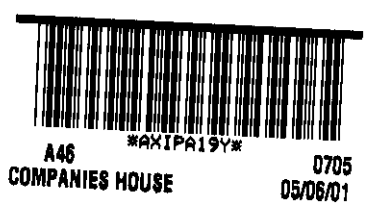


FLOTRONIC PUMPS LIMITED
ABBREVIATED FINANCIAL STATEMENTS

31ST AUGUST 2000

Registered number: 2559708



JOHN A TUFFIN & CO
CHARTERED ACCOUNTANTS
12/13 Ship Street
Brighton, BN1 1AD

FLOTRONIC PUMPS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31st August 2000

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FLOTRONIC PUMPS LIMITED

COMPANY INFORMATION

31st August 2000

INCORPORATED	in England on 19th November 1990
NUMBER	2559708
DIRECTORS	C.H.Dykes Esq R.G.Partlett Esq
SECRETARY	R.G.Partlett Esq
REGISTERED OFFICE	Ricebridge House Brighton Road BOLNEY West Sussex
BANKERS	Midland Bank plc 153 North Street BRIGHTON East Sussex BN1 1SW
AUDITORS	John A Tuffin & Co Chartered Accountants 12/13 Ship Street Brighton BN1 1AD

FLOTRONIC PUMPS LIMITED

DIRECTORS' REPORT

31st August 2000

The directors present their report and the audited financial statements for the year ended 31st August 2000.

Principal activity

The principal activity of the company was research, development and manufacture of fluid control equipment.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £1,172,212.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. An ordinary dividend amounting to £200,000 was paid in the year.

Fixed assets

In the opinion of the directors, there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 9.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	31st August 2000 Ordinary shares	1st September 1999 Ordinary shares
C.H.Dykes Esq	25	25
R.G.Partlett Esq	-	-

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary, John A Tuffin & Co will continue in office.

On behalf of the board



R.G.Partlett Esq
Secretary

30th Aug 2001

Date

FLOTRONIC PUMPS LIMITED**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 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.

FLOTRONIC PUMPS LIMITED**AUDITORS' REPORT**

Auditors' report to the members of

Flotronic Pumps Limited

We have audited the financial statements on pages 5 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, 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.

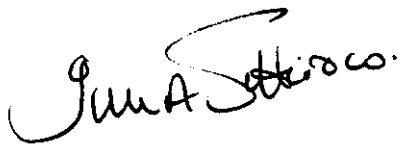
Basis of opinion

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 error or other irregularity. 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 31st August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



John A Tuffin & Co
Registered Auditors
Chartered Accountants

k-6-01

Date

FLOTRONIC PUMPS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31st August 2000

	Note	2000 £	1999 £
Gross profit		2,161,293	2,393,654
Net operating expenses			
Administrative expenses		(1,696,645)	(1,733,335)
Other operating income		15,446	8,032
Operating profit	3	480,094	668,351
Interest payable	5	(11,749)	(24,375)
Profit on ordinary activities before taxation		468,345	643,976
Taxation	6	(148,424)	(200,645)
Profit on ordinary activities after taxation		319,921	443,331
Dividends	7	(200,000)	(340,000)
Retained profit for the year	19	119,921	103,331

Movements in reserves are shown in the notes to the financial statements.

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains and losses in 2000 or 1999 other than the profit for the year.

FLOTRONIC PUMPS LIMITED

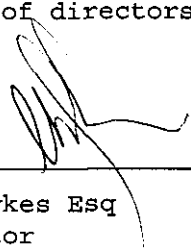
ABBREVIATED BALANCE SHEET

at 31st August 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Intangible assets	8		12,390		-
Tangible assets	9		410,710		499,824
			<u>423,100</u>		<u>499,824</u>
Current assets					
Stocks	11	390,037		444,374	
Debtors	12	530,367		734,466	
Investments	13	12,544		11,894	
Cash at bank and in hand		264,392		212,234	
			<u>1,197,340</u>	<u>1,402,968</u>	
Creditors: amounts falling due within one year	14	(442,793)		(809,739)	
Net current assets			<u>754,547</u>		<u>593,229</u>
Total assets less current liabilities			<u>1,177,647</u>		<u>1,093,053</u>
Creditors: amounts falling due after more than one year	15		(5,435)		(40,762)
			<u>1,172,212</u>		<u>1,052,291</u>
Capital and reserves					
Called up share capital	17		100		100
Revaluation reserve	18		123,250		123,250
Profit and loss account	19		1,048,862		928,941
Total shareholders' funds	16		<u>1,172,212</u>		<u>1,052,291</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated financial statements on pages 5 to 15 were approved by the board of directors and signed on its behalf by:


