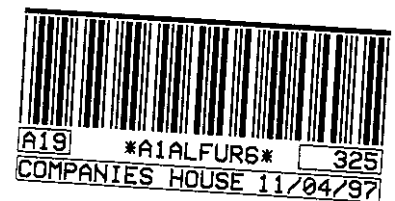


HIRST MAGNETIC INSTRUMENTS LIMITED
INDEX TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1996

Company Registration Number: 1564814

Pages

2	Statement of the Directors' Responsibilities
3 and 4	Report of the Auditors
5	Balance Sheet
6 to 8	Notes to the Financial Statements



FIRST MAGNETIC INSTRUMENTS LIMITED
STATEMENT OF THE DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 1996

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 these financial statements, the directors are required to:

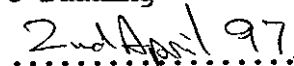
1. select suitable accounting policies and then apply them consistently;
2. make judgements and estimates that are reasonable and prudent;
3. prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

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.



Chairman - for the Board of Directors

J Dudding

 2nd April 97, Dated

AUDITOR'S REPORT TO THE DIRECTORS OF
HIRST MAGNETIC INSTRUMENTS LIMITED
PURSUANT TO PARAGRAPH 8 OF SCHEDULE 8 OF THE COMPANIES ACT 1985
FOR THE YEAR ENDED 30 JUNE 1996

We have examined the abbreviated financial statements on pages 5 to 8 together with the full financial statements of Hirst Magnetic Instruments Limited under section 226 of the Companies Act 1985 for the year ended 30 June 1996.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated accounts with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 5 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 30 June 1996, and the abbreviated accounts on pages 5 to 8 have been properly prepared in accordance with that Schedule.

Other Information

On 9 April 1997..... we reported, as auditors of Hirst Magnetic Instruments Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30 June 1996 and our audit opinion was as follows:

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

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.

cont.....

AUDITOR'S REPORT TO THE DIRECTORS OF
HIRST MAGNETIC INSTRUMENTS LIMITED
PURSUANT TO PARAGRAPH 8 OF SCHEDULE 8 OF THE COMPANIES ACT 1985
FOR THE YEAR ENDED 30 JUNE 1996

....cont

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 judgments 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.

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuation and renewal of the company's bank overdraft facility. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect. We also confirm that we have received a letter from the bank stating that there are no plans to discontinue support of the company.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1996 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Peter Crane and Company
Registered Auditor
Newquay

9 April 1997
.....Date

HIRST MAGNETIC INSTRUMENTS LIMITED

BALANCE SHEET

AS AT 30 JUNE 1996

	<u>Notes</u>	£	<u>1996</u> £	£	<u>1995</u> £
FIXED ASSETS					
Intangible assets	2		4,756		5,945
Tangible assets	3		68,548		25,354
			<u>73,304</u>		<u>31,299</u>
CURRENT ASSETS					
Stocks	1	109,641		63,433	
Debtors, all due within one year		62,704		63,327	
Cash at bank and in hand		3,313		448	
		<u>175,658</u>		<u>127,208</u>	
CREDITORS - amounts falling due within one year	5	(193,957)		(111,124)	
NET CURRENT (LIABILITIES)/ASSETS			<u>(18,299)</u>		<u>16,084</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			55,005		47,383
CREDITORS - amounts falling due after more than one year	5		(125,514)		(30,616)
NET (LIABILITIES)/ASSETS			<u>£ (70,509)</u>		<u>£ 16,767</u>
Represented By:					
CAPITAL AND RESERVES					
Called up share capital	4		30,040		3,004
Profit and loss account			(100,549)		13,763
			<u>£ (70,509)</u>		<u>£ 16,767</u>

The notes on pages 6 to 8 form an integral part of these financial statements.

In preparing these abbreviated financial statements, we have relied upon the exemptions for individual financial statements under Section A of Schedule 8 Part III of the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a small company.

Advantage has been taken, in the preparation of the accounts of special exemptions applicable to small companies on the grounds that, in the directors' opinion, the company qualifies as a small company under S246 and S247 of the Companies Act 1985.

