

Registered no: 2449413

CEM Microwave Technology Limited
Annual report
for the year ended 30 June 2000



CEM MICROWAVE TECHNOLOGY LIMITED

Annual report for the year ended 30 June 2000

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CEM MICROWAVE TECHNOLOGY LIMITED

Directors' report for the year ended 30 June 2000

The directors present their report and the audited financial statements for the year ended 30 June 2000.

Principal activities

The principal activity of the company continues to be the import and distribution of industrial microwave equipment.

Review of business

The profit and loss account is shown on page 4.

Given the current trading conditions within the UK the directors consider both the level of business and the year end financial position to be satisfactory. The directors expect the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommended the payment of a dividend.

Research and development

Expenditure on research and development for the year was £5,279 (1999: £10,248).

Directors

The directors of the company, together with their dates of appointment or resignation where applicable, were:

D J Lofty (Managing director)
M J Collins (Chairman)
R N Decker
K T Corliss

Directors' interests

D J Lofty holds 1 share in the company as at 30 June 2000 (1999: 1). No other director held any interests in the shares of the company as at 30 June 2000 and 30 June 1999.

D J Lofty has no interests in the shares of the parent company CEM Limited LLC.

CEM MICROWAVE TECHNOLOGY LIMITED

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have prepared on the going concern basis.

The directors are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the company to prevent and detect fraud and other irregularities.

Auditors

The company pursuant to s386 of the Companies Act 1985, has dispensed with the requirement to appoint auditors annually. Therefore, BKR Haines Watts are deemed to continue as auditors.

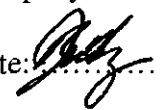
Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

By order of the board



R N Decker
Company Secretary

Date:  17.2000

CEM MICROWAVE TECHNOLOGY LIMITED**Report of the auditors to the members of
CEM Microwave Technology Limited**

We have audited the financial statements on pages 4 to 13.

Respective responsibilities of directors and auditors

As described on page 2 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 amount 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 if whether the accounting policies are appropriate to the company's circumstances, consistently applied 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 at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BKR Haines Watts
Chartered Accountants
Registered Auditors
Kingswood House
The Avenue
Cliftonville
Northampton
NN1 5BT

Date: 20/7/00

CEM MICROWAVE TECHNOLOGY LIMITED

Profit and loss account for the year ended 30 June 2000

	Notes	2000 £	1999 £
Turnover	1	1,578,840	1,461,292
Cost of sales		(954,226)	(843,809)
Gross profit		624,614	617,483
Administrative expenses		(361,831)	(325,758)
Distribution costs		(152,174)	(188,676)
Operating profit	2	110,609	103,049
Net interest payable	6	(3,096)	(9,634)
Profit on ordinary activities before taxation		107,513	93,415
Taxation on profit on ordinary activities	7	(41,361)	(22,536)
Retained profit for the year		66,152	70,879

Turnover, cost of sales and operating profit all arise from continuing operations in both years.

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above, and their historical cost equivalents.

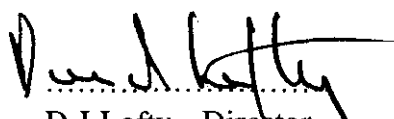
CEM MICROWAVE TECHNOLOGY LIMITED

Balance sheet as at 30 June 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	8	348,615	348,162
Current assets			
Stocks	9	256,379	132,275
Debtors	10	492,786	429,258
Cash at bank and in hand		37,969	110,988
		787,134	672,521
Creditors: amounts falling due within one year	11	(357,665)	(213,188)
Net current assets		429,469	459,333
Total assets less current liabilities		778,084	807,495
Creditors: amounts falling due after more than one year	12	-	(95,563)
		778,084	711,932
Capital and reserves			
Share capital	13	200	200
Share premium account	14	564,800	564,800
Profit and loss account	15	213,084	146,932
Equity shareholders' funds	16	778,084	711,932

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

The financial statements on pages 4 to 13 were approved by the Board of Directors on 11 July 2000 and were signed on its behalf by:


D J Lofty - Director

CEM MICROWAVE TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 30 June 2000

1. Principle accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, are set out below.

Basis of accounting

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

Tangible fixed assets

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principle annual rates used for this purpose are:

	Rate
Buildings	4 %
Equipment	10 % - 50 %

Freehold land is not depreciated

Stocks

Stocks are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax and trade discount, represents the invoiced value of goods and services supplied during the year.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. All foreign exchange differences are taken to the profit and loss account in the year in which they arise.

CEM MICROWAVE TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 30 June 2000

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Taxation

The charge for taxation is based on the results for the year as adjusted for disallowable items. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Provision is made at the rate which is expected to be applied when the liability or asset is expected to crystallise. Where this is not known the latest estimate of the long term tax rate applicable has been adopted. The amount of unprovided deferred tax is calculated at the best estimate of corporation tax rates in the longer term and is analysed into its major components.

Finance and operating leases.

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Financial Reporting Standard 1 (revised): Cash flow statements

As a wholly owned subsidiary whose parent undertaking's consolidated financial statements are publicly available, the company is exempted from the requirement to publish a cash flow statement.

Financial Reporting Standard 8: Related party transactions

As a wholly owned subsidiary, the company is exempt from the requirement to publish transactions with other group companies.

