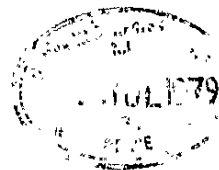


A. REYROLLE AND COMPANY LIMITED

(A wholly-owned subsidiary of Northern Engineering Industries
Limited, a Company incorporated in England)

ACCOUNTS

31ST DECEMBER, 1978



A. REYROLLE AND COMPANY LIMITED

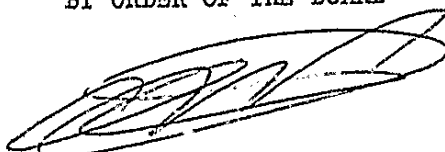
(A wholly-owned subsidiary of Northern Engineering Industries Limited)

NOTICE IS HEREBY GIVEN that the fiftieth ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company in Hebburn, Tyne and Wear on Friday 4th May 1979

BUSINESS

1. TO receive and consider the reports of the Directors and Auditors and the accounts for the year ended 31st December 1978.
2. TO re-appoint the Auditors for the current year.
3. TO transact any other business of an Annual General Meeting

BY ORDER OF THE BOARD



A. D. WILKIE
SECRETARY
4th May 1979

HEBBURN
TYNE AND WEAR

A member entitled to attend and vote may appoint a proxy to attend and vote in his place and such proxy need not be a member of the Company.

A. REYROLLE AND COMPANY LIMITED

(A wholly-owned subsidiary of Northern Engineering Industries Ltd.)

SECRETARY AND
REGISTERED OFFICE

A. D. Wilkie, F.C.A., A.T.I.I.,
Hebburn, Tyne and Wear

AUDITORS

Peat, Marwick Mitchell & Co.,
27, Grainger Street,
Newcastle upon Tyne

A. REYROLLE AND COMPANY LIMITED

(A wholly-owned subsidiary of Northern Engineering Industries Limited)

The Directors submit herewith the annual accounts of the Company for the year ended 31st December 1978.

HOLDING COMPANY

The Company is a wholly-owned subsidiary of Northern Engineering Industries Limited.

TRADING

The Company did not trade during the year.

DIRECTORS

The Directors who held office throughout the year were as follows :-

W. H. Bell	A.C.C.A., F.C.I.S.
W. D. Coutts	C.Eng., M.I.E.E.
F. S. Fay	M.A., C.Eng., F.I.E.E.
N. Kirschner	B.Sc. C.Eng., M.I.E.E., M.(South Africa) I.E.E.
D. Legg	B.Sc. Hons., C.Eng., M.I.E.E.
D. Lightle	B.Sc. C. Eng., M.I.E.E. (Appointed 10th February 1973)
A. D. J. Perkins	T.D., B.Sc.
S. M. Palmer	C.A.
G. B. Tully	B.Sc., C.Eng., M.I.E.E., A.M.B.I.M., (Chairman)
S. M. Gonek	C.Eng., F.I.E.E. (Resigned 10th February 1978)

DIRECTORS' INTERESTS IN THE PARENT COMPANY

The interests of the Directors in the parent company were as follows :-

	<u>1st January 1978</u>		<u>31st December 1978</u>	
	<u>Northern Engineering Industries Limited</u>			
	Ordinary Shares	8.25% Cumulative Redeemable Preference Shares	Ordinary Shares	8.25% Cumulative Redeemable Preference Shares
Mr F. S. Fay	158	19	158	19
Mr D. Legg	110	13	110	13
Mr D. Lightle	-	-	278	34
Mr N. Kirschner	240	30	240	30
Mr G. B. Tully	1,356	169	1,356	169

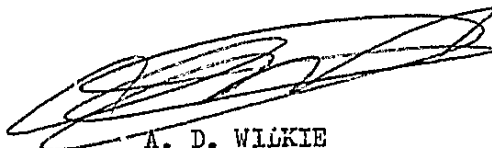
Mr W. H. Bell is a director of Northern Engineering Industries Limited and his shareholding is shown in the accounts of that Company.

The remaining directors; Mr W. D. Coutts, Mr A. D. J. Perkins and Mr S. M. Palmer held no interests in shares of the parent company during the year under review.

AUDITORS

A resolution for the re-appointment of Peat, Marwick Mitchell & Co. as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



A. D. WILKIE
SECRETARY

4th May 1979

HEBBURN
TYNE AND WEAR

A. REYROLLE AND COMPANY LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 1978

1977

£

£50,000

AMOUNT OWING BY HOLDING COMPANY

£

£50,000

Represented by :-

SHARE CAPITAL

Authorised : 100,000 ordinary shares

£100,000

of £1 each

£100,000

Issued and fully paid :

£50,000


50,000 ordinary shares of £1 each

£50,000

NOTES

- 1) The company's ultimate holding company is Northern Engineering Industries Limited, incorporated in England.
- 2) The company did not trade during the year ended 31st December 1978.

Director



Director



REPORT OF THE AUDITORS OF
A. REYROLLE AND COMPANY LIMITED

We have examined the annexed balance sheet. In our opinion it gives a true and fair view of the state of the Company's affairs at 31st December 1978 and complies with the Companies Acts 1948 and 1967.



CHARTERED ACCOUNTANTS

3rd May 1979

27, Grainger Street,
Newcastle upon Tyne
3rd May 1979.