

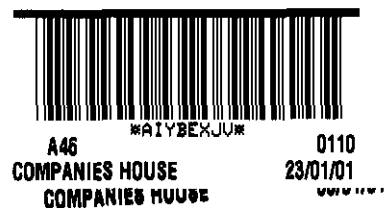
EAST GRINSTEAD PROPERTIES LIMITED

(Registration Number : 599481)

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2000**

CONTENTS

	Page
Company Information	1
Directors' Report	2 to 3
Auditors' Report	4
Consolidated Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 to 13
Company Profit and Loss Statement	14



JOHN R NORMAN & CO

CHARTERED CERTIFIED ACCOUNTANTS

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

Imberhorne 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 annual report and audited financial statements for the year ended 30th June 2000.

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;
- * Comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- * 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 and losses before taxation derived therefrom were as follows:

	THE COMPANY		THE SUBSIDIARY	
	Letting land, building and plant		Manufacture of specialised electronic equipment	
	2000	1999	2000	1999
	£	£	£	£
Turnover	33,000	33,000	1,180,542	1,420,958
Net profit/(loss) before taxation	2,197	1,741	925	-92,420

DIVIDENDS AND TRANSFERS TO RESERVES

The directors are recommending that no final dividend be paid.

The group profit transferred to reserves amounted to £15,677

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 2000	30th June 1999
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

No rights to subscribe for shares or debentures in the company have been granted during the financial year and there were no rights to subscribe for shares or debentures outstanding at the end of the financial year.

Mrs. J.R.L. Harrison retires by rotation and being eligible offers herself for re-election.

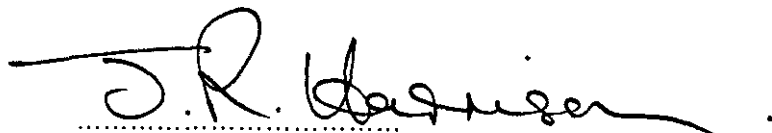
AUDITORS

Messrs. John R. Norman & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

The directors have prepared this report 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
26 September 2000

AUDITORS' REPORT TO THE MEMBERS OF EAST GRINSTEAD PROPERTIES LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the basis of accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors

As described above, the company's directors are responsible for the preparation of 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

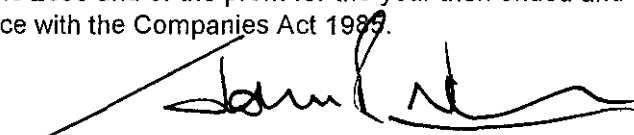
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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, 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 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Pinner, Middlesex.
23 October 2000



JOHN R. NORMAN & CO.
CHARTERED CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS

EAST GRINSTEAD PROPERTIES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 2000

	Notes	2000 £	1999 £
TURNOVER	2	1,180,542	1,420,958
Cost of sales		<u>858,122</u>	<u>1,124,512</u>
GROSS PROFIT		322,420	296,446
Distribution, administration and other costs		<u>334,159</u>	<u>403,844</u>
OPERATING LOSS	4	-11,739	-107,398
Interest receivable and other income		<u>14,861</u>	<u>16,719</u>
GROUP PROFIT/(LOSS) ON ORDINARY ACTIVITIES before taxation		3,122	-90,679
TAXATION ON ORDINARY ACTIVITIES	5	<u>12,555</u>	<u>-392</u>
GROUP PROFIT/(LOSS) after taxation for the year		<u>£15,677</u>	<u>£-91,071</u>
Dealt with in the accounts of the holding company		1,812	1375
Dealt with in the accounts of the subsidiary		<u>13,865</u>	<u>-92,446</u>
Retained profit/(loss) transferred to reserves	13	<u>£15,677</u>	<u>£-91,071</u>

Continuing operations

None of the group's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The group has no recognised gains or losses other than the profit or loss for the above two financial years.

Historical cost

The difference between the results as disclosed in the profit and loss account before tax, and accumulated loss for the year, on an unmodified historical cost basis is not material.

The notes on pages 7 to 13 form part of these financial statements.

EAST GRINSTEAD PROPERTIES LIMITED

BALANCE SHEET AS AT 30th JUNE 2000

		2000		1999	
		GROUP	PARENT	GROUP	PARENT
	Notes	£	COMPANY	£	COMPANY
			£		£
FIXED ASSETS					
Tangible assets	6	571,959	470,001	615,010	470,001
INVESTMENT IN GROUP UNDERTAKING	9	-	9,000	-	9,000
INVESTMENTS	7	1,495	-	1,495	-
		573,454	479,001	616,505	479,001
CURRENT ASSETS					
Stocks	8	102,978	-	124,011	-
Debtors	10	242,957	1,384	243,890	1,404
Cash at bank and in hand		318,393	100	277,835	145
		664,328	1,484	645,736	1,549
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR					
Creditors	11	114,172	3,000	154,308	2,981
NET CURRENT ASSETS/(LIABILITIES)		550,156	-1,516	491,428	-1,432
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR					
Current account with group undertaking		-	-79,993	-	-81,889
NET ASSETS		£1,123,610	£397,492	£1,107,933	£395,680
CAPITAL AND RESERVES					
Called up share capital	12	6,000	6,000	6,000	6,000
Reserves	13	1,117,610	391,492	1,101,933	389,680
		£1,123,610	£397,492	£1,107,933	£395,680

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 26 September 2000 and signed on its behalf by:


G.M. Harrison - Director

The notes on pages 7 to 13 form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

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.

Cash Flow

The accounts do not include a cash flow statement because the group, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash Flow Statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Tangible Fixed Assets

Depreciation has been provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	- 20% per annum on the straight line basis.
Fixtures, fittings and office 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 buildings.