CEM MICROWAVE TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 30 June 2000

2. Operating Profit

	2000 £	1999 £
Operating profit is stated after charging/(crediting):		
Auditors' remuneration	3,700	3,500
Research and development	5,279	10,248
Profit on disposal of fixed assets	-	3,200
Depreciation of tangible owned assets	28,206	33,719
Intra group recharges	-	740
Motor vehicle leasing (operating leases)	39,830	40,301

3. Turnover

The turnover and profit before tax is principally from the import and distribution of industrial microwave equipment. A geographical analysis of turnover is as follows:

	2000	1999
United Kingdom	1,511,848	1,428,260
Europe	66,992	20,026
Other	-	13,006
	<u>1,578,840</u>	<u>1,461,292</u>

4. Directors' emoluments

Directors' emoluments comprise emoluments for management services.

	2000 £	1999 £
Emoluments of the highest paid director	<u>92,915</u>	<u>88,760</u>

None of the other directors received any emoluments in respect of services to the company in either year.

CEM MICROWAVE TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 30 June 2000

5. Employee information

The average weekly number of persons (including executive directors) employed during the year was:

	2000 Number	1999 Number
Technical	2	2
Selling and distribution	3	3
Administration	3	3
	<u>8</u>	<u>8</u>
	<u><u>2000</u></u>	<u><u>1999</u></u>
	£	£
Staff costs (for the above persons)		
Wages and salaries	287,549	254,747
Social security costs	36,270	25,578
	<u>323,819</u>	<u>280,325</u>

6. Net interest payable

	2000 £	1999 £
Interest payable on parent company loans:		
Repayable within 5 years, not by instalments	(4,913)	(8,417)
Finance lease	-	(911)
Other interest	-	(360)
Bank interest paid	(88)	(1,619)
Interest receivable	1,905	1,673
	<u>(3,096)</u>	<u>(9,634)</u>

7. Taxation

	2000 £	1999 £
United Kingdom Corporation tax at 27% (1999: 27%)	33,603	22,536
Under/(over) provision in respect of prior years	7,758	-
	<u>41,361</u>	<u>22,536</u>

CEM MICROWAVE TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 30 June 2000

8. Tangible fixed assets

	Land and Buildings £	Equipment £	Total £
Cost			
At 1 July 1999	413,445	178,713	592,158
Additions	-	28,653	28,653
Disposals	(53)	(52,413)	(52,466)
At 30 June 2000	413,392	154,953	568,345
Depreciation			
At 1 July 1999	82,038	161,958	243,996
Charge for year	11,138	17,062	28,200
On disposals	(53)	(52,413)	(52,466)
At 30 June 2000	93,123	126,607	219,730
Net book value			
At 30 June 2000	320,269	28,346	348,615
Net book value			
At 30 June 1999	331,407	16,755	348,162

9. Stocks

	2000 £	1999 £
Finished goods	256,379	132,275

CEM MICROWAVE TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 30 June 2000

10. Debtors

	2000	1999
	£	£
Trade debtors	483,877	414,896
Amounts owed by parent and fellow subsidiary undertakings	-	-
Corporation taxation recoverable	-	-
Prepayments and accrued income	8,909	14,362
	<u>492,786</u>	<u>429,258</u>

All the above amounts are due within one year of the balance sheet date.

11. Creditors: amounts falling due within one year

	2000	1999
	£	£
Obligations under finance lease	-	-
Trade creditors	13,708	4,337
Amounts owed to parent and fellow subsidiary undertakings	163,001	24,170
Accruals and deferred income	128,307	136,124
Corporation tax	33,602	22,105
Other taxation and Social Security	19,047	26,452
	<u>357,665</u>	<u>213,188</u>

12. Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Between two and five years by instalments:		
Loan from parent company	-	95,563
Obligations under finance lease	-	-
	<u>-</u>	<u>95,563</u>

CEM MICROWAVE TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 30 June 2000

13. Share capital

	2000	1999
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	200	200

14. Share premium account

	2000	1999
	£	£
As at 30 June 2000 and 30 June 1999	564,800	564,800

15. Profit and loss account

	£
As at 1 July 1999	146,932
Retained profit for the year	66,152
At 30 June 2000	213,084

16. Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Opening shareholders' funds	711,932	641,053
Profit for the financial year	66,152	70,879
Closing shareholders' funds	778,084	711,932

CEM MICROWAVE TECHNOLOGY LIMITED

Notes to the financial statements for the year ended 30 June 2000

17. Operating lease commitments

At 30 June 2000 the company had annual contracts under operating leases, analysed by expiry date as follows:

	2000	2000	1999	1999
	Land & Buildings	Other	Land & Buildings	Other
	£	£	£	£
In one year or less	-	519	-	31,003
Between one and two years	-	16,551	-	6,227
	-	17,070	-	37,230

18. Ultimate parent company and ultimate controlling party

The directors regard CEM Limited LLC, a company incorporated in the United States of America, as the ultimate parent company and ultimate controlling party. Copies of the parent's consolidated financial statements may be obtained from the Company Secretary, CEM Limited LLC, PO Box 200, Matthews, North Carolina, NC 28106, USA.