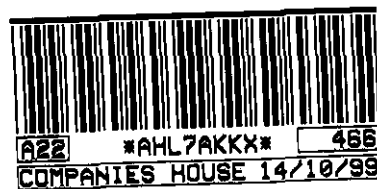


PENTA WATFORD LIMITED

REPORT AND ACCOUNTS

31 DECEMBER 1998



Suite 3, Rushmoor Court
Croxley Business Park
Hatters Lane
Watford
Hertfordshire WD1 8YL

PENTA WATFORD LIMITED

Directors

D S Green

J W James

PENTA WATFORD LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company did not trade during the year and there were no discontinued activities during the year.

DIRECTORS

The names of the present directors of the Company are shown on page 1.

There were no appointments or resignations during the year.

No director was materially interested in any contract of significance.

DIRECTORS' INTERESTS

No director had any interests in the shares of the Company (or any of its subsidiaries or intermediate parent undertaking) at either 1.1.98 or 31.12.98.

The interests of the directors in the Ordinary Shares of Inchcape plc, the ultimate parent undertaking, are as shown below:

	31.12.98 (or date of appointment)			1.1.98
Shares				
D S Green	324			324
Executive Options		Granted	Exercised	
J W James	29,700	-	-	29,700
SAYE Options		Granted	Exercised	
D S Green	345	-	-	345

Interests shown above under Executive Options refer to options granted under the Inchcape Executive Share Option Scheme and Inchcape International Executive Share Option Scheme and those shown under SAYE Options refer to options granted under the Inchcape SAYE Share Option Scheme. At the Annual General Meeting of Inchcape plc held on 14 May 1999 it was agreed to establish the Inchcape 1999 Share Option Plan and the Inchcape Deferred Bonus Plan. As a pre-condition of receiving options and awards under the new schemes, all awards under the Inchcape Executive Share Option Scheme, the Inchcape International Executive Share Option Scheme, and the Inchcape plc Long Term Incentive Plan will be cancelled.

PENTA WATFORD LIMITED

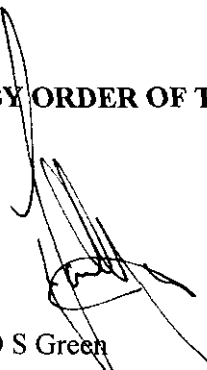
REPORT OF THE DIRECTORS (continued)

ELECTIVE RESOLUTIONS

Elective Resolutions, passed by the members, remain in force. These resolutions remove the requirement for the Company to:-

- i. hold Annual General Meetings;
- ii. lay Report and Accounts before a general meeting and
- iii. appoint auditors at a general meeting in accordance with the provisions of Section 250 of the Companies Act.

BY ORDER OF THE BOARD



D S Green
Company Secretary

Date: 4 OCTOBER 1999

PENTA WATFORD LIMITED

DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Directors are required by law to prepare financial statements for the financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the result for that period. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable Accounting Standards. The Directors are additionally responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities. The Directors confirm, in respect of the preparation of the financial statements, that:

- suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used;
- applicable Accounting Standards have been followed;
- they have been prepared on a going concern basis.

PENTA WATFORD LIMITED

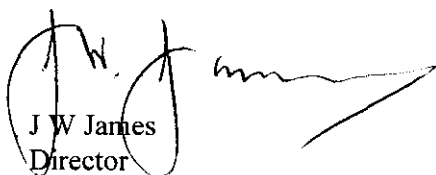
BALANCE SHEET

AT 31 DECEMBER 1998

	Notes	1998 £000	1997 £000
Current Liabilities			
Creditors: amounts falling due within one year	3	<u>(459)</u>	<u>(459)</u>
Capital and Reserves			
Called up share capital	4	350	350
Share premium account		23	23
Profit and loss account		<u>(832)</u>	<u>(832)</u>
		<u>(459)</u>	<u>(459)</u>

Throughout the financial year ending on the above date the Company was dormant within the meaning of Section 250 of the Companies Act 1985.

ON BEHALF OF THE BOARD


J W James
Director

Date: 4 October 1999

The statements and notes on pages 6 and 7 form part of these accounts.

PENTA WATFORD LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICY

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. The principal accounting policy of the Company is set out below.

Accounting convention

The Company prepares its annual accounts under the historical cost basis and in accordance with the Companies Act 1985.

2. PROFIT & LOSS ACCOUNT

The Company did not trade during the year and has made neither profit or loss nor any other recognised gain or loss, and there has been no movement in shareholders' funds. Consequently neither a profit and loss account nor a statement of total recognised gains and losses has been prepared.

None of the directors received any remuneration for services rendered to the Company (1997:nil).

3. CREDITORS - amounts falling due within one year	1998	1997
	£000	£000
Due to Group Companies	<u>459</u>	<u>459</u>

4. SHARE CAPITAL	Authorised		Issued	
	1998	1997	Allotted and fully paid	
	Number	Number	1998	1997
			£000	£000
Ordinary shares of £1	<u>350,000</u>	<u>350,000</u>	<u>350</u>	<u>350</u>

5. CASH FLOW STATEMENT

A cash flow statement is not required as Inchcape plc, the ultimate holding company in the European Union, has complied with Financial Reporting Standard 1 by including a consolidated cash flow statement in its Report and Accounts for the year ended 31 December 1998.

PENTA WATFORD LIMITED

NOTES TO THE ACCOUNTS (continued)

6. HOLDING COMPANY

The Directors regard the ultimate holding company as Inchcape plc which is incorporated in Great Britain.

Both the largest and the smallest group of which the Company is a member and for which Group Accounts are drawn up is that of Inchcape plc which is registered in England. Copies of the Report and Accounts of that company are available from:

The Company Secretary
Inchcape plc
33 Cavendish Square
London
W1M 9HF