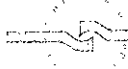


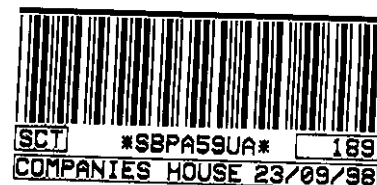
NEWTON FRICTION LIMITED**ABBREVIATED
FINANCIAL STATEMENTS****FOR THE YEAR ENDED
31 MARCH 1998**

C H A R T E R E D A C C O U N T A N T S

4 West Craibstone Street Bon-Accord Square Aberdeen AB11 6YL
Telephone 01224 590227 Facsimile 01224 575409
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NEWTON FRICTION LIMITED

**ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

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NEWTON FRICTION LIMITED

**COMPANY INFORMATION
AS AT 31 MARCH 1998**

DIRECTORS

Tom Liddell (appointed 9 May 1997)
Mrs E M Scott (resigned 9 May 1997)

SECRETARY

Mrs Margaret Liddell

REGISTERED OFFICE

8 Glen Lyon
St Leonards
East Kilbride
Glasgow

REGISTERED NUMBER

80299

BUSINESS ADDRESS

Unit A
20 Mearns Street
Aberdeen
AB1 2AT

ACCOUNTANTS

Bain Henry Reid
Chartered Accountants
4 West Craibstone Street
Aberdeen
AB11 6YL

SOLICITORS

John Laurie & Co
17 Victoria Street
Aberdeen

PRINCIPAL BANKERS

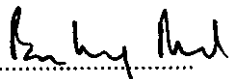
The Royal Bank of Scotland plc
12 Golden Square
Aberdeen

NEWTON FRICTION LIMITED

**ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 March 1998 set out on pages 3 to 5 and you consider that the company is exempt from an audit and a report under section 249A(1) of the Companies Act 1985.

In accordance with your instructions we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.


.....
Bain Henry Reid
Chartered Accountants
4 West Craibstone Street
Aberdeen
AB11 6YL

22 July 1998

NEWTON FRICTION LIMITED**ABBREVIATED BALANCE SHEET
AT 31 MARCH 1998**

	Notes	£	1998 £	£	1997 £
FIXED ASSETS	2				
Tangible assets			8,880		11,000
CURRENT ASSETS					
Stocks		10,143		13,971	
Debtors		29,417		27,863	
Cash at bank and in hand		20,853		113,829	
		60,413		155,663	
CREDITORS: amounts falling due within one year		(24,308)		(24,242)	
NET CURRENT ASSETS			36,105		131,421
TOTAL ASSETS LESS CURRENT LIABILITIES			44,985		142,421
CAPITAL AND RESERVES					
Called up share capital	3		10		100
Profit and loss account			44,975		142,321
TOTAL SHAREHOLDERS' FUNDS			44,985		142,421

The directors have taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirm that no notice has been deposited under section 249B(2) of the Companies Act 1985. The directors acknowledge their responsibilities for ensuring that:

- i) The company keeps accounting records which comply with section 221 of the Companies Act 1985;
- ii) The financial statements give a true and fair view of the state of affairs of the company as at 31 March 1998 and of its profit or loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board of directors on 22 July 1998 and signed on its behalf by:

T Liddell

Tom Liddell
Director

The notes on pages 4 to 5 form part of these financial statements.

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

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

Plant and equipment	20% on reducing balance basis
Motor vehicles	25% on reducing balance basis
Fixtures and fittings	20% on reducing balance basis

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. No provision is deemed necessary meantime.

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

2. FIXED ASSETS

	Tangible assets £
Cost:	
At 1 April 1997	36,538
Additions	8,079
Disposals	(12,365)
At 31 March 1998	<u>32,252</u>
Depreciation:	
At 1 April 1997	25,538
Charge for year	2,699
On disposals	(4,865)
At 31 March 1998	<u>23,372</u>
Net book value:	
At 31 March 1998	<u>8,880</u>
At 31 March 1997	<u>11,000</u>

3. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
Equity interests:		
100 ordinary shares of £1	100	100
100 'A' ordinary shares of £1	100	-
	<u>200</u>	<u>100</u>
Allotted, called up and fully paid:		
Equity interests:		
5 ordinary shares of £1	5	100
5 'A' ordinary shares of £1	5	-
	<u>10</u>	<u>100</u>

On 7 May 1997 the Company repurchased and subsequently cancelled 95 Ordinary Shares, representing 95% of the called up share capital, at a price of £1,260 per share. The share premium element of the consideration is charged against the profit and loss account reserve.