

Report of the Directors and
Financial Statements
for the Period 1 January 1999 to 30 June 2000
for
Sciaky Electric Welding Machines Limited



Sciaky Electric Welding Machines Limited

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for the Period 1 January 1999 to 30 June 2000

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Sciaky Electric Welding Machines Limited

Company Information
for the Period 1 January 1999 to 30 June 2000

DIRECTORS:

M. Sciaky
L.A. Kunzig III
D. Poncet
A.P. West

SECRETARY:

A.P. West

REGISTERED OFFICE:

212 Bedford Avenue
Slough
Berkshire
SL1 4RH

REGISTERED NUMBER:

285021

AUDITORS:

Neil Beaton & Co
Chartered Accountants
Registered Auditors
4A Albert Street
Windsor
Berkshire SL4 5BU

BANKERS:

HSBC
69 Pall Mall
LONDON
SW1Y 5EY

Sciaky Electric Welding Machines Limited

Report of the Directors
for the Period 1 January 1999 to 30 June 2000

The directors present their report with the financial statements of the company for the period 1 January 1999 to 30 June 2000.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of The manufacture, sale and service of electric welding machines.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No interim dividends were paid during the period ended 30 June 2000.

The directors recommend final dividends per share as follows:

Ordinary Shares £0.05 shares	NIL
6% Preference Shares £1 shares	5.40

The total distribution of dividends for the period ended 30 June 2000 will be £1,080.

DIRECTORS

The directors during the period under review were:

M. Sciaky
L.A. Kunzig III
D. Poncet
A.P. West

The beneficial interests of the directors holding office on 30 June 2000 in the issued share capital of the company were as follows:

	30.6.00	1.1.99
Ordinary Shares £0.05 shares		
M. Sciaky	2,000	2,000
L.A. Kunzig III	2,308,000	2,308,000
D. Poncet	2,000	2,000
A.P. West	2,000	2,000
6% Preference Shares £1 shares		
M. Sciaky	-	-
L.A. Kunzig III	-	-
D. Poncet	-	-
A.P. West	-	-

Sciaky Electric Welding Machines Limited

Report of the Directors
for the Period 1 January 1999 to 30 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

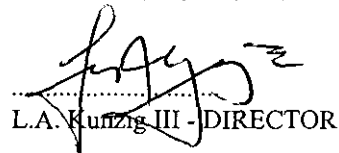
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, Neil Beaton & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
L.A. Kunzig III - DIRECTOR

Dated: 30 November 2000

Sciaky Electric Welding Machines Limited

Report of the Auditors to the Shareholders of
Sciaky Electric Welding Machines Limited

We have audited the financial statements on pages five to fifteen which have been prepared under the historical cost convention and the accounting policies set out on page seven.

Respective responsibilities of directors and auditors

As described on page three 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 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.

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 2000 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Neil Beaton & Co
Chartered Accountants
Registered Auditors
4A Albert Street
Windsor
Berkshire SL4 5BU

Neil Beaton & Co

Dated: *30 November 2000*

Sciaky Electric Welding Machines Limited

**Profit and Loss Account
for the Period 1 January 1999 to 30 June 2000**

		Period 1.1.99 to 30.6.00		Year Ended 31.12.98	
	Notes	£	£	£	£
TURNOVER			2,731,973		2,107,854
Cost of sales			1,886,672		1,481,974
GROSS PROFIT			845,301		625,880
Distribution costs		52,875		66,345	
Administrative expenses		893,753		615,158	
			946,628		681,503
			(101,327)		(55,623)
Other operating income			24,785		43,327
OPERATING LOSS	3		(76,542)		(12,296)
Interest payable and similar charges	4		20,971		9,404
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(97,513)		(21,700)
Tax on loss on ordinary activities	5		-		-
LOSS FOR THE FINANCIAL PERIOD AFTER TAXATION			(97,513)		(21,700)
Dividends	6		1,080		720
			(98,593)		(22,420)
Deficit brought forward			(410,857)		(388,437)
DEFICIT CARRIED FORWARD			£(509,450)		£(410,857)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current period or previous year.

The notes form part of these financial statements

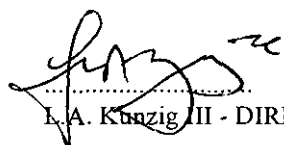
Sciaky Electric Welding Machines Limited

Balance Sheet

30 June 2000

		<u>30.6.00</u>		<u>31.12.98</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	7		40,169		58,913
Tangible assets	8		58,165		64,138
Investments	9		-		500
			<u>98,334</u>		<u>123,551</u>
CURRENT ASSETS:					
Stocks	10	416,644		359,140	
Debtors	11	495,821		515,566	
Cash in hand		899		2,589	
		<u>913,364</u>		<u>877,295</u>	
CREDITORS: Amounts falling due within one year	12	<u>795,568</u>		<u>720,213</u>	
NET CURRENT ASSETS:			<u>117,796</u>		<u>157,082</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>216,130</u>		<u>280,633</u>
CREDITORS: Amounts falling due after more than one year	13		-		6,990
			<u>£216,130</u>		<u>£273,643</u>
CAPITAL AND RESERVES:					
Called up share capital	17		584,000		584,000
Share premium	18		33,900		33,900
Other reserves	19		107,680		66,600
Profit and loss account			<u>(509,450)</u>		<u>(410,857)</u>
SHAREHOLDERS' FUNDS:	23		<u>£216,130</u>		<u>£273,643</u>

ON BEHALF OF THE BOARD:



L. A. Kunzig III - DIRECTOR

Approved by the Board on 30 November 2000

The notes form part of these financial statements

Sciaky Electric Welding Machines Limited

Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 10% on cost
Furniture & fittings	- 10% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the period are charged in the profit and loss account.

