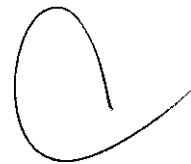


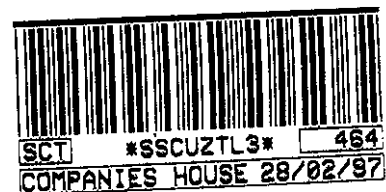
**LODHOM INVESTMENT
COMPANY LIMITED****DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

for the year ended
30 November 1996



Company Number: SC32183

BDO Stoy Hayward firms also in the South East, Ayr, Bacup, Belfast, Birmingham, Bristol, Bury St. Edmunds, Cardiff, Edinburgh, Glasgow, Ipswich, Leeds, Manchester, Newcastle-upon-Tyne, Newmarket, Norwich, Nottingham, Peterborough, Poole, Rochdale, Saltcoats, Sheffield, Southampton, Stranraer, Sunderland, Wolverhampton.
BDO Stoy Hayward - South East Firm has Offices in London, Bromley, Chelmsford, Epsom, Reading, Richmond, Ware and Wembley.



LODHOM INVESTMENT COMPANY LIMITED

DIRECTOR

James Bowen

SECRETARY

D R Taylor

REGISTERED OFFICE

Newbridge Industrial Estate
Newbridge
Edinburgh
EH28 8PJ

AUDITORS

BDO Stoy Hayward
56 Palmerston Place
Edinburgh
EH12 5AY

DIRECTOR'S REPORT
for the year ended 30 November 1996

FINANCIAL STATEMENTS

The director presents his report and the financial statements of the company for the year ended 30 November 1996.

Company law requires the director 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 or loss of the company for that year. In preparing those financial statements, the director is required to:

- 1 select suitable accounting policies and then apply them consistently;
- 2 make judgement and estimates that are reasonable and prudent;
- 3 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 AND REVIEW OF BUSINESS

The company has not traded since November 1994.

FUTURE DEVELOPMENTS

The company is unlikely to recommence trading in the foreseeable future.

DIRECTOR/...

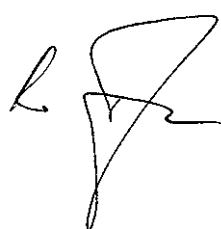

DIRECTOR'S REPORT
for the year ended 30 November 1996 (continued)**DIRECTOR AND HIS INTEREST**

The director of the company during the year and his interest in the share capital was as follows:

	Ordinary shares of £1 each	
	1996	1995
J Bowen	nil	nil

Mr J Bowen is also a director of James Bowen & Sons Limited.

This Report was approved by the Board on 31 January 1997.



DR Taylor
Secretary

AUDITORS' REPORT
to the members of Lodhom Investment Company Limited

We have audited the financial statements on pages 4 to 6 which have been prepared on the basis of the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of 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 state of the affairs of the company as at 30 November 1996 and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

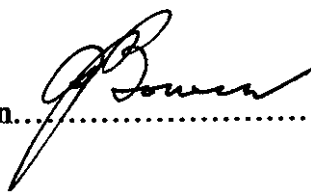
31 January 1997

BALANCE SHEET
as at 30 November 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Investment	2	<u>9,998</u>	<u>9,998</u>
CURRENT ASSETS			
Other debtors		22	22
Bank		<u>147</u>	<u>147</u>
		169	169
CREDITORS: amounts falling due within one year			
Other creditors	3	<u>282</u>	<u>282</u>
Net current (liabilities)		<u>(113)</u>	<u>(113)</u>
Total assets less current liabilities		<u>9,885</u>	<u>9,885</u>
CAPITAL AND RESERVES			
Called up share capital	4	10,000	10,000
Profit and loss account		<u>(115)</u>	<u>(115)</u>
		<u>9,885</u>	<u>9,885</u>

The financial statements on pages 4 to 6 were approved by the Board on 31 January 1997.

J Bowen.....



Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 November 1996

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention.

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value except for investments in subsidiary undertakings which are stated at valuation based on their net assets. Current asset investments are stated at the lower of cost and net realisable value.

2 INVESTMENT

	1996 £	1995 £
Cost at 1 December 1995	9,998	9,998
Additions	-	-
Disposals	-	-
Cost at 30 November 1996	<u>9,998</u>	<u>9,998</u>
Unlisted investment	<u>9,998</u>	<u>9,998</u>

The investment represents 130,333 shares which is 23.14% of the allotted, called up and fully paid ordinary share capital of James Bowen & Sons Limited, a company incorporated in Scotland. The director values the investment at £195,500 (1995 - £195,500).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 November 1996

3 OTHER CREDITORS

	1996 £	1995 £
Due to ultimate parent company	<u>113</u>	<u>113</u>

4 SHARE CAPITAL

	Authorised		Allotted called up and fully paid	
	1996 £	1995 £	1996 £	1995 £
Preferred ordinary shares of £1 each	1,000	1,000	1,000	1,000
Deferred ordinary shares of £1 each	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>	<u>9,000</u>
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

5 RESERVES

	Profit and Loss Account £
1 December 1995 and 30 November 1996	<u>(115)</u>

6 ULTIMATE PARENT COMPANY

The director regards James Bowen & Sons Limited, as the company's ultimate parent company.