

Company Registration No. 4102607 (England and Wales)

SI PROTECH (UK) LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 AUGUST 2001

Saffery Champness
CHARTERED ACCOUNTANTS



SI PROTECH (UK) LIMITED

COMPANY INFORMATION

Director	M E Sillince
Secretary	G Sillince
Company number	4102607
Registered office	Unit 3 Rowan Corner, Cherrycourt Way Leighton Buzzard Bedfordshire LU7 8UH
Auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Bankers	Barclays Bank Plc 15 Hall Quay Great Yarmouth Norfolk NR30 1HW

SI PROTECH (UK) LIMITED

CONTENTS

	Page
Director's report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 11

SI PROTECH (UK) LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 AUGUST 2001

The director presents his report and financial statements for the period ended 31 August 2001.

Principal activities and review of the business

The principal activity of the company is providing technical consultancy services, developing and exploiting mechanical inventions and manufacturing goods for third parties.

The company was incorporated on 6 November 2000. On 15 December 2000 the company acquired the trade and assets of M E Sillence trading as SI Protech.

Results and dividends

The results for the period are set out on page 4.

Directors

The following directors have held office since 6 November 2000:

M E Sillence	(Appointed 6 November 2000)
LCI Directors Limited	(Appointed 6 November 2000 and resigned 6 November 2000)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 August 2001	6 November 2000
M E Sillence	1,000	-

Mr Sillence was not beneficially interested in the ordinary share capital of the company on appointment.

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

Saffery Champness were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

SI PROTECH (UK) LIMITED

DIRECTOR'S REPORT (continued) FOR THE PERIOD ENDED 31 AUGUST 2001

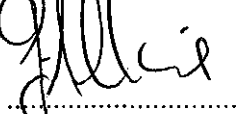
Director's responsibilities

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

By order of the board



G Sillince

Secretary

S. Sillince 2002

SI PROTECH (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SI PROTECH (UK) LIMITED

We have audited the financial statements of SI Protech (UK) Limited on pages 4 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of the the director and auditors

As described in the statement of director's responsibilities on page 2 the company's director is responsible for the preparation of the 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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 director 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.

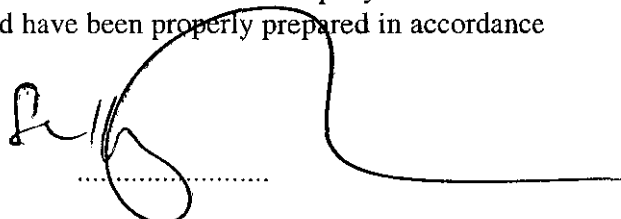
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness

Chartered Accountants
Registered Auditors

24 January 2002


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Lion House
Red Lion Street
London
WC1R 4GB

SI PROTECH (UK) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 AUGUST 2001**

		15 December 2000 to 31 August 2001 £
	Notes	
Turnover	2	992,693
Cost of sales		(603,344)
Gross profit		389,349
Administrative expenses		(202,168)
Other operating income		4,967
Operating profit	3	192,148
Other interest receivable and similar income		579
Interest payable and similar charges	4	(4,606)
Profit on ordinary activities before taxation		188,121
Tax on profit on ordinary activities	5	(37,319)
Profit on ordinary activities after taxation	13	150,802

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 6 to 11 form part of these financial statements.

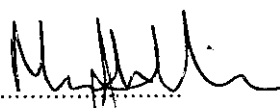
SI PROTECH (UK) LIMITED

**BALANCE SHEET
AS AT 31 AUGUST 2001**

	Notes	2001 £	£
Fixed assets			
Intangible assets	6		2,418
Tangible assets	7		73,211
			<u>75,629</u>
Current assets			
Stocks	8	20,146	
Debtors	9	184,074	
Cash at bank and in hand		43,226	
		<u>247,446</u>	
Creditors: amounts falling due within one year	10	(161,343)	
		<u></u>	
Net current assets			<u>86,103</u>
Total assets less current liabilities			<u>161,732</u>
Creditors: amounts falling due after more than one year	11		(9,930)
			<u></u>
			<u>151,802</u>
Capital and reserves			
Called up share capital	12		1,000
Profit and loss account	13		150,802
			<u></u>
Shareholders' funds - equity interests	14		<u>151,802</u>

The notes on pages 6 to 11 form part of these financial statements.