C.H. Dykes Esq
Director


R.G. Partlett Esq
Director

30th Aug 2001

Date

FLOTRONIC PUMPS LIMITED

CASH FLOW STATEMENT

for the year ended 31st August 2000

	Note	2000		1999	
		£	£	£	£
Net cash inflow from operating activities	20	619,177		917,061	
Returns on investments and servicing of finance					
Interest paid		(4,119)		(10,701)	
Hire purchase interest		(7,630)		(13,674)	
			(11,749)		(24,375)
Taxation					
Corporation tax paid		(272,878)		(292,980)	
Capital expenditure and financial investment					
Purchase of intangible fixed assets		(24,780)		-	
Purchase of tangible fixed assets		(25,387)		(155,223)	
Sale of tangible fixed assets		3,751		18,199	
			(46,416)		(137,024)
			288,134		462,682
Equity dividends paid			(200,000)		(340,000)
			88,134		122,682
Management of liquid resources					
(Purchase)/sale of current asset investments			(650)		-
Financing					
Finance lease and hire purchase repayments			(35,327)		10,879
Increase in cash	21	52,157		133,561	

FLOTRONIC PUMPS LIMITED
NOTES ON ABBREVIATED FINANCIAL STATEMENTS
31st August 2000

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Turnover

Turnover represents the amount derived from the provision of goods and services after deduction of trade discounts and value added tax.

Intangible fixed assets

Domain names are depreciated over their estimated useful lives of two years.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Short leasehold property	10% on cost
Plant and machinery	15% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	25% on cost

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Research and development

Expenditure on research and development incurred in the year other than on fixed assets is charged against profit.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

The turnover for the year was derived from the company's principal activity. £440,977 of the turnover is attributable to geographical markets outside the UK (1999 £470,245).

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 2000

3 Operating profit

	2000 £	1999 £
Operating profit is stated after crediting:		
Interest receivable	3,446	5,032
and after charging:		
Staff costs (note 4)	1,263,321	1,348,093
Auditors' remuneration	7,680	7,800
Operating leases:		
Hire of air conditioning equipment	3,090	3,090
Loss on sale of assets	2,304	7,348
Research and development expenditure	92,497	100,505
Depreciation of tangible fixed assets (note 9):		
Owned assets	83,682	86,034
Leased assets	24,763	51,358
Amortisation of intangible fixed assets	12,390	-
	120,835	137,392

4 Directors and employees

	2000 £	1999 £
Staff costs including directors' emoluments		
Wages and salaries	1,186,608	1,280,290
Pension costs	73,109	64,627
Directors health insurance	3,604	3,176
	1,263,321	1,348,093
Average monthly number employed including executive directors:	Number	Number
	42	44
Directors	£	£
Emoluments	82,500	75,000
Company contributions to money purchase pension schemes	33,600	33,600
	116,100	108,600

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £73,109 (1999 £64,627) including contributions in respect of employees.

There were no outstanding contributions payable to the fund at 31st August 2000.

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 2000

5 Interest payable

	2000	1999
	£	£
Bank interest	357	848
Bank loan interest	3,762	9,853
Hire purchase interest	7,630	13,674
	<u>11,749</u>	<u>24,375</u>

6 Taxation

	2000	1999
	£	£
UK Corporation tax:		
Current tax on income for the period		
at 30% (1999 31% & 30%)	<u>148,424</u>	<u>200,645</u>

7 Dividends

	2000	1999
	£	£
Dividends paid	<u>200,000</u>	<u>340,000</u>

8 Intangible fixed assets

	Domain Names £
Cost	
Additions	<u>24,780</u>
31st August 2000	<u>24,780</u>
Amortisation	
Charge for the year	<u>12,390</u>
31st August 2000	<u>12,390</u>
Net book amount	
31st August 2000	<u>12,390</u>

FLOTRONIC PUMPS LIMITED
NOTES ON ABBREVIATED FINANCIAL STATEMENTS
31st August 2000

9 Tangible fixed assets

	Motor Vehicles	Plant and Machinery	Fixtures and Fittings	Land and Buildings	Total
Cost or valuation	£	£	£	£	£
1st September 1999	274,756	727,760	216,517	48,919	1,267,952
Additions	-	2,244	23,143	-	25,387
Disposals	(14,351)	-	-	-	(14,351)
	<u>260,405</u>	<u>730,004</u>	<u>239,660</u>	<u>48,919</u>	<u>1,278,988</u>
Depreciation					
1st September 1999	130,718	425,816	177,705	33,891	768,130
Charge for the year	34,496	45,628	24,129	4,192	108,445
Disposals	(8,296)	-	-	-	(8,296)
	<u>156,918</u>	<u>471,444</u>	<u>201,834</u>	<u>38,083</u>	<u>868,279</u>
Net book amount					
31st August 2000	<u>103,487</u>	<u>258,560</u>	<u>37,827</u>	<u>10,836</u>	<u>410,710</u>
1st September 1999	<u>144,038</u>	<u>301,945</u>	<u>38,813</u>	<u>15,028</u>	<u>499,824</u>

Tangible fixed assets includes, in respect of assets held under finance leases and hire purchase contracts, net book value £84,512 (1999 £191,990), cumulative depreciation £65,292 (1999 £108,057) and depreciation charge for the year £24,763 (1999 £51,358).

