

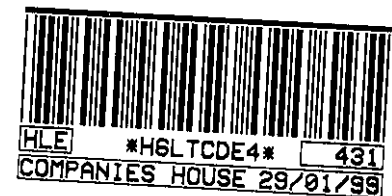
COMPANY NO. 1863010

MICRON HYDRAULICS LIMITED
ABBREVIATED REPORT AND ACCOUNTS
YEAR ENDED
31ST DECEMBER 1997

AUDITORS
CLOUGH & COMPANY
CHARTFORD HOUSE
54, LITTLE HORTON LANE
BRADFORD
WEST YORKSHIRE
BD5 OBS

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AUDITORS' REPORT TO
MICRON HYDRAULICS LIMITED

UNDER SECTION 247B
OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 8 together with the full financial statements of the company for the year ended 31st December 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246 (5) and (6) of the Act to the Registrar of Companies and whether the accounts are properly prepared in accordance with those provisions and report our opinion to you.

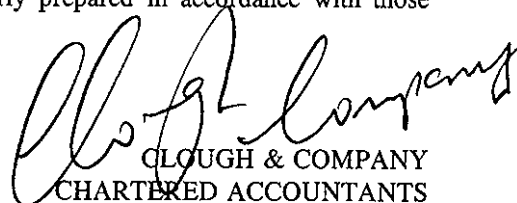
Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. 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 financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts in accordance with sections 246 (5) and (6), and the abbreviated accounts on pages 2 to 8 have been properly prepared in accordance with those provisions.

Chartford House,
54, Little Horton Lane,
BRADFORD, BD5 0BS.


CLOUGH & COMPANY
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS
28TH JANUARY 1999

MICRON HYDRAULICS LIMITED

COMPANY NO. 1863010
ABBREVIATED BALANCE SHEET

as at 31st DECEMBER

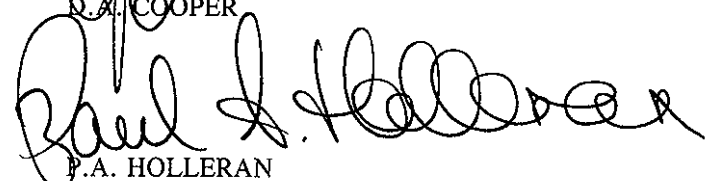
	Note	1997	1996
FIXED ASSETS			
Tangible assets	2	379879	240118
Investments	3	36100	36100
		<u>415979</u>	<u>276218</u>
CURRENT ASSETS			
Stocks		187110	218165
Debtors		516152	689654
Cash at bank and in hand		84960	147943
		<u>788222</u>	<u>1055762</u>
CURRENT LIABILITIES - creditors due within one year	4	430724	677250
		<u>430724</u>	<u>677250</u>
NET CURRENT ASSETS		<u>357498</u>	<u>378512</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		773477	654730
CREDITORS DUE AFTER MORE THAN ONE YEAR	4	23078	34546
PROVISIONS FOR LIABILITIES AND CHARGES		19700	42778
		<u>42778</u>	<u>-</u>
NET ASSETS		<u>£730699</u>	<u>£620184</u>
CAPITAL AND RESERVES			
Called up share capital	5	19118	19118
Share premium account		28755	28755
Profit and loss account		682826	572311
		<u>£730699</u>	<u>£620184</u>
EQUITY SHAREHOLDERS' FUNDS		<u>£730699</u>	<u>£620184</u>

The accompanying notes form part of these accounts.

In preparing the abbreviated accounts the directors have taken advantage of the provisions of part VII of the Companies Act 1985 applicable to small companies.

APPROVED BY THE BOARD ON THE 28.1.99.


D.A. COOPER


P.A. HOLLERAN
DIRECTORS

MICRON HYDRAULICS LIMITED

NOTES FORMING PART OF THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1997

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards.

