

FEL INTERNATIONAL SERVICES LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997



**FEL INTERNATIONAL SERVICES LIMITED
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1997**

The Directors present their annual report and the financial statements for the year ended 31 December 1997.

PRINCIPLE ACTIVITIES AND BUSINESS REVIEW

The company remained dormant throughout the year.

DIRECTORS AND THEIR INTERESTS

The Directors who have served during the year and their interests, including their spouses and infant children, in the shares of the Company were as follows:-

	Ordinary shares of £1 each	
	1997	1996
F Hooson (resigned 20/03/98)	-	-
S F Hooson (resigned 20/03/98)	-	-
L S Morgan	-	-
B J Wells	-	-
K E Grove (appointed 25/03/98)	-	-
M W Hardy (appointed 25/03/98)	-	-
P D Brooks (appointed 25/03/98)	-	-

DIRECTORS RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which gives 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:-

- (a) Select suitable accounting policies and then apply them consistently.
- (b) Make judgements and estimates that are reasonable and prudent.
- (c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- (d) Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

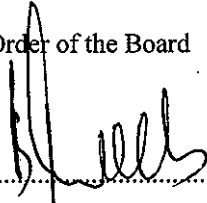
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

**FEL INTERNATIONAL SERVICES LIMITED
REPORT OF THE DIRECTORS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1997**

AUDITORS

The company has passed a resolution to dispense with the requirements for an audit.

By Order of the Board

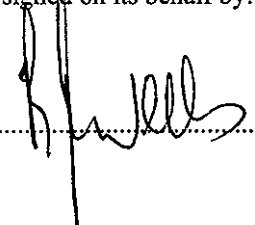

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2 / 10 / 98 Date

FEL INTERNATIONAL SERVICES LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 1997

		1997		1996	
		£	£	£	£
NOTES					
6	Debtors	318,432		318,432	
		<u>318,432</u>		<u>318,432</u>	
7	CREDITORS: Amounts falling due within one year	401,309		401,309	
		<u>401,309</u>		<u>401,309</u>	
NET CURRENT LIABILITIES		(82,877)		(82,877)	
		<u>£(82,877)</u>		<u>£(82,877)</u>	
CAPITAL AND RESERVES					
11	Called up Share Capital	100,000		100,000	
13	Profit and Loss Account	(182,877)		(182,877)	
		<u>£(82,877)</u>		<u>£(82,877)</u>	

Throughout the financial year ending on the above date the company was dormant within the meaning of Section 252 of the Companies Act 1985.

The financial statements on pages 3 to 5 were approved by the Board of Directors on 2/10/ 1998 and signed on its behalf by:-

 DIRECTOR

**FEL INTERNATIONAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**

1. ACCOUNTING POLICIES

The following accounting policies have been adopted in preparing the Company's financial statements.

a. Accounting Convention

The financial statements have been prepared in accordance with the Companies Act 1985, as amended, and with applicable accounting standards under the historical convention, no allowance having been made for changes in the value of money.

b. Deferred Taxation

Deferred taxation is provided under the liability method, unless it can be reasonably demonstrated that a liability is unlikely to arise in the foreseeable future.

c. Turnover

Turnover represents the net total of goods sold and delivered during the financial year, excluding VAT.

2 STAFF NUMBERS AND COSTS

The average number of employees of the company (including directors) during the year was as follows:-

	1997	1996
Management	4	4
	<u>4</u>	<u>4</u>

3. DIRECTORS' EMOLUMENTS

The emoluments, excluding pension contributions, of the highest paid Director were £Nil. The emoluments of the other directors were within the following ranges:-

	1997	1996
	£	£
£0 - £5,000	3	3

FEL INTERNATIONAL SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 1997

4. DEBTORS

	1997	1996
	£	£
Amounts Due from Group Undertakings	<u>£318,432</u>	<u>£318,432</u>

5. CREDITORS

	1997	1996
	£	£
Amounts owed to Group undertakings	<u>£401,309</u>	<u>£401,309</u>

6. SHARE CAPITAL

	1997	1996
	£	£
Authorised:		
200,000 Ordinary Shares of £1 each	<u>£200,000</u>	<u>£200,000</u>
Allotted, called up and fully paid:		
100,000 Ordinary shares of £1 each	<u>£100,000</u>	<u>£100,000</u>

7. STATEMENT OF MOVEMENT ON RESERVES

	Profit & Loss Account	
	1997	1996
	£	£
At 1 January 1997	(182,877)	(262,924)
Transfer from revaluation reserve	-	80,047
Retained profit/(loss) for the financial year	-	-
At 31 December 1997	<u>£(182,877)</u>	<u>£(182,877)</u>

8. RECONCILIATION OF SHAREHOLDERS FUNDS

	1997	1996
	£	£
Opening shareholders funds	<u>(82,877)</u>	<u>(82,877)</u>
Closing shareholders funds	<u>£(82,877)</u>	<u>£(82,877)</u>

9. ULTIMATE HOLDING COMPANY

The ultimate holding company is Strachan and Henshaw Limited, a company incorporated in the United Kingdom and part of the Weir Group PLC.

10. PROFIT AND LOSS ACCOUNT

The company has remained dormant during the year and no material transactions have taken place. Therefore, the company has not produced a profit and loss account for the year ended 31 December 1997.