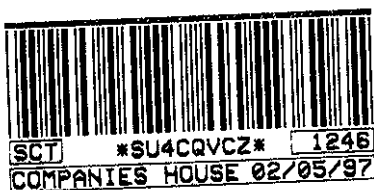


**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST, 1996
FOR
RAE BROWN & COMPANY LIMITED**

**GORDON M. LEFEVRE & CO
REGISTERED AUDITORS
CERTIFIED ACCOUNTANTS
14 GOLDEN SQUARE
ABERDEEN
AB10 1WJ**



A handwritten signature, possibly 'G. M. Lefevre', in dark ink.

RAE BROWN & COMPANY LIMITED
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RAE BROWN & COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS:

**Rae C. Brown
William A. Matthew
Winifred Brown
Vera Matthew**

SECRETARY:

Winifred Brown

REGISTERED OFFICE:

**25a Farburn Terrace,
Dyce,
Aberdeen.
AB21 7DR**

REGISTERED NUMBER:

SC081744

AUDITORS:

**Gordon M. Lefevre & Co.,
Registered Auditors,
Certified Accountants,
14 Golden Square,
Aberdeen.
AB10 1WJ**

RAE BROWN & COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report with the financial statements of the Company for the year ended 31st August, 1996.

PRINCIPAL ACTIVITY

The principal activity of the company for the year under review was building contracting.

DIRECTORS

The Directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:-

Name	Class of Capital	1996	1995
Rae C. Brown	Ordinary £1 Shares	120	120
William A. Matthew	Ordinary £1 Shares	100	100
Winifred Brown	Ordinary £1 Shares	50	50
Vera Matthew	Ordinary £1 Shares	50	50

CHARITABLE CONTRIBUTIONS

The company made no charitable contributions during the period under review.

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 judgments and estimates that are reasonable and prudent:
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business:

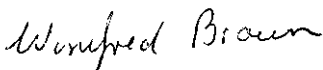
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The Auditors, Gordon M. Lefevre & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

In preparing this report, the directors have taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

ON BEHALF OF THE BOARD



Winifred Brown
SECRETARY

Approved by the Board on 25th April, 1997.

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
RAE BROWN & COMPANY LIMITED**

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

Respective responsibilities of directors and auditors

As described on page two 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

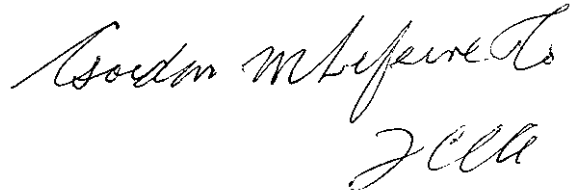
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments by the directors in the preparation of 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 company's affairs as at 31st August, 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Gordon M. Lefevre & Co.,
Registered Auditors,
Certified Accountants,
14 Golden Square,
Aberdeen.
AB10 1WJ
25th April, 1997.

A handwritten signature in dark ink, appearing to read 'Gordon M. Lefevre' followed by a stylized flourish or initials.

RAE BROWN & COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st August, 1996

	Notes	1996 £	1995 £
TURNOVER	2	1,015,479	1,212,494
Cost of Sales		<u>644,977</u>	<u>773,841</u>
GROSS PROFIT		370,502	438,653
Administrative Expenses		<u>189,028</u>	<u>178,816</u>
OPERATING PROFIT	3	181,474	259,837
Interest Receivable and Similar Income	4	<u>13,305</u>	<u>9,088</u>
		194,779	268,925
Interest Payable and Similar Charges		<u>22</u>	<u>119</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		194,757	268,806
Tax on Profit on Ordinary Activities		<u>49,905</u>	<u>70,351</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		144,852	198,455
Dividends	5	<u>122,752</u>	<u>64,000</u>
		22,100	134,455
Retained Profit brought forward		<u>302,688</u>	<u>168,233</u>
RETAINED PROFIT CARRIED FORWARD		<u>324,788</u> =====	<u>302,688</u> =====

