

PINNACLE HOLDINGS LIMITEDDIRECTORS REPORT FOR THE
YEAR ENDED 31 MARCH 1997

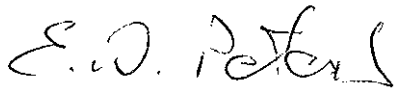
The sole activity of the company throughout the year was the 100% ownership of Pinnacle Brush Co. Limited incorporated in the U.K. The principal activity of the subsidiary was that of twisted wire brush manufacture.

The directors and their shareholdings throughout the year were as follows:-

E.W. Peters	3330 ordinary shares
J.M. Bell	800 ordinary A shares
R.M. Lambert	3070 ordinary shares 800 ordinary A shares
	—
	3870
	—
P. Lambert	1000 ordinary shares

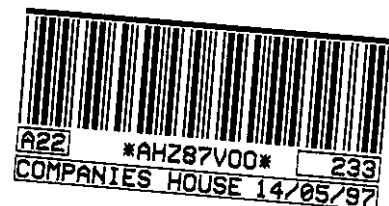
Edwin Fussell & Co. have indicated their willingness to continue in office as Auditors and their re-appointment for the ensuing year is proposed.

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies.



E.W. PETERS

12.5.97



PINNACLE HOLDINGS LIMITED
DIRECTORS' RESPONSIBILITIES
& REPORT OF THE AUDITORS.

Statement of 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 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; and prepare the financial statements on a going concern basis unless it is inappropriate to assume 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.

Auditor's Report to the Members of Pinnacle Holdings Limited.

We have audited the financial statements on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors.

As described above, 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.

- continued -

DIRECTORS RESPONSIBILITIES
& REPORT OF THE AUDITORS

- continued -

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 of 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 company's affairs as at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Edwin Fussell

EDWIN FUSSELL & CO.,
CHARTERED ACCOUNTANTS, REGISTERED AUDITORS,
111, HIGH STREET,
HANHAM,
BRISTOL.
BS15 3QG.

12.5.97

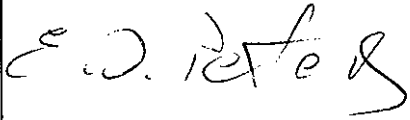
PINNACLE HOLDINGS LIMITED

PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31 MARCH 1997.

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
INCOME:-		
Dividends received from subsidiary	30000	30000
LESS EXPENSES:-		
Annual Return filing fee	18	18
NET PROFIT	29982	29982
LESS Dividends paid	30000	30000
RETAINED LOSS	(18)	(18)
There are no recognised gains or losses in the year other than the loss for the year. No operations were acquired or discontinued during the year.		

PINNACLE HOLDINGS LIMITED

BALANCE SHEET AT 31 MARCH 1997

		<u>1997</u>	<u>1996</u>
		<u>£</u>	<u>£</u>
INVESTMENTS:-	Note		
Shareholding in subsidiary at cost	2	287051	287051
LESS CURRENT LIABILITIES:- (payable within 1 year)			
Loan from subsidiary		1346	1328
TOTAL NET ASSETS		285705	285723
Financed by:-			
SHARE CAPITAL	3	10000	10000
RESERVES	4	275705	275723
		285705	285723
Advantage has been taken in the preparation of these accounts of the special exemptions applicable to small companies provided by the provision of the Companies Act 1985.			
			
E.W. PETERS			

PINNACLE HOLDINGS LIMITED

NOTES TO THE ACCOUNTS FOR
THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

The accounts are prepared under the historic cost convention. The investment in the wholly owned subsidiary is shown at cost.

2. INVESTMENTS

100% ownership of Pinnacle Brush Co. Limited incorporated in the U.K. The subsidiary produced a profit after tax of £106349 for the year. The issued share capital of the subsidiary is £10,000 in £1 ordinary shares.

3. SHARE CAPITAL

	£
Authorised and issued fully paid 8400 ordinary £1 shares	8400
1600 300% cum. ordinary A shares	1600
	<hr/> 10000

4. RESERVES Profit & Loss Account

	£
Balance at 1 April 1996	275723
Transfer from Profit & Loss account	(18)
	<hr/> 275705