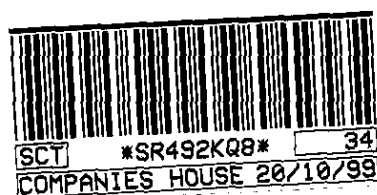


MAXIM POWER TOOLS (SCOTLAND) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31 DECEMBER 1998

FRENCH DUNCAN

Chartered Accountants & Registered Auditor
375 West George Street
Glasgow
G2 4LH

IGM



MAXIM POWER TOOLS (SCOTLAND) LIMITED
ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1998

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MAXIM POWER TOOLS (SCOTLAND) LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 6, together with the financial statements of the company for the year ended 31 December 1998 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

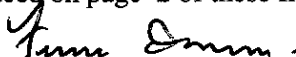
OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 3 to 6 are properly prepared in accordance with those provisions.

OTHER INFORMATION

On 7 September 1999 we reported, as auditors of the company, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1998, and the full text of our audit report is reproduced on page 2 of these financial statements.

375 West George Street
Glasgow
G2 4LH


FRENCH DUNCAN
Chartered Accountants
& Registered Auditor

7 September 1999

MAXIM POWER TOOLS (SCOTLAND) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 1998

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 2, 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 judgements 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 the information and explanations which we considered 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 information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31 December 1998 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

375 West George Street
Glasgow
G2 4LH

7 September 1999

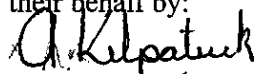

FRENCH DUNCAN
Chartered Accountants
& Registered Auditor

MAXIM POWER TOOLS (SCOTLAND) LIMITED**ABBREVIATED BALANCE SHEET****31 DECEMBER 1998**

	Note	1998 £	1997 £
FIXED ASSETS	2		
Tangible assets		84,781	<u>25,737</u>
CURRENT ASSETS			
Stocks		324,475	309,307
Debtors		504,421	554,707
Cash at bank and in hand		<u>12,232</u>	<u>599</u>
		841,128	864,613
CREDITORS: Amounts falling due within one year	3	<u>(508,089)</u>	<u>(522,794)</u>
NET CURRENT ASSETS		333,039	341,819
TOTAL ASSETS LESS CURRENT LIABILITIES		417,820	367,556
CREDITORS: Amounts falling due after more than one year	4	<u>(11,083)</u>	<u>(42,000)</u>
		<u>406,737</u>	<u>325,556</u>
CAPITAL AND RESERVES			
Called-up equity share capital	6	75,000	75,000
Profit and loss account		<u>331,737</u>	<u>250,556</u>
SHAREHOLDERS' FUNDS		<u>406,737</u>	<u>325,556</u>

These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on 7 September 1999 and are signed on their behalf by:



A KILPATRICK

MAXIM POWER TOOLS (SCOTLAND) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & machinery	25% Straight line
Fixture & fittings	15% Straight line
Motor vehicles	25% Straight line
Equipment	15% Straight line
Computer equipment	50% Straight line

Stocks

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

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The company operates a defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees. Variations from the regular costs are spread over the average expected remaining working lives of current members in the scheme.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

MAXIM POWER TOOLS (SCOTLAND) LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1998

2. FIXED ASSETS

	Tangible Fixed Assets £
COST	
At 1 January 1998	144,003
Additions	88,553
Disposals	(53,315)
At 31 December 1998	<u>179,241</u>
DEPRECIATION	
At 1 January 1998	118,266
Charge for year	21,255
On disposals	(45,061)
At 31 December 1998	<u>94,460</u>
NET BOOK VALUE	
At 31 December 1998	<u>84,781</u>
At 31 December 1997	<u>25,737</u>

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1998 £	1997 £
Bank loans and overdrafts	<u>143,413</u>	<u>106,491</u>

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	1998 £	1997 £
Bank loans and overdrafts	<u>-</u>	<u>42,000</u>

5. TRANSACTIONS WITH THE DIRECTORS

The director's loan referred to the balance with A Kilpatrick. The maximum outstanding during the year was £2,996 and was for monies taken out of the company. The loan was fully repaid during the year.

MAXIM POWER TOOLS (SCOTLAND) LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1998

6. SHARE CAPITAL

Authorised share capital:

	1998	1997
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	1998	1997
	£	£
Ordinary share capital	<u>75,000</u>	<u>75,000</u>

7. ULTIMATE PARENT COMPANY

The ultimate parent company is Kilpatrick Fraser Limited, a company registered in Scotland.