The financial statements were approved by the Board on 8 January 2002


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M E Sillince
Director

SI PROTECH (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable accounting standards.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated so as to write off the cost in equal annual instalments over its estimated useful life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	over four years
Fixtures, fittings & equipment	over four years
Motor vehicles	over four years

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

SI PROTECH (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2001****2 Turnover and profit on ordinary activities before taxation****Turnover
2001
£****Class of business**

Technical consultancy

214,671

Product sales

778,022

992,693

No analysis of turnover by geographical region has been given.

3 Operating profit**2001
£**

Operating profit is stated after charging:

Depreciation of tangible assets

12,637

Operating lease rentals

9,147

Auditors' remuneration

2,500**4 Interest payable****2001
£**

On bank overdraft

1,690

Hire purchase interest

2,916

4,606**5 Taxation****2001
£**

U.K. current year taxation

U.K. corporation tax at 20%

37,319**6 Intangible fixed assets****Patents
£****Cost**

At 6 November 2000

-

Additions

2,418

At 31 August 2001

2,418

SI PROTECH (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2001**

7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 6 November 2000	-	-	-	-
Additions	55,742	9,111	20,995	85,848
	<u>55,742</u>	<u>9,111</u>	<u>20,995</u>	<u>85,848</u>
At 31 August 2001	55,742	9,111	20,995	85,848
	<u>55,742</u>	<u>9,111</u>	<u>20,995</u>	<u>85,848</u>
Depreciation				
At 6 November 2000	-	-	-	-
Charge for the period	7,621	1,517	3,499	12,637
	<u>7,621</u>	<u>1,517</u>	<u>3,499</u>	<u>12,637</u>
At 31 August 2001	7,621	1,517	3,499	12,637
	<u>7,621</u>	<u>1,517</u>	<u>3,499</u>	<u>12,637</u>
Net book value				
At 31 August 2001	48,121	7,594	17,496	73,211
	<u>48,121</u>	<u>7,594</u>	<u>17,496</u>	<u>73,211</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles
	£
Net book values	
At 31 August 2001	17,496
	<u>17,496</u>
Depreciation charge for the period	
31 August 2001	3,499
	<u>3,499</u>

8 Work in progress

	2001 £
Work in progress	20,146
	<u>20,146</u>

SI PROTECH (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2001**

9 Debtors	2001 £
Trade debtors	162,927
Other debtors	21,147
	<u>184,074</u>
10 Creditors: amounts falling due within one year	2001 £
Bank overdraft	6,804
Net obligations under hire purchase contracts	8,666
Trade creditors	83,758
Corporation tax	37,319
Director's current account	11,018
Accruals and deferred income	13,778
	<u>161,343</u>
11 Creditors: amounts falling due after more than one year	2001 £
Net obligations under hire purchase contracts	<u>9,930</u>
Net obligations under finance leases and hire purchase contracts	
Repayable within one year	8,666
Repayable between one and five years	9,930
	<u>18,596</u>
Included in liabilities falling due within one year	<u>(8,666)</u>
	<u>9,930</u>

SI PROTECH (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 AUGUST 2001**

12 Share capital	2001
	£
Authorised	
1,000 Ordinary shares of £ 1 each	<u>1,000</u>
Allotted, called up and fully paid	
1,000 Ordinary shares of £ 1 each	<u>1,000</u>

The company issued two ordinary shares of £1 each on incorporation. On 15 December 2000 the company issued 998 ordinary shares of £1 each at par in consideration of the trade, assets and liabilities of Mark Sillence trading as SI Protech.

13 Statement of movements on profit and loss account

**Profit and
loss account
£**

Retained profit for the period	<u>150,802</u>
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14 Reconciliation of movements in shareholders' funds

**2001
£**

Profit for the financial period	150,802
Proceeds from issue of shares	<u>1,000</u>
Net addition to shareholders' funds	151,802
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>151,802</u>

15 Financial commitments

At 31 August 2001 the company had annual commitments under non-cancellable operating leases as follows:

**Land and
buildings
2001
£**

Expiry date: Between two and five years	<u>9,450</u>
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SI PROTECH (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 AUGUST 2001

16 Directors' emoluments	2001
	£

Emoluments for qualifying services	<u>76,000</u>
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17 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2001
	Number
Technical services	2
Administration	1
	<u>3</u>

Employment costs

	£
Wages and salaries	138,096
Social security costs	11,219
	<u>149,315</u>

18 Related party transactions

The company is controlled by M Sillence.

On 15 December 2000 the company acquired the trade, assets and liabilities of M Sillence trading as SI Protech for £1,000 satisfied by the issue of 1,000 ordinary shares of £1 each.