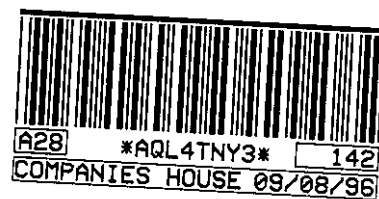


SERVOMEX GROUP LIMITED
(REGISTERED NUMBER 2170458)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1995



SERVOMEX GROUP LIMITED

DIRECTORS' REPORT

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

Results for the year

The Company did not trade during the year and therefore made neither a profit nor a loss (1994: £nil).

Dividend for the year

The directors recommend that no dividend be paid (1994: £nil).

Directors

The directors of the Company who served during the year are as follows:

Elaine Barnden (appointed 3 November 1995)

Roger Harrop *

Les James * (appointed 3 November 1995)

Martin Johnston *

Riad Kocache *

Robert Kydd *

Peter Parnell *

Robert Wang (appointed 3 November 1995)

Dave Willett * (appointed 3 November 1995)

The directors and their families have no beneficial interests in the ordinary share capital of the Company.

The directors marked (*) above are also directors of the Company's parent company, Servomex plc, and their interests in the share capital of that company are stated in the statutory accounts of Servomex plc for the year ended 31 December 1995.

Change of name

The Company, by special resolution dated 2 November 1995, changed its name from Servomex (U.K.) Limited to Servomex Group Ltd.

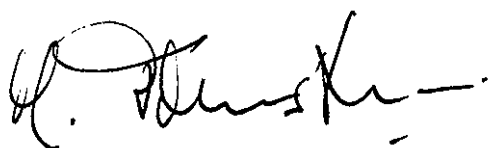
SERVOMEX GROUP LIMITED

DIRECTORS' REPORT

Auditors

The auditors, Price Waterhouse have expressed their willingness to continue in office and a resolution re-appointing them and authorising the directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'M. Johnston', with a horizontal line extending to the right.

MARTIN JOHNSTON

Secretary

5 August 1996

SERVOMEX GROUP LIMITED

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:

- o select suitable accounting policies and then apply them consistently;
- o make judgements and estimates that are reasonable and prudent;
- o state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- o 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.

SERVOMEX GROUP LIMITED

AUDITORS' REPORT TO THE MEMBERS OF SERVOMEX GROUP LIMITED

We have audited the financial statements on pages 5 to 7 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 3 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.

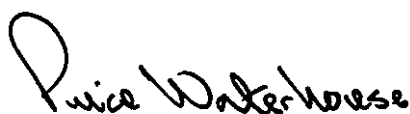
Basis of opinion

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 mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we have 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 have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE

Chartered Accountants
and Registered Auditors

London

5 August 1996


SERVOMEX GROUP LIMITED

BALANCE SHEET

as at 31 December 1995

	Notes	1995 £'000	1994 £'000
Current assets			
Accounts receivable after more than one year	4	3,629	3,629
Net assets		<u>3,629</u>	<u>3,629</u>
Capital and reserves			
Called up share capital	5	4,426	4,426
Profit and loss account	6	1,633	1,633
Goodwill write off reserve	6	(2,430)	(2,430)
Shareholders' funds		<u>3,629</u>	<u>3,629</u>

The financial statements were approved by the Board of directors on 5 August 1996 and were signed on its behalf by:



MARTIN JOHNSTON
Director

The notes on pages 6 and 7 form part of these financial statements.

SERVOMEX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1995

1. Accounting policies

Basis of accounting

The Company prepares its annual financial statements under the historical cost convention and in accordance with applicable accounting standards.

2. Profit and loss

During the current and preceding financial years the Company did not trade and received no income nor incurred any expenditure. Consequently, during those years the Company made neither a profit, recognised gain nor a loss.

3. Directors and employees

None of the directors received any remuneration during the year (1994: £nil). There were no other employees during the year (1994: nil).

4. Accounts receivable after more than one year

	1995 £'000	1994 £'000
Amounts owed by parent company	3,629	3,629

5. Called up share capital

	1995		1994	
	Number	£'000	Number	£'000
Authorised				
Ordinary shares of £1 each	5,000,000	5,000	5,000,000	5,000
Allotted, issued and fully paid				
Ordinary shares of £1 each	4,426,117	4,426	4,426,117	4,426

6. Reserves

	Profit and loss account £'000	Goodwill write off reserve £'000
Balance at 1 January 1995 and 31 December 1995	1,633	(2,430)

There were no movements in shareholders' funds during 1995 (1994: £nil).

SERVOMEX GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. Asset transfer

The trading activities of Servomex plc and the associated assets and liabilities were transferred to the Company on 1 January 1996 for net asset value. On the same date the Company transferred certain assets and liabilities to Servomex International Limited in relation to trading activities in Europe, India and Africa.

8. Parent company

The Company's parent company is Servomex plc, a company registered in the United Kingdom. A copy of the consolidated financial statements of Servomex plc can be obtained from the registered office, Jarvis Brook, Crowborough, East Sussex, TN6 3DU.