

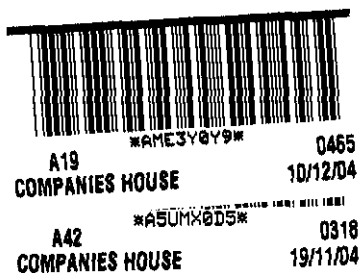
EAST GRINSTEAD PROPERTIES LIMITED

(Registration Number : 599481)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2004**

CONTENTS

	Page
Company Information	1
Directors' Report	2 to 3
Independent Auditors' Report	4
Consolidated Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 to 13



JOHN R NORMAN & CO

CHARTERED CERTIFIED ACCOUNTANTS

EAST GRINSTEAD PROPERTIES LIMITED

COMPANY INFORMATION

DIRECTORS

G.M. Harrison - Chairman and Managing Director
J.R.N. Stead
J.R.L. Harrison
A.M. Stead

SECRETARY

J.R.L. Harrison

REGISTERED OFFICE

Imberhome Lane
East Grinstead
Sussex RH19 1RJ

COMPANY REGISTRATION NUMBER 599481

AUDITORS

John R. Norman & Co.
Chartered Certified Accountants
Pinner
Middlesex HA5 3NN

EAST GRINSTEAD PROPERTIES LIMITED

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 June 2004.

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:

- * 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.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiary and the profits before taxation derived therefrom were as follows:

	THE COMPANY		THE SUBSIDIARY	
	Letting land, building and plant		Manufacture of specialised electronic components	
	2004	2003	2004	2003
	£	£	£	£
Turnover	86,000	33,000	1,764,326	1,507,708
Net profit before taxation	61,912	8,827	198,891	92,486

DIVIDENDS AND TRANSFERS TO RESERVES

The directors are recommending that no final dividend be paid.

The group profit transferred to reserves amounted to £105,436

EAST GRINSTEAD PROPERTIES LIMITED

DIRECTORS' REPORT (continued)

GROUP UNDERTAKING

The group undertaking, Omeg Limited, is a wholly owned subsidiary company which is registered in England.

DIRECTORS

The directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:

	Ordinary Shares of £1 each	
	30th June 2004	30th June 2003
G.M. Harrison	1,000	1,000
J.R.N. Stead	Nil	Nil
J.R.L. Harrison	1,500	1,500
A.M. Stead	1,900	1,900

Mr. J.R.N. Stead retires by rotation and being eligible offers himself for re-election.

AUDITORS

In accordance with section 385 of the Companies Act 1985, a resolution proposing that John R. Norman & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

SMALL COMPANY EXEMPTIONS

The report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



J.R.L. Harrison
Director
14th September 2004

EAST GRINSTEAD PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EAST GRINSTEAD PROPERTIES LIMITED

We have audited the financial statements of East Grinstead Properties Limited on pages 5 to 13 for the year ended 30 June 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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, reliable and relevant evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, fraud, or other irregularity. 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 and of the Group as at 30th June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**John R. Norman & Co.
Chartered Certified Accountants
Registered Auditors
Pinner, Middlesex.**

14 September 2004

EAST GRINSTEAD PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 2004

	Notes	2004 £	2003 £
TURNOVER	2	1,764,326	1,507,708
Cost of sales		<u>1,162,169</u>	<u>1,046,822</u>
GROSS PROFIT		602,157	460,886
Distribution, administration and other costs		<u>426,257</u>	<u>378,244</u>
Other operating income		<u>175,900</u> <u>20,750</u>	<u>82,642</u> <u>2,000</u>
OPERATING PROFIT	4	196,650	84,642
Interest receivable and other income		<u>65,666</u>	<u>16,671</u>
GROUP PROFIT ON ORDINARY ACTIVITIES before taxation		262,316	101,313
TAXATION ON ORDINARY ACTIVITIES	5	<u>(60,880)</u>	<u>(21,427)</u>
GROUP PROFIT after taxation for the year		<u>£201,436</u>	<u>£79,886</u>
Dealt with in the accounts of the holding company		50,149	7,918
Dealt with in the accounts of the subsidiary		149,774	71,968
Negative goodwill on consolidation written back	14	<u>1,513</u>	<u>-</u>
		201,436	79,886
Dividends	6	<u>96,000</u>	<u>48,000</u>
Retained profit transferred to reserves	14	<u>£105,436</u>	<u>£31,886</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than those passing through the profit and loss account.