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

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.

1. STATEMENT OF ACCOUNTING POLICIES (continued)**Research and development**

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

Deferred Taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leased Assets

Rental costs under operating leases are charged to the profit and loss account as incurred.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into the profit and loss account for the year.

Pension costs

The company operates a defined contribution pension 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

The turnover and profit or loss before taxation are attributable to the principal activities of the group arising in the United Kingdom.

The value of exported goods and services for the year was £189,318 as compared with £147,263 in the previous year.

3. DIRECTORS' EMOLUMENTS

	2000	1999
Total emoluments	<u>£77,184</u>	<u>£86,405</u>

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated:

	2000	1999
	£	£
a) After charging:		
Depreciation on owned assets	58,879	76,534
Auditors' remuneration	5,500	5,500
Hire of equipment	3	65
Loss on foreign currencies	<u>225</u>	<u>118</u>
b) After crediting:		
Profit on disposal of fixed assets	<u>6,476</u>	<u>-</u>

EAST GRINSTEAD PROPERTIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2000 (continued)

5. TAXATION

	2000 £	1999 £
The Group		
UK Corporation tax based on the profits, payable on 1st April 2001	2,988	366
UK Corporation tax refund in respect of prior year	-15,632	-
Tax paid on franked investment income	89	173
Adjustment in respect of prior years	-	-147
	<u>£-12,555</u>	<u>£392</u>
The Parent		
	2000	1999
UK Corporation tax	£385	£366

Deferred Taxation

There was no potential liability to deferred taxation at 30th June 2000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th JUNE 2000 (continued)

6 TANGIBLE FIXED ASSETS

A. THE GROUP

As at 1st July 1999:

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2000 £	TOTAL 1999 £
Cost	-	1,215,969	82,539	125,661	1,424,169	1,401,987
Revaluation	470,000	-	-	-	470,000	470,000
Additions	-	-	14,099	2,752	16,851	22,182
Disposals	-	-132,400	-38,024	-69,793	-240,217	-

As at 30th June 2000:

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2000 £	TOTAL 1999 £
Cost	-	1,083,569	58,614	58,620	1,200,803	1,424,169
Revaluation	470,000	-	-	-	470,000	470,000

Depreciation:

As at 1st July 1999

Charge for year

Disposals

As at 30th June 2000

NET BOOK VALUE as at
30th June 2000

B. THE PARENT

As at 1st July 1999:

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2000 £	TOTAL 1999 £
Cost	-	-	-	4,330	4,330	4,330
Revaluation	470,000	-	-	-	470,000	470,000

As at 30th June 2000:

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2000 £	TOTAL 1999 £
Cost	-	-	-	4,330	4,330	4,330
Revaluation	470,000	-	-	-	470,000	470,000

Depreciation:

As at 1st July 1999 and

30th June 2000

NET BOOK VALUE as at
30th June 2000

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures, fittings and equipment £	TOTAL 2000 £	TOTAL 1999 £
Cost	-	-	-	4,329	4,329	4,329
Revaluation	470,000	-	-	-	470,000	470,000

7. INVESTMENTS

	Book Value 2000	Market Value 2000	Book Value 1999	Market Value 2000
Listed on the UK Stock Exchange	£1,495	£31,101	£1,495	£36,331

The directors consider the value of the company's investment is not less than the amount stated in the company's balance sheet.

8. STOCKS

	2000 £	1999 £
Finished goods and goods for resale	24,838	22,002
Raw materials, consumables and work in progress	78,140	102,009
	£102,978	£124,011

9. INVESTMENT IN GROUP UNDERTAKING

	2000	1999
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	
	2000 £	1999 £
Trade debtors	204,065	216,610
Other debtors	21,170	2,771
Prepayments and accrued income	17,722	24,509
	£242,957	£243,890

11 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2000	1999
	£	£
Trade creditors	39,564	45,556
Taxation and social security	39,768	42,380
Other creditors	10,317	39,493
Accruals	24,523	26,879
	<u>£114,172</u>	<u>£154,308</u>

12 SHARE CAPITAL

	Authorised, issued and fully paid	
	2000	1999
Ordinary shares of £1 each	6,000	6,000

13 RESERVES

	Revaluation Reserve	Capital Reserve	Share Premium Account	Profit and Loss Account	Total
	£	£	£	£	£
The Group					
Balance as at 1st July 1999	319,786	1,513	7,600	773,034	1,101,933
Profit for the year	-	-	-	15,677	15,677
Balance as at 30th June 2000	<u>£319,786</u>	<u>£1,513</u>	<u>£7,600</u>	<u>£788,711</u>	<u>£1,117,610</u>
The Parent					
Balance as at 1st July 1999	319,786	-	7,600	62,294	389,680
Profit for the year	-	-	-	1,812	1,812
Balance as at 30th June 2000	<u>£319,786</u>	<u>£ -</u>	<u>£7,600</u>	<u>£64,106</u>	<u>£391,492</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.

(b) The revaluation reserve represents the surplus on revaluation of the company's freehold land and buildings carried out in September 1995, in excess of original cost.

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
(Loss)/profit for the financial year after tax	15,677	-91,071
Dividends	-	-
Net reduction/addition to shareholders' funds	15,677	-91,071
Opening shareholders' funds	1,107,933	1,199,004
Closing shareholders' funds	£1,123,610	£1,107,933
represented by:		
Equity interests	£1,123,610	£1,107,933

15. 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 £17,792 (1999 : £28,378).

16. RELATED PARTY DISCLOSURES

Goods and services amounting to £24,960 (1999 : £37,950) 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, £7,500 (1999 : £5,000) was owed to Clarke Designs at 30th June 2000.