

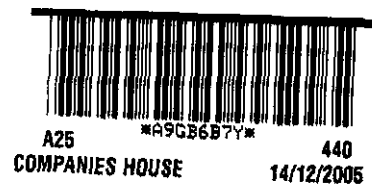
Company Registration No. 794821

NCMT LIMITED

Report and Financial Statements

28 February 2005

**Mazars LLP
24 Bevis Marks
London
EC3A 7NR**



NCMT LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

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NCMT LIMITED

REPORT AND FINANCIAL STATEMENTS 2005

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

P V Cornford
P G Keates
N D Pickles FCA

SECRETARY

N D Pickles FCA

REGISTERED OFFICE

Ferry Works
Summer Road
Thames Ditton
Surrey
KT7 0QJ

BANKERS

Bank of Scotland
Beauleerc House
3 Queens Road
Reading
Berkshire
RG1 4AR

SOLICITORS

Lovegrove & Elliot
Fountain Court
32 Francis Road
Windsor
Berkshire
SL4 3AA

Mundays
Cedar House
78 Portsmouth Road
Cobham
Surrey
KT11 1AN

AUDITORS

Mazars LLP
24 Bevis Marks
London
EC3A 7NR

NCMT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2005.

ACTIVITIES

NCMT Limited is engaged in the provision of engineering solutions and supply of machine tools and related equipment for UK manufacturing companies. Related capital equipment includes automation and contracts are supported by a full range of technical and engineering support activity. In addition the company provides full support throughout the operation of equipment and in respect of customers' manufacturing programmes.

REVIEW OF DEVELOPMENTS

UK Manufacturing has suffered a further significant year of decline and recession. Capital investment has continued at a very low level. Despite this, the company has continued to invest and develop manufacturing technology that is focussed on cost reduction and the efficient throughput of manufacturing components.

FUTURE PROSPECTS

Trading prospects after two difficult years are now showing strong signs of improvement. The directors can see a clear upturn in general business confidence. The future focus on the new technology that has been developed is enabling the company to move into new markets within the manufacturing sector, both in the UK and abroad.

RESULTS AND DIVIDENDS

Turnover from activities increased by £4,665,000 (34%) from £13,571,000 to £18,236,000. Operating loss decreased by £1,571,000 from a loss of £1,598,000 to a loss of £27,000.

No dividend is proposed for the current year (2004 - £nil).

FIXED ASSETS

During the year the company continued to invest in telecommunications and computers at a cost of £87,000.

NCMT LIMITED

DIRECTORS' REPORT (continued)

EMPLOYEE INVOLVEMENT

A news bulletin is distributed to all employees and includes articles relating to company activities.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are shown on page 1.

The directors' interests in the ordinary shares of the Company at 28 February 2005 and 1 March 2004 were:

	Ordinary shares	
	2005 Number	2004 Number
P V Cornford	115,000	115,000
P G Keates	115,000	115,000
N D Pickles	115,000	115,000

The directors do not have any interests in the share capital of any other group company requiring disclosure under the Companies Act 1985.

DONATIONS

Charitable donations of £175 were paid during the year.

AUDITORS

Deloitte & Touche LLP resigned as auditors on 6 December 2004 and Mazars LLP were appointed on this date. Mazars LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



N D Pickles
Secretary

27th May 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a 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 the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NCMT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NCMT LIMITED

We have audited the financial statements for the year ended 28 February 2005 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 28 February 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars LLP

Mazars LLP
Chartered Accountants
and Registered Auditors
London

1 June 2005

NCMT LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 28 February 2005

	Note	2005 £'000	2004 £'000
TURNOVER	2	18,236	13,571
Cost of sales		(12,894)	(10,530)
Gross profit		5,342	3,041
Administrative costs		(4,637)	(4,207)
Distribution costs		(731)	(432)
OPERATING LOSS		(26)	(1,598)
Interest receivable and similar income	5	30	10
Interest payable and similar charges	6	(84)	(72)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(80)	(1,660)
Tax credit/(charge) on loss on ordinary activities	7	46	(66)
RETAINED LOSS FOR THE YEAR TRANSFERRED FROM RESERVES	17	(34)	(1,726)

All amounts derive from continuing operations.

The company has no recognised gains or losses for the current and prior years other than as stated above.