The financial statements were approved on behalf of the Board of Directors and signed on their behalf by:

.....
J Dudding, Director

2 April 1997
dated

HIRST MAGNETIC INSTRUMENTS LIMITED
NOTES FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1996

1. ACCOUNTING POLICIES

1.1 Basis of preparing the financial statements

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. On the basis of discussions with the company's bankers, the directors consider that the company will continue to operate within the facility currently agreed and within that which they expect will be agreed in March 1997, when the company's bankers are due to consider renewing the facility for a further period. However, the margin of facilities over requirements is not large and, inherently there can be no certainty in relation to these matters. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments which would result from a withdrawal of the overdraft facility by the company's bankers.

1.2 Accounting conventions

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

1.3 Turnover

Turnover is the total amount, excluding value added tax, receivable by the company for goods sold and services provided, except in respect of long term contracts where, if the final outcome can be assessed with reasonable certainty, turnover represents the sales value of work done during the year including amounts not invoiced.

1.4 Foreign Currency Translation

The company has received foreign currency during the year in respect of receipts for sales. This has been converted to Sterling at the rate prevailing at the time. Foreign currency assets are shown at the amounts realised.

1.5 Depreciation

Depreciation is calculated to write down the cost of assets less their estimated residual value over their expected useful lives.

The rates of depreciation used are:

Property Improvements:	equally over period of lease
Office Equipment:	25% per annum on reducing balance
Plant and Machinery:	20% per annum on reducing balance
Motor Vehicles:	25% per annum on reducing balance
Patent Fees:	20% per annum on cost

HIRST MAGNETIC INSTRUMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1996

1.6 Stocks and Work in Progress

Stocks and Work in Progress are stated at the lower of first-in first-out cost and net realisable value. Cost includes direct materials and labour.

Profits in respect of short-term contracts are taken when the contract is completed.

Long-term contract work in progress is stated at costs incurred, net of amounts transferred to cost of sales in respect of work recorded as turnover. In accordance with SSAP 9, in order for the accounts to show a true and fair view, certain contracts are accounted for as long-term contracts. Profit on long-term contracts is taken as work is carried out providing the final outcome can be assessed with reasonable certainty.

Full provision is made for all known or expected losses on all contracts as soon as they are foreseen.

1.7 Deferred Taxation

Provision is made by the liability method at Corporation Tax rates ruling at the Balance Sheet date for all timing differences which are expected to be reversed in the foreseeable future.

1.8 Leasing and Hire Purchase Commitments

Assets acquired under finance leased and hire purchase contracts are capitalised in the Balance Sheet and are depreciated over their useful lives.

The interest element of the instalments is charged to the Profit and Loss Account over the period of the contract.

Rentals paid under operating leased are charged to the Profit and Loss Account as incurred.

1.9 Research and Development

Expenditure on research and development is written off in the period in which it is incurred, except for patent fees which were treated as intangible assets during the year to 30 June 1996 and have been written off on a straight line basis over five years as noted above.

2. INTANGIBLE FIXED ASSETS - Patent Fees

	<u>1996</u> £
Cost:	
At 30 June 1995	
and 30 June 1996	5,945
Amortisation	
Charge for the year	1,189
Net Book Value at 30 June 1996	<u>4,756</u>

HIRST MAGNETIC INSTRUMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1996

3. TANGIBLE ASSETS	<u>1996</u>			
ASSETS AT COST:				
Cost at 1 July 1995	65,361			
Additions during the year	50,976			
Less Disposals at cost during the year	(690)			
	<u>115,647</u>			
DEPRECIATION:				
Depreciation at 1 July 1995	40,008			
Depreciation charged in the year	7,723			
Less Depreciation on Disposals	(632)			
	<u>47,099</u>			
TOTAL AS PER BALANCE SHEET	<u><u>68,548</u></u>			
4. SHARE CAPITAL				
	<u>Authorised</u>		<u>Allotted, Issued and fully paid</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	<u>100,000</u>	<u>5,000</u>	<u>30,040</u>	<u>3,004</u>
5. CREDITORS				
			<u>1996</u>	<u>1995</u>
			<u>£</u>	<u>£</u>
Amounts Secured			<u>166,964</u>	<u>52,069</u>
Amounts falling due after five years repayable by instalments			<u>37,500</u>	<u>-</u>