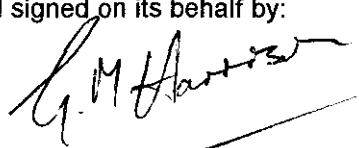
EAST GRINSTEAD PROPERTIES LIMITED

BALANCE SHEET AS AT 30th JUNE 2004

	Notes	2004		2003	
		GROUP £	PARENT COMPANY £	GROUP £	PARENT COMPANY £
FIXED ASSETS					
Tangible assets	7	917,721	675,001	878,256	675,001
INVESTMENT IN GROUP UNDERTAKING	9	-	9,000	-	9,000
INVESTMENTS	8	-	-	3,681	-
		<u>917,721</u>	<u>684,001</u>	<u>881,937</u>	<u>684,001</u>
CURRENT ASSETS					
Stocks		128,274	-	115,512	-
Debtors	10	314,945	1,072	268,578	1,043
Current account with group undertaking		-	9,445	-	-
Cash at bank and in hand		<u>584,565</u>	<u>43</u>	<u>488,437</u>	<u>72</u>
		<u>1,027,784</u>	<u>10,560</u>	<u>872,527</u>	<u>1,115</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Creditors	11	269,384	14,632	198,821	3,580
		<u>269,384</u>	<u>14,632</u>	<u>198,821</u>	<u>3,580</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>758,400</u>	<u>(4,072)</u>	<u>673,706</u>	<u>(2,465)</u>
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR					
Current account with group undertaking		-	-	-	(51,757)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(22,700)	-	(6,145)	-
		<u>(22,700)</u>	<u>-</u>	<u>(6,145)</u>	<u>-</u>
NET ASSETS		<u>£1,653,421</u>	<u>£679,929</u>	<u>£1,549,498</u>	<u>£629,779</u>
CAPITAL AND RESERVES					
Called up share capital	13	6,000	6,000	6,000	6,000
Reserves	14	<u>1,647,421</u>	<u>673,929</u>	<u>1,543,498</u>	<u>623,779</u>
		<u>£1,653,421</u>	<u>£679,929</u>	<u>£1,549,498</u>	<u>£629,779</u>

The financial statements have been prepared in accordance with the special provisions of part VII of the Companies Act 1985 applicable to small companies.

The financial statements were approved by the board of directors on 14th September 2004 and signed on its behalf by:



G.M. Harrison
Director

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2004

1. STATEMENT OF ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention (modified to include the revaluation of land and buildings).

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the parent company and its wholly owned subsidiary, Omeg Limited, made up to the end of the financial year. All inter-company transactions and balances have been eliminated.

Turnover

Turnover represents amounts receivable for goods and services net of value added tax and trade discounts.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation has been provided at the following annual rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	- 20% per annum on the straight line basis.
Fixtures, fittings and equipment	- 20% per annum on the straight line basis.
Motor vehicles	- 25% per annum on the straight line basis.

No depreciation has been provided in these financial statements in respect of the freehold land.

Freehold buildings have not been depreciated because the amount of depreciation involved would not be material. In the directors' opinion the expected residual value of the asset, based on current prices, is very close to the carrying value.

Stocks and Work in Progress

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stock.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Dividends are brought to account in the profit and loss account when received.

Research and Development

Expenditure on research and development costs is written off in the year in which it is incurred.

Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2004 (continued)

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Leased Assets

Rental costs under operating leases are charged against income on a straight line basis over the lease term.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Exchange differences are taken to the profit and loss account.