NCMT LIMITED

BALANCE SHEET

As at 28 February 2005

	Note	2005 £'000	2004 £'000
FIXED ASSETS			
Tangible assets	8	2,514	2,547
CURRENT ASSETS			
Stocks	10	4,518	5,329
Debtors	11	4,072	1,616
Cash at bank and in hand		1,554	1,674
		10,144	8,619
CREDITORS: amounts falling due within one year	12	(9,086)	(7,445)
NET CURRENT ASSETS		1,058	1,174
TOTAL ASSETS LESS CURRENT LIABILITIES		3,572	3,721
CREDITORS: amounts falling due after one year	13	-	(82)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(268)	(301)
		3,304	3,338
CAPITAL AND RESERVES			
Called up share capital	16	86	86
Capital redemption reserve	17	164	164
Profit and loss account	17	3,054	3,088
EQUITY SHAREHOLDERS' FUNDS	18	3,304	3,338

These financial statements were approved by the Board of Directors on 27th May 2005.

Signed on behalf of the Board of Directors

P G Keates

Director

N D Pickles

Director

NCMT LIMITED

CASH FLOW STATEMENT Year Ended 28 February 2005

	Notes to the cash flow statement	2005 £'000	2004 £'000	2004 £'000
Net cash inflow from operating activities	1		321	2,240
Returns on investments and servicing of finance				
Interest received		30	10	
Interest paid		(84)	(73)	
Net cash outflow from returns on investments and servicing of finance			(54)	(63)
Taxation				
Tax received			-	135
Capital expenditure				
Payments to acquire tangible fixed assets		(163)	(13)	
Receipts from sale of tangible fixed assets		19	1	
Net cash outflow from capital expenditure			(144)	(12)
Dividends				
Equity dividends paid			-	(204)
Net cash inflow before financing			123	2,096
Financing				
Purchase of company shares		-	(29)	
Repayment of mortgage loan		(243)	(235)	
			(243)	(264)
(Decrease)/increase in cash in the year	3		(120)	1,832

NOTES TO THE CASH FLOW STATEMENT

Year Ended 28 February 2005

1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2005	2004
	£'000	£'000
Operating loss	(26)	(1,598)
Depreciation	196	227
Profit on sale of tangible fixed assets	(18)	(1)
Decrease/(increase) in stocks	811	(140)
(Increase)/decrease in debtors	(2,446)	1,875
Increase in creditors	1,837	1,940
Decrease in warranty cost provision	(33)	(63)
Net cash inflow from operating activities	321	2,240

2. ANALYSIS OF THE BALANCES OF NET FUNDS AS SHOWN IN THE BALANCE SHEET

	2004	Cashflow	2005
	£'000	£'000	£'000
Cash at bank and in hand	1,674	(120)	1,554
Debt due within one year	(243)	161	(82)
Debt due after one year	(82)	82	-
	1,349	123	1,472

3. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	2005	2004
	£'000	£'000
(Decrease)/increase in cash for the year	(120)	1,832
Cash outflow from decrease in debt financing	243	235
Change in net funds resulting from cash flows	123	2,067
Net funds/(debt) at beginning of year	1,349	(718)
Net funds at end of year	1,472	1,349

NOTES TO THE ACCOUNTS

Year Ended 28 February 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Fixed assets are stated at cost net of depreciation.

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold and long leasehold property	4% per annum
Leasehold improvements	The shorter of the duration of any lease and 10 years
Motor vehicles	25% per annum
Office equipment	33 ¹ / ₃ %/20% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Long-term contracts

Where the outcome can be assessed with reasonable certainty, long term contract work in progress is stated at cost plus, estimated profits attributable to the stage of completion, less provision for any known or expected losses and progress payments receivable on account.

Advance and progress payments are included under creditors to the extent that they exceed the related work-in-progress.

Work-in-progress is shown under stocks, except where it includes attributable profit when it is shown under debtors as amounts recoverable under contracts.

Leases

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Research and development

Research and development expenditure is charged to the profit and loss account as incurred.

NOTES TO THE ACCOUNTS
Year Ended 28 February 2005

1. ACCOUNTING POLICIES (continued)

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date or at specific contract forward currency rates. These translation differences are dealt with in the profit and loss account.

Warranty costs

Full provision is made for likely services and spares costs in respect of machine tools sold and which are still under warranty at the year end.

Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and value added tax.

Pensions

The Company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

- provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets; and
- deferred tax assets are recognised only to the extent that directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

2. ANALYSIS OF TURNOVER

	Turnover	
	2005	2004
	£'000	£'000
Machine tools, automation and related equipment	13,679	9,160
Tooling	586	576
Service and spares	3,971	3,835
	<u>18,236</u>	<u>13,571</u>

Exports amounted to £386,000 (2004 - £360,000), all remaining turnover is derived within the United Kingdom.