The accounting policies, for dealing with items judged material or critical, in stating the results for the year and the financial position of the company, are:-

a) BASIS OF ACCOUNTING

The accounts are drawn up on the historical cost basis of accounting and include the results of the activities described in the directors' report, all of which are continuing.

b) EXEMPTION FROM REQUIREMENT TO PREPARE GROUP ACCOUNTS

The company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements have therefore been prepared to present a view of the company alone and not the group as a whole.

c) TURNOVER

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities and exclude Value Added Tax.

d) TANGIBLE FIXED ASSETS

No provision has been set aside for depreciation of freehold land. Freehold buildings are depreciated on a straight line basis at 2% per annum. All other assets are depreciated at the following rates:-

Plant and machinery	: 20% per annum - straight line
Fixtures and office equipment	: 20% per annum - straight line
Motor vehicles	: 25% per annum - reducing balance

e) STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value of separate groups of items as detailed in note 11 to the accounts. Net realisable value has been considered with regard to the slow moving nature of the stock held. Provisions have been made against obsolete items.

f) DEFERRED TAXATION

Deferred taxation has been accounted for by the liability method on material timing differences, as disclosed in note 14 to the accounts.

g) LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under hire/lease purchase contracts and finance leases are capitalised in the balance sheet and depreciated over their useful lives. The interest element of the rental obligation is charged to the profit and loss account over the period of the commitment.

Annual rentals under operating leases are charged against income as they are incurred.

MICRON HYDRAULICS LIMITED

NOTES FORMING PART OF THE ABBREVIATED ACCOUNTS (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

h) PENSION FUNDING

The company operates defined contribution pension scheme for the directors. Contributions to the scheme are charged against profits as payments are made.

i) RESEARCH AND DEVELOPMENT

Expenditure in respect of pure research and development is written off as incurred.

j) FOREIGN CURRENCIES

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Any exchange differences are written off against profits in the year in which they are incurred.

2. TANGIBLE FIXED ASSETS

	Freehold Land & Buildings	Plant & Equipment	Motor Vehicles	TOTAL
COST				
As at 1st January 1997	72670	305812	101672	480154
Additions during the year	-	194105	48358	242463
	<hr/>	<hr/>	<hr/>	<hr/>
Disposals during the year	72670	499917	150030	722617
	-	(9576)	(4729)	(14305)
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31st December 1997	72670	490341	145301	£708312
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
Aggregate as at 1st January 1997	9992	204301	25743	240036
Eliminations in respect of disposals	-	(3831)	(3047)	(6878)
Provision for depreciation in the year	1452	66924	26899	95275
	<hr/>	<hr/>	<hr/>	<hr/>
Aggregate as at 31st December 1997	11444	267394	49595	£328433
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE - 1997	61226	222947	95706	£379879
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE - 1996	62678	101511	75929	£240118
	<hr/>	<hr/>	<hr/>	<hr/>

MICRON HYDRAULICS LIMITED

NOTES FORMING PART OF THE ABBREVIATED ACCOUNTS (CONTINUED)

2. TANGIBLE FIXED ASSETS (CONTINUED)

Included within plant and equipment are the following amounts relating to assets which are subject to hire purchase contracts.

Cost	14221
Accumulated depreciation	5688
	<u> </u>
Net book value at 31st December 1997	£8533
	<u> </u>
Depreciation charged during the year	£2844
	<u> </u>

3. FIXED ASSET INVESTMENTS

COST

	Shares in Group Undertakings
At 1st January 1997 and 31st December 1997	£36100
	<u> </u>
NET BOOK VALUE - 1997	£36100
	<u> </u>
NET BOOK VALUE - 1996	£36100
	<u> </u>

The company has the following effective holding in the ordinary share capital of the following undertakings.

The group undertakings held at the year end are both dormant.

	1997 %	1996 %
Micron International Limited	100	100
Micron Group Limited	100	100

Micron International Limited and Micron Group Limited are registered in England and Wales.

During the year, Micron International Limited sold its 10% holding in High Tech Engineering B.V., a company registered in the Netherlands.

At 31st December 1997 the value of these investments using the equity method of accounting was £58,815.

