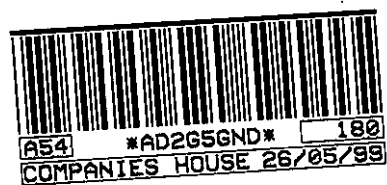


SCS AUTOMATION & CONTROL LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE PERIOD ENDED 31ST OCTOBER 1998



Company No. 3412520

SCS AUTOMATION & CONTROL LIMITED

COMPANY INFORMATION

Directors

John R Quint
Andrew T Kettle

Secretary

Dorothy M Wild

Company Number

3412520

Registered Office

Fleet Court
Stinsford Road
Poole
Dorset
BH17 0NF

Reporting Accountants

Princecroft Redman
Fleet Court
Stinsford Road
Poole
Dorset
BH17 0NF

Bankers

National Westminster Bank Plc
208 Lower Blandford Road
Broadstone
Dorset
BH18 8DT

SCS AUTOMATION & CONTROL LIMITED

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SCS AUTOMATION & CONTROL LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST OCTOBER 1998

The directors present their report together with the accounts for the period ended 31st October 1998. The company was incorporated on the 31st July 1997 and commenced trading on 2nd December 1997.

Principal Activities

The company's principal activity is that of distributors of equipment and providing ancillary services.

Directors

The directors who served during the period and their beneficial interests in the company's issued share capital were:

		Ordinary Shares	
		31st	31st
		October	July
		1998	1997
John R Quint	(Appointed 21st August 1997)	1,000	-
Andrew T Kettle	(Appointed 21st August 1997)	1,000	-
Instant Companies Limited	(Resigned 21st August 1997)	-	1

Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of the company's affairs and of the profit or loss for that period. In preparing these accounts the directors are required to:

Select suitable accounting policies and then apply them consistently;

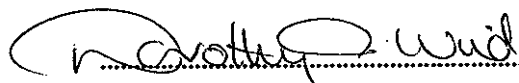
Make judgements and estimates that are reasonable and prudent;

Prepare the accounts 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 enable them to ensure that the accounts 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.

Small company exemptions

The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 24th May 1999, and signed on its behalf.

.....

Dorothy M Wild, Secretary

SCS AUTOMATION & CONTROL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 31ST JULY 1997 TO 31ST OCTOBER 1998

	Notes	1998 £
Turnover		91,719
Cost of Sales		35,126
Gross Profit		56,593
Administrative Expenses		31,982
Operating Profit	2	24,611
Interest Receivable		191
Profit on Ordinary Activities before Taxation		24,802
Tax on profit on ordinary activities	3	5,272
Profit for the Financial Period		19,530
Dividends	4	4,800
Retained Profit for the Period		14,730

The notes on pages 4 to 5 form part of these accounts.

SCS AUTOMATION & CONTROL LIMITED

BALANCE SHEET

AS AT 31ST OCTOBER 1998

	Notes	£	1998 £
Fixed Assets			
Tangible assets			2,266
Current Assets			
Debtors	6	18,775	
Cash at bank and in hand		18,727	
		<u>37,502</u>	
Creditors: Amounts Falling Due Within One Year	7	<u>23,038</u>	
Net Current Assets			<u>14,464</u>
Total Assets Less Current Liabilities			<u>16,730</u>
Capital and Reserves			
Share capital	8		2,000
Profit and loss account			<u>14,730</u>
Shareholders' Funds			<u>16,730</u>

The directors are of the opinion that the company is entitled to exemption from audit conferred by Subsection 1 of Section 249A of the Companies Act 1985 for the period ended 31st October 1998.

The directors confirm that no member or members have requested an audit pursuant to Subsection 2 of Section 249B of the Companies Act 1985.

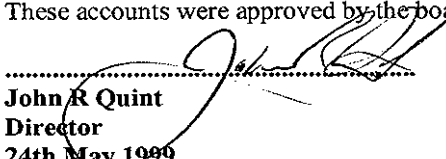
The directors confirm that they are responsible for:

ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985,

and preparing accounts which give a true and fair view of the state of the affairs of the company as at the end of the financial period and of its results for the financial period in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

These accounts were approved by the board and signed on its behalf.


.....
John R Quint
Director
24th May 1999

The notes on pages 4 to 5 form part of these accounts.

SCS AUTOMATION & CONTROL LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31ST OCTOBER 1998

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

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

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Furniture and equipment 33 1/3% straight line basis

Deferred Taxation

Provision is only made for deferred taxation when, in the opinion of the directors, it is likely that any will become payable.

2 Operating Profit

The operating profit is arrived at after charging or crediting:

	1998
	£
Depreciation of owned assets	1,133
Directors' remuneration	14,360
	<hr/>

3 Taxation

	1998
	£
Based on the profit for the period	
UK corporation tax at 21%	5,272
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4 Dividends

	1998
	£
Ordinary dividends - paid	4,800
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SCS AUTOMATION & CONTROL LIMITED

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31ST OCTOBER 1998

5 Tangible Fixed Assets

	Furniture and Equipment
Cost	£
Additions	3,399
At 31st October 1998	3,399
Depreciation	
Charge for the period	1,133
At 31st October 1998	1,133
Net Book Value	
At 31st October 1998	2,266

6 Debtors	1998
	£
Trade debtors	18,775

7 Creditors: Amounts Falling Due Within One Year	1998
	£
Other creditors	23,038

'Other creditors' include £9,593 in respect of taxation and social security.

8 Share Capital	1998
	£
Authorised	
2,000 Ordinary shares of £1.00 each	2,000
Allotted	
2,000 Allotted, called up and fully paid ordinary shares of £1.00 each	2,000

9 Related Parties

Mr J. R. Quint is a director and shareholder of Servo Components & Systems Limited. The company purchased goods and services from Servo Components & Systems Limited to the value of £19,430. The company also sold goods to Servo Components & Systems Limited to the value of £17,927. All transactions between the companies were on normal commercial terms.