2. STAFF COSTS

	Period 1.1.99 to 30.6.00 £	Year Ended 31.12.98 £
Wages and salaries	729,729	514,209
Social security costs	73,996	52,556
Other pension costs	36,711	23,347
	<u>840,436</u>	<u>590,112</u>

Sciaky Electric Welding Machines Limited

Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000

2. STAFF COSTS - continued

The average monthly number of employees during the period was as follows:

Period 1.1.99 to 30.6.00	Year Ended 31.12.98
=	=

3. OPERATING LOSS

The operating loss is stated after charging:

	Period 1.1.99 to 30.6.00 £	Year Ended 31.12.98 £
Depreciation - owned assets	23,255	23,005
Depreciation - assets on hire purchase contracts	3,496	3,496
Loss on disposal of fixed assets	1,625	-
Development costs written off	18,744	3,568
Auditors' remuneration	5,500	7,000
Directors' emoluments	107,250	70,093

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1.1.99 to 30.6.00 £	Year Ended 31.12.98 £
Bank interest	10,861	3,709
Other interest	8,100	3,600
Leasing	2,010	2,095
	20,971	9,404

5. TAXATION

No liability to UK corporation tax arose on ordinary activities for the period ended 30 June 2000 nor for the year ended 31 December 1998.

Sciaky Electric Welding Machines Limited

Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000

6. DIVIDENDS

	Period 1.1.99 to 30.6.00 £	Year Ended 31.12.98 £
Equity shares:		
15,000 6% Preference Shares shares of £1 each		
Preference share dividend	1,080	720
	1,080	720

7. INTANGIBLE FIXED ASSETS

	Development costs £
COST:	
At 1 January 1999	
and 30 June 2000	62,481
AMORTISATION:	
At 1 January 1999	3,568
Charge for period	18,744
	22,312
At 30 June 2000	
NET BOOK VALUE:	
At 30 June 2000	40,169
	40,169
At 31 December 1998	58,913
	58,913

Development costs have been capitalised in accordance with SSAP 13 and therefore not treated, for dividend purposes, as a realised loss. The costs related to the development of the Sy-Sol programmable weld sequence unit. Production commenced in September 1998 from which date the related costs will be written off over five years.

Sciaky Electric Welding Machines Limited

**Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000**

8. TANGIBLE FIXED ASSETS

	Improvem- ents to property	Plant and machinery	Furniture & fittin- gs
	£	£	£
COST:			
At 1 January 1999	23,087	79,588	37,623
Additions	-	19,945	900
At 30 June 2000	23,087	99,533	38,523
DEPRECIATION:			
At 1 January 1999	23,087	66,465	29,581
Charge for period	-	5,283	2,283
At 30 June 2000	23,087	71,748	31,864
NET BOOK VALUE:			
At 30 June 2000	-	27,785	6,659
At 31 December 1998	-	13,123	8,042
	Motor vehicles	Computer equipment	Totals
	£	£	£
COST:			
At 1 January 1999	46,536	95,452	282,286
Additions	-	5,898	26,743
Disposals	(35,650)	(769)	(36,419)
At 30 June 2000	10,886	100,581	272,610
DEPRECIATION:			
At 1 January 1999	32,576	66,439	218,148
Charge for period	4,951	14,234	26,751
Eliminated on disposals	(30,218)	(236)	(30,454)
At 30 June 2000	7,309	80,437	214,445
NET BOOK VALUE:			
At 30 June 2000	3,577	20,144	58,165
At 31 December 1998	13,960	29,013	64,138

Sciaky Electric Welding Machines Limited

Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000

8. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Improvem- ents to property	Computer equipment	Totals
	£	£	£
COST:			
At 1 January 1999 and 30 June 2000	<u>23,087</u>	<u>13,984</u>	<u>37,071</u>
DEPRECIATION:			
At 1 January 1999	23,087	3,496	26,583
Charge for period	-	3,496	3,496
At 30 June 2000	<u>23,087</u>	<u>6,992</u>	<u>30,079</u>
NET BOOK VALUE:			
At 30 June 2000	-	6,992	6,992
At 31 December 1998	-	10,488	10,488

9. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 January 1999	65,500
Disposals	<u>(65,500)</u>
At 30 June 2000	-
PROVISIONS:	
At 1 January 1999	65,000
Provisions written back	<u>(65,000)</u>
At 30 June 2000	-
NET BOOK VALUE:	
At 30 June 2000	-
At 31 December 1998	500
	<u>30.6.00</u>
	<u>£</u>
Unlisted investments	500

Sciaky Electric Welding Machines Limited

Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000

10. STOCKS

	30.6.00	31.12.98
	£	£
Raw materials & consumables	71,475	68,629
Work in progress	177,169	60,121
Finished goods	168,000	230,390
	416,644	359,140

**11. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.00	31.12.98
	£	£
Trade debtors	465,114	468,295
Other debtors	694	3,212
Prepayments & accrued income	30,013	44,059
	495,821	515,566

**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.6.00	31.12.98
	£	£
Bank loans and overdrafts (see note 14)	103,911	124,552
Hire purchase contracts (see note 15)	4,662	4,663
Trade creditors	416,796	384,811
Directors current accounts	12,679	1,230
Social security & other taxes	28,787	64,713
Owed to subsidiary	-	364
Progress payments	95,445	52,660
Accrued expenses	133,288	87,220
	795,568	720,213

**13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	30.6.00	31.12.98
	£	£
Hire purchase contracts (see note 15)	-	6,990

Sciaky Electric Welding Machines Limited

Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000

14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	30.6.00 £	31.12.98 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>103,911</u>	<u>124,552</u>

The bank overdraft is secured by a fixed and floating charge on the assets of the company together with an undertaking by the directors that the £85,000 loan from the parent company will not be repaid without the authority of the bank.

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	30.6.00 £	31.12.98 £
	Hire purchase contracts	
Gross obligations repayable:		
Within one year	6,002	6,003
Between one and five years	<u>-</u>	<u>9,000</u>
	<u>6,002</u>	<u>15,003</u>
Finance charges repayable:		
Within one year	1,340	1,340
Between one and five years	<u>-</u>	<u>2,010</u>
	<u>1,340</u>	<u>3,350</u>
Net obligations repayable:		
Within one year	4,662	4,663
Between one and five years	<u>-</u>	<u>6,990</u>
	<u>4,662</u>	<u>11,653</u>

Sciaky Electric Welding Machines Limited

Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	30.6.00 £	31.12.98 £	30.6.00 £	31.12.98 £
Expiring:				
Between one and five years	76,400	76,400	11,653	11,653
In more than five years	76,400	76,400	-	-
	<u>152,800</u>	<u>152,800</u>	<u>11,653</u>	<u>11,653</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	30.6.00 £	31.12.98 £
Bank overdrafts	<u>103,911</u>	<u>124,552</u>

17. CALLED UP SHARE CAPITAL

Authorised:			30.6.00	31.12.98
Number:	Class:	Nominal value:	£	£
16,100,000	Ordinary Shares	£0.05	805,000	805,000
15,000	6% Preference Shares	£1	15,000	15,000
			<u>820,000</u>	<u>820,000</u>

Allotted, issued and fully paid:			30.6.00	31.12.98
Number:	Class:	Nominal value:	£	£
11,380,000	Ordinary Shares	£0.05	569,000	569,000
15,000	6% Preference Shares	£1	15,000	15,000
			<u>584,000</u>	<u>584,000</u>

18. SHARE PREMIUM

	30.6.00 £	31.12.98 £
Share premium account	<u>33,900</u>	<u>33,900</u>

Sciaky Electric Welding Machines Limited

Notes to the Financial Statements
for the Period 1 January 1999 to 30 June 2000

19. OTHER RESERVES

	30.6.00	31.12.98
	£	£
Preference Dividend Reserve	22,680	21,600
Loan from parent company	85,000	45,000
	107,680	66,600

The 6% cumulative preference shares of £1 each are now 5.4% plus tax credit. The dividend on these shares is now 32 years in arrears, no dividend having been declared since the year ended 30 September 1968. The loan of £85,000 from Sciaky Intertecnic SA is not repayable under the terms of the facility offered by the company's bankers. This amount has therefore been treated as a reserve.

20. ULTIMATE PARENT COMPANY

In the opinion of the directors the ultimate parent company is Sciaky Intertecnic SA a company registered in Switzerland.

21. PENSION COMMITMENTS

The company operates a defined contribution scheme. The company's and employees contributions are 6-15% and 4-15% of earnings respectively. Contributions to the scheme are charged to the profit and loss account as incurred £36,711 (1998 £23,347)

22. RELATED PARTY DISCLOSURES

During the period under review the company purchased goods in the ordinary course of business from the following associated companies. Sciaky Industries S.A. £0 (1998 £27,142).

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.6.00	31.12.98
	£	£
Loss for the financial period	(97,513)	(21,700)
Dividends	(1,080)	(720)
	(98,593)	(22,420)
Loan from parent company	40,000	45,000
Dividend reserve	1,080	720
Net (reduction)/addition to shareholders' funds	(57,513)	23,300
Opening shareholders' funds	273,643	250,343
Closing shareholders' funds	216,130	273,643
Equity interests	216,130	273,643