E.F. BREEN LIMITED

CHAIRMAN

E.F. BREEN

DIRECTORS

M.A. BREEN - MANAGING DIRECTOR
P.I. BREEN
L.W. GREEN
J.Y. BREEN

SECRETARY

P.I. BREEN

ACCOUNTANTS

NEVILLE WESTON
3 HIGH STREET
ST. LAWRENCE
RAMSGATE
KENT CT11 0QL

BANKERS

NATIONAL WESTMINSTER BANK PLC
197 SUTTON ROAD
MAIDSTONE
KENT

REGISTERED OFFICE

3 HIGH STREET
ST. LAWRENCE
RAMSGATE
KENT CT11 0QL

A15 *ADDHR5P2* 202
COMPANIES HOUSE 27/04/98

COMPANY REGISTRATION NO. 00881935

ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

E.F. BREEN LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

DIRECTORS

M.A. Breen - Managing Director
P.I. Breen
L.W. Green
J.Y. Breen

No changes have taken place during the year

PRINCIPAL ACTIVITY

Motor Factors

SHAREHOLDINGS OF DIRECTORS

	1996	1997
E.F. Breen	1,090 Shares	1,090 Shares
P.I. Breen	410 Shares	410 Shares
M.A. Breen	150 Shares	300 Shares
J.Y. Breen	150 Shares	300 Shares
	1,800 Shares	2,100 Shares

DIVIDEND

A Dividend of £8.09 per share on the Ordinary Shares was paid in December 1997

SMALL COMPANY EXEMPTION

This report, which has been prepared taking advantage of the exemptions conferred by Part II of Schedule 8 to the Companies act 1985 was approved by the Board as detailed overleaf.

E. F. BREEN LIMITED

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 the year. In preparing these 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;

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

A Resolution to re-appoint Messrs. Neville Weston as Auditors will be proposed at the Annual General Meeting.

By Order of the Board

.....
Director

Dated: 20th April 1998

E.F. BREEN LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached financial statements which have been prepared under the historical cost convention and the Accounting Policies set out in the Notes to the Accounts.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on the Directors' Report, 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.

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 December 1997, and of its results for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small Companies.

3 High Street
St Lawrence
Ramsgate
Kent CT11 0QL

Neville Weston
Chartered Certified Accountants
Registered Auditor

Dated: 20th April 1998

E.F. BREEN LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

1996				1997
866,774		TURNOVER		901,798
675,010		COST OF SALES		706,108
191,764		GROSS PROFIT		195,690
		OPERATING CHARGES		
	17,295	DISTRIBUTION COSTS	17,045	
	57,323	ADMINISTRATION EXPENSES	62,089	
	12,804	OTHER OPERATING CHARGES	14,391	
	21,412	DEPRECIATION OF TANGIBLE ASSETS	21,630	
	59,695	DIRECTORS' REMUNERATION	58,010	
168,529				173,165
23,235		PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		22,525
		TAXATION ON ORDINARY ACTIVITIES		
-		CORPORATION TAX		4,893
23,235		PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		17,632
-		DIVIDEND		17,000
23,235				632
138,912		BALANCE OF PROFITS Brought Forward		162,147
162,147		BALANCE OF PROFITS Carried Forward		162,779

There were no recognised gains and losses for either year other than those included in the Profit and Loss Account

E.F. BREEN LIMITED

NET CURRENT ASSETS (LIABILITIES) AS AT 31 DECEMBER 1997

1996		1997
	CURRENT ASSETS	
137,486	STOCK IN TRADE	126,400
129,507	DEBTORS	145,986
384	CASH ACCOUNT	413
267,377		272,799
	CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	
10,410	HIRE PURCHASE ACCOUNTS	13,594
-	CORPORATION TAX DUE	4,893
2,512	BANK LOAN	3,158
74,723	SUNDRY CREDITORS	99,900
50,032	BANK OVERDRAFT	20,387
137,677		141,932
129,700	NET CURRENT ASSETS (LIABILITIES)	130,867

E.F. BREEN LIMITED

TANGIBLE ASSETS AS AT 31 DECEMBER 1997

1996				1997
		EQUIPMENT		
	111,913	At Cost	112,449	
	59,412	Less Depreciation	64,716	
52,501				47,733
		OFFICE EQUIPMENT		
	15,510	At Cost	17,260	
	5,339	Less Depreciation	8,358	
10,171				8,902
		MOTOR VEHICLES		
	57,440	At Cost	69,781	
	24,975	Less Depreciation	24,333	
32,465				45,448
95,137		TOTAL OF TANGIBLE ASSETS		102,083

E.F. BREEN LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1997

1996				1997
		FIXED ASSETS		
95,137		TANGIBLE ASSETS		102,083
		NET CURRENT ASSETS (LIABILITIES)		
	267,377	CURRENT ASSETS	272,799	
	137,677	CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	141,932	
129,700				130,867
224,837		TOTAL ASSETS LESS CURRENT LIABILITIES		232,950
		CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	43,950	DIRECTORS' CURRENT ACCOUNTS	53,122	
	16,240	HIRE PURCHASE ACCOUNTS	8,144	
	-	BANK LOAN	6,105	
60,190				67,371
164,647		NET ASSETS		165,579
		CAPITAL AND RESERVES		
1,800		CALLED UP SHARE CAPITAL		2,100
700		CAPITAL RESERVE		700
162,147		PROFIT AND LOSS ACCOUNT		162,779
164,647				165,579

The Financial Statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, were approved by the board on the 20th April 1998, and signed on its behalf.