MICRON HYDRAULICS LIMITED

NOTES FORMING PART OF THE ABBREVIATED ACCOUNTS (CONTINUED)

4. CREDITORS

These include:

Obligations under hire purchase contracts:

Included in creditors falling due within one year are obligations under hire purchase contracts of £2,798 (1996: £2,798) and due after more than one year of £7,693 (1996: £10,491) which are secured on the assets to which they relate.

Loans	1997	1996
Not wholly repayable within five years:		
Dutch Guilder		
Bank loan at 7.00% per annum, repayable in quarterly instalments	£18462	£27491
	<u> </u>	<u> </u>
Amounts repayable by instalments:		
Within five years	15385	20000
After five years	3077	7491
	<u>18462</u>	<u>27491</u>
Included in creditors: amounts falling due within one year	3077	3436
	<u> </u>	<u> </u>
	<u>£15385</u>	<u>£24055</u>

The Dutch Guilder loan is secured by a fixed charge on a freehold property.

5. SHARE CAPITAL

	Authorised		Issued and Fully Paid	
	1996	1995	1996	1995
Shares of £1 each	£50000	£50000	£19118	£19118
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

MICRON HYDRAULICS LIMITED

NOTES FORMING PART OF THE ABBREVIATED ACCOUNTS (CONTINUED)

6. INFORMATION REGARDING DIRECTORS

Interests in transactions

M.J. Plowman has interests in the following transactions and balances with Micron Eagle Hydraulics Limited, Goodquality Limited, Mightyhand Limited, Frontline Hydraulics Limited and Micron Australia Pty Limited by virtue of his shareholdings in the companies ultimate holding company.

	Micron Eagle Hydraulics Limited		Goodquality Limited		Mightyhand Limited	
	£		£		£	
	1997	1996	1997	1996	1997	1996
Sales to	22325	60616	-	-	-	-
Purchases from	11132	5180	-	-	-	-
Expenses recharged to	29066	57393	12930	25233	67855	64998
Management charges payable/(receivable)	-	(6250)	34531	-	90000	49000
Rent payable to	-	-	-	-	72000	12723
Amounts due from	6159	26110	77400	30659	42083	238778
Amounts due to	138	118	-	-	38212	-
	=====	=====	=====	=====	=====	=====

	Frontline Hydraulics Limited		Micron Australia Pty Limited	
	£		£	
	1997	1996	1997	1996
Sales to	19543	24657	8342	84419
Purchases from	2406	7665	778	26282
Expenses recharged to	4550	11703	1426	38954
Management charges payable/(receivable)	-	(900)	-	(30782)
Rent payable to	-	-	-	-
Amounts due from	845	3401	1317	34090
Amounts due to	-	-	771	125355
	=====	=====	=====	=====

M.J. Plowman, D. Cooper and I. Phipps all have interests in Micron Group Limited and Micron International Limited by virtue of their shareholdings in the companies ultimate holding company.

	Micron International Limited		Micron Group Limited	
	£		£	
	1997	1996	1997	1996
Amounts due to	28893	28893	30002	30002
	=====	=====	=====	=====

MICRON HYDRAULICS LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

6. INFORMATION REGARDING DIRECTORS (CONTINUED)

<u>Loans (to)/from directors</u>	1st January 1997 £	31st December 1997 £	Maximum Outstanding during the year
M.J. Plowman	£(34) ==	£(349) ==	£ - ==
D.A. Cooper	£(4543) ==	£375 ==	£675 ==
The loans were interest free.			

7. CONTINGENT LIABILITIES

The company has guaranteed the dutch guilder overdraft of High Tech Engineering B.V., a former subsidiary company, for NLG 160,000 being £55,000 at 31st December 1997.
The guarantee has been discharged since the year end.

8. PARENT UNDERTAKING

The ultimate holding undertaking is Aboutturn Limited, a company incorporated in England and Wales.

9. CONTROL

The company is under the control of Mr. M.J. Plowman.