets and Depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant & Machinery	20% straight line basis
Fixtures, Fittings & Equipment	20% straight line basis

1.3 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

[2] TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company - all of which arises in the United Kingdom.

[3] OPERATING PROFIT

The operating profit is stated after charging:-

	1998	[1997]
	£	£
Depreciation of tangible assets:-		
owned by the company	2,618	4,187
Accountants remuneration	840	840
Directors' emoluments	18,000	18,000

PAWLE & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. MARCH 1998
[CONTINUATION]

	1998	[1997]	
	£	£	
[4] TAXATION			
U. K. Current Year Taxation			
U. K. Corporation Tax at 21% [1997-24%]	3,874	2,262	
[5] DIVIDENDS			
A dividend of £120.00 per ordinary share	12,000	6,000	
[1997 - £60.00 per share]			
[6] TANGIBLE FIXED ASSETS			
	Plant & Machinery	Fixtures Fittings & Equipment	Total
Cost			
As at 31st. March 1997	18,660	1,808	20,468
Additions	8,750	595	9,345
As at 31st. March 1998	27,410	2,403	29,813
Depreciation			
As at 31st. March 1997	14,075	1,385	15,460
Charge for period	2,332	286	2,618
As at 31st. March 1998	16,407	1,671	18,078
Net Book Values			
As at 31st. March 1997	4,585	423	5,008
As at 31st. March 1998	11,003	732	11,735

Included above are plant and machinery held under a hire purchase contract amounting to £6,750 [1997 - Nil].

PAWLE & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st. MARCH 1998
[CONTINUATION]

	1998	[1997]
	£	£
[7] DEBTORS		
Due within one year		
Trade debtors	<u>38,295</u>	<u>33,587</u>
[8] CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Hire Purchase	2,700	0
Trade Creditors	7,803	10,498
Other Creditors	23,410	22,295
Taxation and Social Security	<u>8,185</u>	<u>6,289</u>
	<u>42,098</u>	<u>39,082</u>
[9] CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Hire Purchase	4050	0
[10] CALLED UP SHARE CAPITAL		
Authorised		
Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Issued		
Fully Paid Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
[11] TRANSACTIONS WITH DIRECTORS		

Mr. G. J. Arnold is also a director of Mulhouse Ltd. and Engraving Techniques Ltd. from whom sales totalling £5,531 and £21,132 respectively were obtained on normal terms.