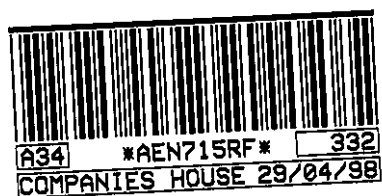


ADWEST AUTOMOTIVE LIMITED
(FORMERLY IHW LIMITED)

REPORT AND ACCOUNTS FOR THE YEAR ENDED

30 JUNE 1997

Registered number : 2790991



REPORT OF THE DIRECTORS

The directors submit their report, together with the unaudited accounts for the company for the year ended 30th June 1997.

Principal Activities

The company did not trade during the year.

Change of name

On 19 September 1997, the company changed its name from Adwest Automotive Limited to Adwest Reading Limited.

Dividend

The directors do not recommend the payment of a dividend.

Director's responsibilities

The directors are required by UK company law to prepare accounts which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year to that date. The accounts must be prepared in compliance with the Companies Act 1985 and with applicable accounting standards. In addition, the directors are required to select suitable accounting policies and then apply them consistently and to make judgements and estimates that are reasonable and prudent. The directors confirm that the accounts comply with the above requirements.

The directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

According to the register kept by the company for the purposes of the Companies Act 1985, no director had any beneficial interest in the shares of the company.

Directors

The directors who have served during the year were as follows:

H. Black
G. R Menzies

Messrs Black and Menzies have also served as directors of Adwest Automotive plc during the year and their interests in the shares of that company together with those of connected persons can be found in the accounts of that company.

Auditors

In accordance with S 250 of the Companies Act 1985, the company being eligible has resolved not to appoint an auditor.

Registered Office:

Woodley
Reading
Berkshire
RG5 4SN

By order of the board



B Allinson
Company Secretary

Dated 15 September 1997

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1997

	Note	1997	1996
		£	£
Turnover	4	-	6,834,815
Cost of sales		-	(6,535,507)
Gross profit		-	299,308
Distribution costs		-	(105,800)
Administrative costs		-	(521,975)
Operating loss		-	(328,467)
Loss on disposal of business		-	(244,137)
Interest receivable		-	44,689
Loss on ordinary activities before taxation	7	-	(527,915)
Taxation	8	-	322,298
Loss for the financial year		-	(205,617)

The company had no recognised gains or losses in either year other than the result for the year, which was entirely generated from discontinued operations.

BALANCE SHEET

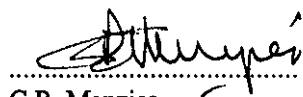
AS AT 30 JUNE 1997

	Note	1997 £	1996 £
Current Assets:			
Debtors			
Amount due from holding company		97,861	97,861
Net current assets and net assets		<u>97,861</u>	<u>97,861</u>
Capital and reserves:			
Called up share capital	10	250,000	250,000
Profit and loss account	11	(152,139)	(152,139)
Equity shareholders' funds		<u>97,861</u>	<u>97,861</u>

The notes on pages 5 to 8 form part of these accounts.

The company was dormant within the meaning of section 250(3) of the Companies Act throughout the financial year.

Approved by the Board of Directors on.....15 September 1997



G.R. Menzies
Director

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

FOR THE YEAR ENDED 30 JUNE 1997

	1997	1996
	£	£
Loss for the year after taxation	-	(205,617)
Net movement in shareholders' funds	-	(205,617)
Opening shareholders' funds	97,861	303,478
Closing shareholders' funds	97,861	97,861

NOTES ON THE ACCOUNTS

YEAR ENDED 30 JUNE 1997

1. Principal accounting policies**a) Accounting policies**

The accounts have been prepared under the historical cost convention, in accordance with applicable accounting standards and complies with the Companies Act 1985

b) Cash flow statement

The company did not produce a cash flow statement in accordance with exemptions permitted by FRS 1(revised) for wholly owned subsidiary undertakings of an EC parent company which prepares a group cash flow statement.

c) Turnover

This is the amount receivable for goods and services supplied to customers, excluding VAT.

d) Depreciation

Depreciation and amortisation of tangible fixed assets was provided on a straight line basis estimated to write off each asset over its useful life. The annual rates that were used are set out below:

Short leasehold properties	over the term of the lease
Plant and equipment	10-20%
Vehicles, computers and production tooling	20-25%
Assets which were not brought into operational use were not depreciated	

e) Deferred taxation

Provision for deferred taxation using the liability method was made in respect of taxation deferred by capital allowances and other timing differences, to the extent that it was probable that those timing differences would crystallise in the foreseeable future.

f) Stock and work in progress

Stock and work in progress are valued at the lower of cost, including factory overheads, and net realisable value.

2. Ultimate holding company

The ultimate holding company is Adwest Automotive plc, incorporated in Great Britain and registered in England and Wales. A set of Adwest Automotive plc accounts are available on request from Headley Road East, Woodley, Reading RG5 4SN

3. The principal activities of the company.

The company has not traded during the year.

4. Turnover

Geographical analysis:

	1997	1996
	£	£
United Kingdom	-	5,778,311
Other EC Countries	-	1,056,504
	-	6,834,815

5. Employees

The average number of persons employed by the company during the year was as follows:

	1997	1996
	Number	Number
Production	-	114
Distribution	-	1
Administration	-	10
	-	125

The aggregate payroll costs of these persons were:

	£	£
Wages and salaries	-	1,963,818
Social Security costs	-	183,931
Other pension costs	-	36,000
	-	2,183,749

6. Emoluments of directors

	1997	1996
	£	£
Directors' emoluments	-	120,320

None of the directors received any emoluments from the company during the year ended 30 June 1997. There were no loans made to directors in either 1997 or 1996.