....

Director Director

The notes attached hereto form part of these financial statements

E.F. BREEN LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

ACCOUNTING POLICIES

Basis of Accounting

The Accounts are prepared under the historical cost convention

Turnover

This represents net invoiced sales of goods, excluding Value Added Tax.

Tangible Fixed Assets

The Company's policy is to provide depreciation at rates which are calculated to write off the cost of the assets over their estimated useful lives, as follows:

Motor Vehicles	-	25% on a Reducing Balance
Plant and Equipment	-	10% on a Reducing Balance
Office Equipment	-	25/50% on a Reducing Balance

Stock

This has been valued at cost or market value, whichever is lower

Deferred Taxation

Deferred Taxation is not provided in the Accounts as this liability is not expected to become payable in the foreseeable future.

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases') the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on leased assets is charged to the profit and loss account on the same basis as shown above.

Leasing payments are treated as consisting of capital and interest elements, and interest is charged to the profit and loss account on an actuarial basis.

All other leases are treated as 'operating leases' and the relevant annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

ACCOUNTING POLICIES - CONTINUED

Pension Costs

The Company operates a defined contribution scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund.

Cash Flow Statement

The Company has taken advantage of the exemption, conferred by financial Reporting Standard 1, from presenting a Cash flow Statement, as it qualifies as a small Company.

TURNOVER

In the year to 31st December 1997 5%, (1996 : 6%) of the Company's Turnover was to markets outside the United Kingdom.

OPERATING PROFIT

All recognised gains and losses are included in the Profit and Loss Account.

This figure includes the following:

1996		1997
£ 55,275	Directors' Remuneration	£ 53,090
2,040	Pension Contributions - Staff	2,340
4,420	- Directors	4,920
4,965	Bank Interest and Charges	3,420
1,000	Auditors' Remuneration	1,100
551	Hire Purchase Interest	2,248
1,147	Operating Leases - Equipment	785
12,228	Depreciation: Owned Assets	12,019
9,184	Assets Subject to Finance Agreements	9,611

The Directors have taken advantage, in the preparation of these financial statements, of the exemptions available under Part I of Schedule 8 to the Companies Act 1985, on the grounds that the Company qualifies as a small company by virtue of Section 247 of the Companies Act 1985.

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

CONTINUED

1996		1997
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS		
£ 23,235	Profit/(Loss) for the Financial Year	£ 17,632
-	Dividend Paid	17,000
£ 23,235	Movement in Shareholders Funds	£ 632
141,412	Opening Shareholders Funds	164,647
-	Issue of Ordinary Shares	300
£164,647	Closing Shareholders Funds	£165,579
DEBTORS		
£120,518	Trade	£140,510
8,989	Prepayments	5,476
£129,507		£145,986
SUNDRY CREDITORS		
£ 57,880	Trade	£ 79,454
7,271	Accruals	9,273
9,572	Social Security and Other Taxes	11,173
£ 74,723		£ 99,900
OBLIGATIONS UNDER FINANCE LEASES		
£ 10,410	Amounts Payable: Within 1 Year	£ 13,594
16,240	Between 2 and 5 Years	8,144
£ 26,650		£ 21,738
3,246	Less: Finance Charges Allocated to Future Periods	1,670
£ 23,404		£ 20,068

E.F. BREEN LIMITED

NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

CONTINUED

TANGIBLE FIXED ASSETS

	Equipment	Office Equipment	Motor Vehicles	Total
Cost:				
As at 1st January 1997	£ 111,913	15,510	57,440	£184,863
Additions	536	1,750	33,046	35,332
Disposals	-	-	(20,705)	(20,705)
	£ 112,449	17,260	69,781	£199,490
Depreciation:				
As at 1st January 1997	£ 59,412	5,339	24,975	£ 89,726
Charge for Year	5,304	3,019	15,149	23,472
Written Off on Disposal	-	-	(15,791)	(15,791)
	£ 64,716	8,358	24,333	£ 97,407
Net Book Values:				
As at 31st December 1996	52,501	10,171	32,465	£ 95,137
As at 31st December 1997	47,733	8,902	45,448	£102,083

Included above are items held under Finance Leases with a net book value of £28,835, (1996 - £27,551).

OTHER COMMITMENTS

At 31st December 1997 the Company had annual commitments under non-cancellable operating leases as follows:

1996		1997
	Other Equipment:	
	Expiry Date:	
£ 735	Within One Year	£ 735
1,991	Between Two and Five Years	1,256

CALLED UP SHARE CAPITAL

	Authorised Share Capital:	
£ 2,500	2,500 Ordinary Shares of £1 each	£ 2,500
	Allotted, Issued and Fully Paid Share Capital:	
£ 1,800	2,100 Ordinary Shares of £1 each	£ 2,100