Pension Costs

The company operates a defined contribution scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2. TURNOVER

In the year to 30 June 2004 19.8% (2003: 20.6%) of the group's turnover was to markets outside the United Kingdom.

3. DIRECTORS' EMOLUMENTS

	2004	2003
Total emoluments	£127,081	£98,040

4. OPERATING PROFIT

The operating profit is stated:

	2004 £	2003 £
a) After charging:		
Depreciation on owned assets	62,499	53,846
Loss on disposal of tangible assets	8,505	-
Loss on foreign exchange transactions	851	-
Auditors' remuneration	6,700	6,300
Hire of equipment	301	301
b) After crediting:		
Profit on disposal of tangible assets	6,150	1,713
Profit on foreign exchange transactions	-	2,430
Negative goodwill written back on consolidation	1,513	-

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2004 (continued)

5. TAXATION

	2004 £	2003 £
The Group		
U.K. corporation tax	44,325	15,029
Tax paid on franked investment income	-	253
Current tax charge	<u>£44,325</u>	<u>£15,282</u>
Deferred tax		
Deferred tax charge	<u>16,555</u>	<u>6,145</u>
	<u>£60,880</u>	<u>£21,427</u>
The Parent		
UK Corporation tax	<u>£11,763</u>	<u>£909</u>
Factors affecting the tax charge for the year		
Group profit on ordinary activities before taxation	<u>£262,316</u>	<u>£101,313</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2003 : 19%)	<u>£49,840</u>	<u>£19,249</u>
Effects of:		
Non deductible expenses	317	207
Depreciation	12,322	9,905
Capital allowances	(19,326)	(13,084)
Adjustments to previous periods	-	(481)
Chargeable disposals	(173)	-
Dividends and distributions received	(374)	-
Other tax adjustments	<u>1,719</u>	<u>(514)</u>
	<u>(5,515)</u>	<u>(3,967)</u>
Current tax charge	<u>£44,325</u>	<u>£15,282</u>

The standard rate of corporation tax is based on the weighted average of the rates applicable to the profit on ordinary activities in the accounting period.

6. DIVIDENDS

	2004 £	2003 £
Interim dividends on ordinary shares	<u>£96,000</u>	<u>£48,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2004 (continued)

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2004 £	TOTAL 2003 £
A. THE GROUP						
As at 1st July 2003:						
Cost	-	1,234,110	59,790	88,778	1,382,678	1,320,484
Valuation	675,000	-	-	-	675,000	675,000
Additions	-	94,564	19,002	16,754	130,320	80,425
Disposals	-	(9,250)	(49,878)	(37,770)	(96,898)	(18,229)
Revaluation in the year	-	-	-	-	-	-
As at 30th June 2004:						
Cost	-	1,319,424	28,914	67,762	1,416,100	1,382,680
Valuation	675,000	-	-	-	675,000	675,000
Depreciation:						
As at 1st July 2003	-	1,081,410	28,994	69,018	1,179,422	1,138,070
Charge for year	-	44,921	10,282	7,298	62,501	53,846
Disposals	-	(9,250)	(30,028)	(29,266)	(68,544)	(12,492)
As at 30th June 2004	-	1,117,081	9,248	47,050	1,173,379	1,179,424
NET BOOK VALUE as at 30th June 2004	£675,000	£202,343	£19,666	£20,712	£917,721	£878,256
B. THE PARENT						
As at 1st July 2003:						
Cost	-	-	-	4,330	4,330	4,330
Valuation	675,000	-	-	-	675,000	675,000
Revaluation in the year	-	-	-	-	-	-
As at 30th June 2004:						
Cost	-	-	-	4,330	4,330	4,330
Valuation	675,000	-	-	-	675,000	675,000
Depreciation:						
As at 1st July 2003 and 30th June 2004	-	-	-	4,329	4,329	4,329
NET BOOK VALUE as at 30th June 2004	£675,000	£ -	£ -	£1	£675,001	£675,001

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2004 (continued)

7. TANGIBLE FIXED ASSETS (CONTINUED)

Freehold land and property was revalued during the year ended 30 June 2002 by Messrs Graves Jenkins, Chartered Surveyors on the basis of the open market value for existing use.