NOTES TO THE ACCOUNTS
Year Ended 28 February 2005

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005	2004
	£'000	£'000
Directors' emoluments		
Emoluments (including pension contributions and all taxable benefits)	507	439
	£'000	£'000

Remuneration of highest paid director (including pension contributions and all taxable benefits)	208	178
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Three directors (2004 - three) were members of a defined contribution pension scheme. The aggregate of contributions paid to directors in respect of a defined contribution pension scheme was £75,300 (2004 - £43,930).

The contribution paid on behalf of the highest paid director in respect of a defined contribution pension scheme was £26,300 (2004 - £23,590).

	No.	No.
Employees		
Average number of persons employed:		
Service and other engineers	51	48
Sales and technical engineers	19	16
Administration	30	26
	100	90
	£'000	£'000

Staff costs during the year (including directors) in respect of these employees were:		
Wages and salaries	3,254	3,101
Social security	419	391
Pension costs	262	229
	3,935	3,721

NOTES TO THE ACCOUNTS
Year Ended 28 February 2005

4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005	2004
	£'000	£'000
Loss on ordinary activities before taxation is after charging:		
Depreciation on owned assets	196	227
Write off of subsidiary companies' balances	-	68
Auditors' remuneration - audit services	18	22
- non audit services	2	7
Profit on disposal of fixed assets	18	1
Rentals under operating leases:		
Other operating leases	236	241

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2005	2004
	£'000	£'000
Bank interest	30	8
Other income	-	2
	<u>30</u>	<u>10</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£'000	£'000
Interest payable on bank overdrafts and bank charges	84	72

7. TAX CREDIT/(CHARGE) ON LOSS ON ORDINARY ACTIVITIES**a) Analysis of tax credit/(charge) in the year**

	2005		2004	
	£'000	£'000	£'000	£'000
<i>Current tax:</i>				
UK corporation tax on losses for the year	-		-	
Adjustments in respect of previous periods	36		(35)	
	<u>36</u>		<u>(35)</u>	
<i>Total current tax credit/(charge) (note b)</i>		36		(35)
<i>Deferred tax:</i>				
Reversal of timing differences				
Current year	(17)		(31)	
Prior year	27		-	
	<u>10</u>		<u>(31)</u>	
<i>Total deferred tax</i>		10		(31)
<i>Tax credit/(charge) on loss on ordinary activities</i>		<u>46</u>		<u>(66)</u>

NOTES TO THE ACCOUNTS

Year Ended 28 February 2005

7. TAX CREDIT/(CHARGE) ON LOSS ON ORDINARY ACTIVITIES (continued)

b) Factors affecting tax credit/(charge) for year

The tax assessed for the year differs to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2005 £'000	2004 £'000
Loss on ordinary activities before taxation	(80)	(1,660)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 - 30%)	(24)	(498)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	40	62
Capital allowances for year in excess of depreciation	(16)	(15)
Movement in short term timing differences	26	(16)
Adjustments to tax charge in respect of previous periods	36	(35)
Utilisation of tax losses	1	467
Deferred tax prior year adjustment	(27)	-
<i>Current tax credit/(charge) for period</i>	36	(35)

8. TANGIBLE FIXED ASSETS

	Freehold properties £'000	Long leasehold property £'000	Leasehold improvements £'000	Motor vehicles £'000	Office equipment £'000	Total £'000
Cost						
At 1 March 2004	186	2,921	558	238	1,590	5,493
Additions	-	-	-	76	87	163
Disposals	-	-	-	(79)	-	(79)
At 28 February 2005	186	2,921	558	235	1,677	5,577
Accumulated depreciation						
At 1 March 2004	31	690	553	158	1,514	2,946
Charge for the year	4	87	1	57	47	196
Disposals	-	-	-	(79)	-	(79)
At 28 February 2005	35	777	554	136	1,561	3,063
Net book value						
At 28 February 2005	151	2,144	4	99	116	2,514
At 29 February 2004	155	2,231	5	80	76	2,547

NCMT LIMITED

NOTES TO THE ACCOUNTS

Year Ended 28 February 2005

9. INVESTMENTS HELD AS FIXED ASSETS

The subsidiaries of the company, which were wholly owned and registered in England and Wales, were as follows:

Company	Country of incorporation	Activity	Proportion of ordinary shares held
NCMT Automation Ltd	Great Britain	Factory Automation	100%
Eton Machine Tools Ltd	Great Britain	Sale of Machine Tools	100%

The subsidiaries were liquidated as part of a corporate reorganisation in March 2004.