10 Tangible fixed assets (continued)

	2000 £	1999 £
Short leasehold property - NBV	<u>10,836</u>	<u>15,028</u>

11 Stocks

	2000 £	1999 £
Stock and work in progress	<u>390,037</u>	<u>444,374</u>

12 Debtors

	2000 £	1999 £
Amounts falling due within one year		
Trade debtors	442,109	573,048
Sundry debtors and prepayments	57,673	60,374
ACT recoverable	-	55,000
Amounts owed by subsidiary company	22,932	46,044
Amounts owed by related companies	7,653	-
	<u>530,367</u>	<u>734,466</u>

FLOTRONIC PUMPS LIMITED
NOTES ON ABBREVIATED FINANCIAL STATEMENTS
31st August 2000

12

13 Current asset investments

	2000 £	1999 £
Shares in group undertakings	12,544	11,894

The company own a 100% shareholding (cost £11,894) in Flotronic Nederland B.V., a company incorporated in Holland on the 12th June 1998. Shareholders funds of Flotronic Nederland B.V. as at the 31st August 2000 were as follows:

	2000	1999
Share capital	DFL 40,000 (£11,894)	DFL 40,000 (£11,894)
Reserves	DFL 27,280 (£ 8,518)	DFL 43,753 (£13,106)
	<u>DFL 67,280 (£20,412)</u>	<u>DFL 83,753 (£25,000)</u>

Flotronic Pompen Nederland B.V. made a loss of DFL 16,473 (£4,588) in the year ended 31 August 2000. The loss has been translated using the 'middle' rate of exchange between the Dutch Guilder and the Pound Sterling amounting to £1 = DFL 3.59 at 31 August 2000.

The company also owns a 65% shareholding (cost £650) in Process and Control Today Limited, a company incorporated in England on the 16th March 1999. Shareholders funds of Process and Control Today Limited as at 31 August 2000 were as follows:

	2000 £
Share capital	1,000
Reserves	2,341
	<u>3,341</u>

Process and Control Today Limited made a profit of £2,341 in the 18 month period ended 31 August 2000.

The directors have taken advantage of sections 228 and 248 of the Companies Act 1985 in that they have not prepared group accounts as the group qualifies as a medium-sized group.

14 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	174,364	275,477
Bank loan	809	85,506
Amounts owed to related companies	26,021	20,867
Corporation tax	76,191	200,645
Paye and national insurance	34,905	33,493
Value added tax	63,145	58,221
Hire purchase account	35,327	64,149
Accruals and deferred income	32,031	71,381
	<u>442,793</u>	<u>809,739</u>

The bank holds a fixed charge over the company's book debts and a floating charge over all other assets as security on loans.

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 2000

- 15 **Creditors:** amounts falling due after more than one year

2000	1999
£	£

Other liabilities

Obligations under finance leases and hire purchase contracts

5,435	40,762
-------	--------

Finance leases and hire purchase contracts are secured on the assets associated with them.

- 16 **Reconciliation of movements in shareholders' funds**

2000	1999
£	£

Profit for the financial year

319,921	443,331
---------	---------

Dividends

(200,000)	(340,000)
-----------	-----------

Net addition to shareholders' funds

119,921	103,331
---------	---------

Opening shareholders' funds

1,052,291	948,960
-----------	---------

Closing shareholders' funds

1,172,212	1,052,291
-----------	-----------

- 17 **Called up share capital**

	2000		1999	
	Number of shares	£	Number of shares	£

Authorised

Ordinary £1 shares

1,300	1,300	1,300	1,300
-------	-------	-------	-------

Allotted, called up and fully paid

Ordinary £1 shares

100	100	100	100
-----	-----	-----	-----

- 18 **Revaluation reserve**

2000
£

1st September 1999

and

31st August 2000

123,250

FLOTRONIC PUMPS LIMITED
NOTES ON ABBREVIATED FINANCIAL STATEMENTS
31st August 2000

14

19 Profit and loss account

	2000 £
1st September 1999	928,941
Retained profit for the year	119,921
31st August 2000	1,048,862

20 Notes to the cash flow statement

**Reconciliation of operating profit
to operating cash flows**

	2000 £	1999 £
Operating profit	480,094	668,351
Depreciation charges	108,445	137,392
Amortisation	12,390	-
Loss on sale of fixed assets	2,304	7,348
Decrease/(increase) in stocks	54,337	(27,960)
Decrease in debtors	204,099	67,395
(Decrease)/increase in creditors	(242,492)	64,535
Net cash inflow from operating activities	619,177	917,061

21 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	212,235	52,157	264,392
Finance leases	(40,762)	35,327	(5,435)
Current asset investments	11,894	650	12,544
Total	183,367	88,134	271,501

Reconciliation of net cash flow to movement in net debt

	2000 £	1999 £
Increase in cash in the year	52,157	133,561
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	35,327	(10,879)
Cash outflow/(inflow) from increase/(decrease) in liquid resources	650	-
Change in net debt resulting from cash flows	88,134	122,682
Net debt at 1st September 1999	183,367	60,685
Net debt at 31st August 2000	271,501	183,367

FLOTRONIC PUMPS LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st August 2000

22 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31st August 2001:

	£
Rent - lease expires 31st January 2002	40,944
Hire of computer equipment	11,867
Hire of air conditioning equipment	1,859
	54,670