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

RAE BROWN & COMPANY LIMITED

BALANCE SHEET
as at 31st August, 1996

	Notes	£	1996 £	£	1995 £
FIXED ASSETS:					
Tangible Assets	6		129,434		111,691
CURRENT ASSETS:					
Stocks	7	40,100		34,874	
Debtors	8	63,395		145,784	
Cash at bank		<u>206,187</u>		<u>202,245</u>	
		309,682		382,903	
CREDITORS: Amounts falling due within one year	9	<u>114,008</u>		<u>191,586</u>	
NET CURRENT ASSETS:			<u>195,674</u>		<u>191,317</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>325,108</u>		<u>303,008</u>
CAPITAL AND RESERVES:					
Called up share capital	10		320		320
Profit and loss account			<u>324,788</u>		<u>302,688</u>
Shareholders' funds	11		<u>325,108</u>		<u>303,008</u>

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Rae C. Brown
DIRECTOR

Approved by the Board on 25th April, 1997

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1996

1. ACCOUNTING POLICIES

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Land and Buildings	-	Not provided
Plant and Machinery	-	25% on reducing balance
Motor Vehicles	-	25% on reducing balance
Office Equipment	-	25% on reducing balance

No depreciation is provided on freehold buildings. The company follows a programme of regular refurbishment and maintenance of its property which includes the re-instatement of the fabric of the buildings, where necessary, in order to maintain them to a high standard. Accordingly, in the opinion of the directors, any element of depreciation would be immaterial and no provision has been made.

Stocks

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

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company, and derives wholly from the United Kingdom.

3./

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1996

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

Depreciation - owned assets

Profit on disposal of fixed assets

Auditors' Remuneration

20,295

(1,651)

3,275

14,382

-

4,100

Directors Emoluments - Salaries

- Pension Contributions

67,480

4,800

67,080

4,800

4. INTEREST RECEIVABLE AND SIMILAR INCOME

Deposit Account Interest

13,305

9,088

5. DIVIDENDS

Final

122,752

64,000

6. TANGIBLE FIXED ASSETS

Land & Buildings

Plant & Machinery

Office Equipment

Motor Vehicles

Total

COST OR VALUATION:

At 1st September, 1995

Additions

Disposals

At 31st August, 1996

DEPRECIATION:

At 1st September, 1995

Charge for year

Eliminated on disposals

At 31st August, 1996

NET BOOK VALUE:

At 31st August, 1996

At 31st August, 1995

68,550

-

-

68,550

-

-

-

68,550

-

-

-

68,550

1,789

68,550

10,289

723

-

11,012

8,627

596

-

9,223

1,662

5,637

369

-

6,006

3,776

558

-

4,334

1,861

105,882

43,415

(29,799)

119,498

66,264

19,141

(23,330)

62,075

39,618

190,358

44,507

(29,799)

205,066

78,667

20,295

(23,330)

75,632

129,434

111,691

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1996

7. STOCKS

	1996	1995
Stock	1,000	850
Work in progress	<u>39,100</u>	<u>34,024</u>
	<u>40,100</u>	<u>34,874</u>

8. DEBTORS

	1996	1995
Amounts falling due within one year:		
Trade debtors	55,438	135,765
Prepayments	<u>7,957</u>	<u>10,019</u>
	<u>63,395</u>	<u>145,784</u>

9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	1996	1995
Trade creditors	37,800	55,932
Other creditors	2,295	2,295
Other Taxes and P.A. Y.E.	27,382	24,458
Taxation	18,861	53,329
Accrued expenses	<u>27,670</u>	<u>55,572</u>
	<u>114,008</u>	<u>191,586</u>

10. CALLED UP SHARE CAPITAL

			1996	1995
Authorised:				
Number:	Class:	Nominal Value:		
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal Value:		
320	Ordinary	£1	<u>320</u>	<u>320</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996	1995
Profits for the financial year	144,852	198,455
Dividends	<u>122,752</u>	<u>64,000</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	22,100	134,455
Opening shareholders' funds	<u>303,008</u>	<u>168,553</u>
CLOSING SHAREHOLDERS' FUNDS	<u>325,108</u>	<u>303,008</u>