10. STOCKS

	2005 £'000	2004 £'000
Long term contracts:		
Costs incurred to date	1,807	1,761
Less payments on account	(1,470)	(1,223)
Net cost	<u>337</u>	<u>538</u>
Machine tools and related equipment	2,919	3,568
Tooling	110	153
Spares	1,152	1,070
	<u>4,518</u>	<u>5,329</u>

11. DEBTORS

	2005 £'000	2004 £'000
Trade debtors due within one year	2,737	1,176
Other debtors	28	34
Prepayments	213	156
Accrued income	1,059	225
Deferred tax asset (note 15)	35	25
	<u>4,072</u>	<u>1,616</u>

NCMT LIMITED

NOTES TO THE ACCOUNTS Year Ended 28 February 2005

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Mortgage loan (note 20)	82	243
Payments on account	2,739	1,021
Trade creditors	4,588	4,144
Other taxes and social security	549	741
Current corporation tax	-	35
Accruals	1,128	1,261
	<u>9,086</u>	<u>7,445</u>

13. CREDITORS: AMOUNT FALLING DUE AFTER ONE YEAR

	2005 £'000	2004 £'000
Mortgage loan (note 20)	-	82
	<u>-</u>	<u>82</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Warranty provision £'000
At 1 March 2004	301
Current year credit	<u>(33)</u>
At 28 February 2005	<u>268</u>

The provision relates to the warranties granted on machines sold. The calculation has been based on the percentage of the total warranty incurred in the year, and the weighted average revenue relating to this year.

15. DEFERRED TAXATION

The movement in deferred taxation is as follows:

	Deferred tax asset £'000
At 1 March 2004	25
Current year (charge)	(17)
Prior year credit	<u>27</u>
At 28 February 2005	<u>35</u>

NOTES TO THE ACCOUNTS
Year Ended 28 February 2005

15. DEFERRED TAXATION (continued)

The amount of deferred tax recognised in the financial statements is:

	Amounts provided	
	2005	2004
	£'000	£'000
Depreciation and amortisation in excess of capital allowances	(7)	9
Short term timing differences	42	16
Deferred tax asset	35	25

Deferred tax has not been provided in respect of gains realised that have been rolled over into the acquisition cost of replacement assets.

This tax will become payable if the replacement assets are sold and further rollover relief is not obtained.

The estimated amount of tax that would become payable in these circumstances is £59,000.

A deferred tax asset has not been recognised in respect of timing differences relating to revenue losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £458,000 (2004 - £478,000). The asset will be recovered if sufficient trading profits are made in the future.

16. CALLED UP SHARE CAPITAL

	2005	2004
	£'000	£'000
Authorised:		
10,000,000 ordinary shares of £0.10 each (2004 - 10,000,000)	1,000	1,000
Called up, allotted and fully paid:		
858,280 ordinary shares of £0.10 each (2004 - 875,000)	86	86

17. MOVEMENT IN RESERVES

	Capital redemption reserve	Profit and loss account	Total
	£'000	£'000	£'000
At 1 March 2004	164	3,088	3,252
Loss for the year	-	(34)	(34)
At 28 February 2005	164	3,054	3,218

NCMT LIMITED

NOTES TO THE ACCOUNTS Year Ended 28 February 2005

18. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2005 £'000	2004 £'000
Loss on ordinary activities after taxation	(34)	(1,726)
Buy back of company shares	-	(29)
Net reduction in equity shareholders' funds	(34)	(1,755)
Opening equity shareholders' funds	3,338	5,093
Closing equity shareholders' funds	3,304	3,338

19. OPERATING LEASE COMMITMENTS

At 28 February 2005, the Company was committed to making the following payments during the next year in respect of operating leases:

	Other 2005 £'000	2004 £'000
Leases which expire:		
Within one year	90	146
Within two to five years	179	153
	269	299

20. BORROWINGS

	2005 £'000	2004 £'000
Analysis of loan repayments:		
Mortgage loan:		
Within one year	82	243
Between one and two years	-	82
	82	325

The mortgage loan bears interest at 2% above the bank's base rate.

The mortgage loan is secured by a debenture incorporating fixed and floating charges on the assets of the group.

The mortgage loan was repaid in March 2005.

21. PENSION SCHEMES

The company runs defined contribution pension schemes subject to review by professional pension advisers. Employees aged between 18 and 65 years are entitled to join the Scheme. Employees and the employer are required to contribute at a minimum rate of 2.5% for employees and 7.5% for the employer. The pension charge for the year was £262,000 (2004 - £229,000), see Note 3.