The historical cost of the freehold land and buildings was £150,214. No provision has been made for additional United Kingdom taxation of £48,500 which would arise if the land and buildings were disposed of at the revalued amount.

The directors are not aware of any material change in value since the revaluation.

8. INVESTMENTS

	Book Value 2004	Market Value 2004	Book Value 2003	Market Value 2003
Listed on the UK Stock Exchange	-	-	£3,681	£46,778

All listed investments were disposed of in the year.

9. INVESTMENT IN GROUP UNDERTAKING

	2004	2003
Shares in group undertaking:		
Subsidiary undertaking (unlisted)	£9,000	£9,000

Additional information on group undertaking:

Name:

Omeg Limited

Country of registration and operation:

England - registration number 600441

Class of shares held:

Ordinary shares of £1 each

Percentage of shares held by parent company

100%

Nature of business

Manufacture of specialised electronic components

10. DEBTORS

	Group	
	2004 £	2003 £
Trade debtors	262,271	245,645
Other debtors	52,674	22,933
	£314,945	£268,578

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2004 (continued)

11 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2004	2003
	£	£
Bank loans and overdrafts	3,174	14,399
Trade creditors	75,748	69,927
Taxation and social security	91,125	67,411
Other creditors	99,337	47,084
	<u>£269,384</u>	<u>£198,821</u>

12 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
Balance at 1 July 2003	6,145
Increase in provision in connection with accelerated capital allowances	<u>16,555</u>
Balance at 30 June 2004	<u>£22,700</u>

13 SHARE CAPITAL

	Authorised, issued and fully paid	
	2004	2003
Ordinary shares of £1 each	6,000	6,000

14 RESERVES

	Revaluation Reserve £	Capital Reserve £	Share Premium Account £	Profit and Loss Account £	Total £
The Group					
Balance as at 1st July 2003	524,786	1,513	7,600	1,009,599	1,543,498
Profit for the year	-	-	-	105,436	105,436
Other movements	-	(1,513)	-	-	(1,513)
Balance as at 30th June 2004	<u>£524,786</u>	<u>-</u>	<u>£7,600</u>	<u>£1,115,035</u>	<u>£1,647,421</u>
The Parent					
Balance as at 1st July 2003	524,786	-	7,600	91,394	623,780
Profit for the year	-	-	-	50,149	50,149
Other movements	-	-	-	-	-
Balance as at 30th June 2004	<u>£524,786</u>	<u>-</u>	<u>£7,600</u>	<u>£141,543</u>	<u>£673,929</u>

(a) The capital reserve arises on consolidation and represents the net assets of the subsidiary company in excess of the cost of the shares therein (negative goodwill). This has been written back to the profit and loss account in accordance with FRS 10.

(b) The revaluation reserve represents the surplus on revaluation of the company's freehold land and buildings carried out in November 2001, in excess of original cost.

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2004 (continued)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year after tax	201,436	79,886
Dividends	(96,000)	(48,000)
Decrease in capital reserve	(1,513)	-
Net addition to shareholders' funds	103,923	31,886
Opening shareholders' funds	1,549,498	1,517,612
Closing shareholders' funds	£1,653,421	£1,549,498
Represented by:		
Equity interests	£1,653,421	£1,549,498

16. PENSION COSTS

The subsidiary company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £31,159 (2003 : £23,410).

17. RELATED PARTY DISCLOSURES

Goods and services amounting to £53,140 (2003 : £40,720) were acquired during the year from Clarke Designs a business of which Mr. T.G. Clarke, who is a director of Omeg Limited, is the sole proprietor.

Of this sum, £15,000 (2003 : £10,235) was owed to Clarke Designs at 30th June 2004.