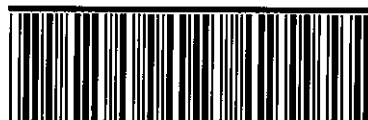


Kennedy & Donkin Overseas Limited
Annual Report
for the 12 months ended 31 December 1995

Registered No: 2058508



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COMPANIES HOUSE 30/10/96

Kennedy & Donkin Overseas Limited

Directors' report for the 12 months ended 31 December 1995

The directors present their report and the financial statements for the 12 months ended 31 December 1995.

Principal activity

The company acts as an investment holding company. It is not anticipated that this status will change.

Review of business

The results for the period are shown in the profit and loss account on Page 4.

Dividends

The directors do not recommend payment of a dividend for the period ended 31 December 1995 (1994: £nil).

Directors

The directors of the company at 31 December 1995, all of whom have been directors for the whole year ended on that date, were:

M R Windle	(resigned 31/7/96)
J J Goody	(resigned 22/4/96)
W C Keightley	(resigned 1/10/96)

The following have been appointed as directors of the company:

J R Springate	(appointed 1/6/96)
M W Gordon	(appointed 1/6/96)
J R Wiegner	(appointed 1/10/96)

Directors' interests in shares

None of the directors held an interest in the shares of the company or in the holding company at any time during the year.

Kennedy & Donkin Overseas 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 that period. In preparing those financial statements, the directors are required to:

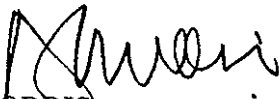
- 1 select suitable accounting policies and then apply them consistently;
- 2 make judgements and estimates that are reasonable and prudent;
- 3 state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 4 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 directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By the order of the board


P MORRIS
Secretary

Westbrook Mills
Godalming
Surrey
GU7 2AZ

29 October 1996

Report of the auditors to the shareholders of Kennedy & Donkin Overseas Limited

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 financial 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 affairs of the company as at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

1 Surrey Street
London WC2R 2PS

29 October 1996

Kennedy & Donkin Overseas Limited

Profit and loss account
for the 12 months ended 31 December 1995

	Notes	12 mths to 31/12/95 £'000	11 mths to 31/12/94 £'000
Interest payable	4	<u>(4)</u>	<u>-</u>
Loss on ordinary activities before taxation	5	(4)	-
Taxation	6	<u>-</u>	<u>16</u>
(Loss) profit on ordinary activities after taxation		(4)	16
Dividends paid and proposed		<u>-</u>	<u>-</u>
Retained (loss) profit for the period		<u><u>(4)</u></u>	<u><u>16</u></u>

There are no recognised gains or losses other than the loss for the current year and the profit in the prior period.

The accompanying notes are an integral part of this profit and loss account.

Kennedy & Donkin Overseas Limited

Balance sheet
at 31 December 1995

	Notes	At 31/12/95 £'000	At 31/12/94 £'000
Fixed assets			
Investments	7	<u>811</u>	<u>811</u>
Creditors: amounts falling due within one year	8	<u>(775)</u>	<u>(771)</u>
Net current liabilities		<u>(775)</u>	<u>(771)</u>
Net assets		<u>36</u>	<u>40</u>
Capital and reserves			
Called-up share capital	9	-	-
Profit and loss account		<u>36</u>	<u>40</u>
Shareholders' funds - equity interests	10	<u>36</u>	<u>40</u>

The financial statements on pages 4 to 8 were approved by the board of directors on 29 October 1996 and were signed on its behalf by:



M W GORDON
Director

The accompanying notes are an integral part of this balance sheet.

Kennedy & Donkin Overseas Limited

Notes to the financial statements for the 12 months ended 31 December 1995

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, all of which have been applied consistently throughout the year and the preceding period, is set out below.

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

(b) Taxation

The charge for taxation is based on the profit for the period as adjusted for disallowable items. Provision is made for deferred taxation on all timing differences where it is considered that a liability may arise in the foreseeable future.

(c) Foreign currencies

Foreign currency assets and liabilities are translated at the exchange rate ruling at the balance sheet date with any differences being taken to the profit and loss account for the year then ended. Any gain or loss arising from a change in exchange rates subsequent to the date of a transaction is included as an exchange gain or loss in the profit and loss account.

(d) Cash Flow Statement

Under the provisions of Financial Reporting Standard No 1, the company has not prepared a cash flow statement because its ultimate UK parent company, Rust Limited, which is incorporated in England and Wales, has prepared consolidated financial statements which include the results of the company for the period and which contain a cash flow statement.

2 Directors' emoluments

The directors of the company were remunerated by the immediate holding company, and received no emoluments in respect of services to the company (1994: £nil).

Kennedy & Donkin Overseas Limited

3 Employee information

The company had no employees during the period other than the directors (1994: nil).

4 Interest payable

	12 mths to 31/12/95 £'000	11 mths to 31/12/94 £'000
Interest payable on late settlement of corporation tax	<u>4</u>	<u>-</u>

5 Profit on ordinary activities before taxation

Remuneration of the company's auditors is borne by the immediate holding company, Rust Kennedy & Donkin Limited.

6 Taxation

	12 mths to 31/12/95 £'000	11 mths to 31/12/94 £'000
The following has been credited:		
Over provision in respect of prior years	<u>-</u>	<u>(16)</u>

7 Investments

	12 mths to 31/12/95 £'000	11 mths to 31/12/94 £'000
Shares in subsidiary undertakings:		
Kennedy & Donkin Middle East Ltd incorporated in Cyprus	811	811
Kennedy & Donkin International Ltd incorporated in Hong Kong	<u>-</u>	<u>-</u>
	<u>811</u>	<u>811</u>

All subsidiary undertakings are wholly owned and act as consulting engineers. Pursuant to Section 228 Companies Act 1985, the company has not prepared group accounts as it is a wholly owned subsidiary of the ultimate UK parent company, Rust Limited, a company registered in England and Wales.

Kennedy & Donkin Overseas Limited

8 Creditors: amounts falling due within one year

	12 mths to 31/12/95 £'000	11 mths to 31/12/94 £'000
Amounts owed to group undertakings	775	699
Corporation tax	-	<u>72</u>
	<u>775</u>	<u>771</u>

9 Called-up share capital

	12 mths to 31/12/95 £	11 mths to 31/12/94 £
Authorised:		
Ordinary shares of £1 each	<u>25,000</u>	<u>25,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 Reconciliations of movements in shareholders' funds

	31/12/95 £'000	31/12/94 £'000
(Loss) profit for the period	(4)	16
Opening shareholders' funds	40	24
Closing shareholders' funds	<u>36</u>	<u>40</u>

11 Ultimate holding company

The ultimate UK parent company is Rust Limited, a company registered in England and Wales. The ultimate parent company is WMX Technologies Inc., a company incorporated in the United States of America.

The consolidated accounts of these groups are available to the public and may be obtained from 3 Shortlands, Hammersmith International Centre, London W6 8RX and 3003 Butterfield Road, Oak Brook, IL 60521, USA, respectively.