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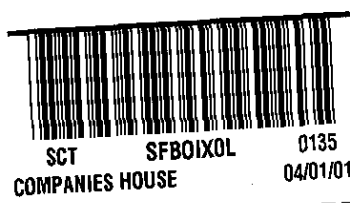
J. HICKINSON & SON LTD.

FINANCIAL STATEMENTS

FOR

YEAR ENDED 31ST AUGUST, 2000.

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MACKENZIE & CO.

CHARTERED ACCOUNTANTS

GLASGOW

J. HICKINSON & SON LTD.

COMPANY INFORMATION

DIRECTORS

J. Hickinson

M. Hickinson

D. Hickinson

C. Morrow

SECRETARY

E. M. Stewart

COMPANY NUMBER

52,939

REGISTERED OFFICE

Hindsland Road,
Industrial Estate,
LARKHALL,
ML9 2PA.

AUDITORS

Mackenzie & Co.,
Chartered Accountants
and Registered Auditors
15, Carlaverock Road,
GLASGOW,
G43 2SA.

DIRECTORS' REPORT

The Directors present their Report and the Company's Financial Statements for the year ended 31st August, 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 the 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 :

- [1] select suitable accounting policies and then apply them consistently ;
- [2] make judgements and estimates that are reasonable and prudent ;
- [3] 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.

ACTIVITIES

The Company's principal activity continues to be that of precision engineers.

DIRECTORS

The Directors who served during the year and their beneficial interests in the Company's issued Share Capital were :

	31/8/00	31/8/99
	-----	-----
J. Hickinson	3,900	3,900
M. Hickinson	2,500	2,500
D. Hickinson	3,100	3,100
C. Morrow	500	500

AUDITORS

The Auditors, Mackenzie & Co., will be proposed for re-appointment in accordance with Section 385, Companies Act 1985.

SMALL COMPANY RULES

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

This Report was approved by the Board on 22nd November, 2000 and signed on its behalf

D. HICKINSON

Director

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF J. HICKINSON & SON LTD.

We have audited the following financial statements which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out in the Notes.

Respective responsibilities of directors and auditors

As described in the Directors' Report 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

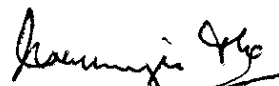
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 31st August, 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, applicable to small companies.

GLASGOW.


MACKENZIE & CO.

24th November, 2000.

CHARTERED ACCOUNTANTS
REGISTERED AUDITORS

J. HICKINSON & SON LTD.

PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31ST AUGUST 2000

		£	1999 £
Turnover	Notes 1, 3	963269	1018577
Cost of sales		710935	773436
		-----	-----
GROSS PROFIT		252334	245141
Administrative and distribution expenses		242196	246051
		-----	-----
OPERATING PROFIT	2	10138	(910)
Interest received		392	934
		-----	-----
		10530	24
Interest payable		9304	9602
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		1226	(9578)
Corporation Tax	4	(64)	(17621)
		-----	-----
PROFIT FOR YEAR		1290	8043
Retained profit b/forward		367556	359513
		-----	-----
RETAINED PROFIT CARRIED FORWARD		368846	367556
		=====	=====

J. HICKINSON & SON LTD.

BALANCE SHEET AS AT 31ST AUGUST 2000

	£	£	£	1999 £
TANGIBLE FIXED ASSETS 9			340705	294135
				
CURRENT ASSETS				
Stock & Work in progress	28749			41431
Trade debtors	240048			175343
Cash in Bank	-			42802
		268797		----- 259576
	-----			
CREDITORS: Amounts due within one year				
Current hire purchase	12489			33434
Bank Overdraft	21263			-
Trade creditors	55859			59237
Bank loan instalments 7	-			5512
Current Corporation Tax	-			200
Taxes and Social Security	32914			36067
Accrued charges	5185			10345
Directors' loans 7	12617			15608
		140327		----- 160403
	-----			
NET CURRENT ASSETS			128470	99173
		-----	-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES			469175	393308
CREDITORS: Amounts due after more than one year				
Hire purchase creditors			90329	15752
			-----	-----
NET ASSETS			378846	377556
			=====	=====
CAPITAL AND RESERVES				
Called up Share Capital & Profit & loss account			10000 368846	10000 367556
			-----	-----
SHAREHOLDERS FUNDS			378846	377556
			=====	=====

The financial statements, which have been prepared in accordance with Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities, were approved by the board on 22nd November, 2000 and signed on its behalf

J. HICKINSON

Director

J. Hickinson

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NOTES TO THE FINANCIAL STATEMENTS

(1) ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention.

(b) TURNOVER

Turnover comprises the invoiced value of goods and services sold, net of V.A.T., as adjusted by the increase / decrease in work-in-progress.

(c) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible Fixed Assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to reduce each asset to its estimated residual value at the end of its expected useful life. The principal rates used are -

Plant	- 15% reducing balance method,
Vehicles	- 25% reducing balance method,
Property	- 2% straight line method,
Computer	- 20% straight line method.

(d) STOCK AND WORK-IN-PROGRESS

Stock and Work-in-Progress is valued on the basis of lower of cost or net realisable value.

(e) HIRE PURCHASE

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and are depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocable to future periods.

(f) PENSION SCHEME

The Pension contributions are to a defined contributions scheme. The charge is the amount of the contributions paid.

(g) GOVERNMENT GRANTS

Grants are recognised in the Profit & Loss Account on receipt.

(h) DEFERRED TAXATION

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes only to the extent that in the Directors' opinion, there is a reasonable probability that a liability will crystallise in the near future.

(2) OPERATING PROFIT /.....

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(2) OPERATING PROFIT £ 1999

The operating profit is stated after charging -

Directors' Remuneration	105,984	102,979
Pension Scheme	7,231	5,431
Audit Fee	2,850	2,925
Depreciation	40,499	47,035

During the year benefits were accruing to 2 Directors (1999 - 2) in respect of money purchase pension schemes.

(3) TURNOVER

Sales	975,951	1,022,967
Increase in Work in Progress	(12,682)	(4,390)
	-----	-----
	963,269	1,018,577
	=====	=====

(4) TAX ON PROFIT ON ORDINARY ACTIVITIES

Corporation Tax provided on profit of year	-	2,700
Under/(Over) provision in previous year	(64)	1
Transfer to/(from) deferred taxation	-	(20,322)
	---	-----
	(64)	(17,621)
	===	=====

(5) DEFERRED TAXATION

Opening balance	-	20,322
Transfer from Profit & Loss Account	-	(20,322)
	-----	-----
	-	-
	=====	=====

The total potential liability for deferred taxation in respect of accelerated capital allowances not provided for was

20,682	17,290
=====	=====

(6) SHARE CAPITAL

Authorised and Issued - 10,000 Ordinary Shares of £1 each, fully paid.
The controlling parties are any two of J. Hickinson, M. Hickinson and D. Hickinson.

(7) SECURITY FOR LOANS

Any bank overdraft and the loan are secured by a floating charge over all assets and by a standard security over the heritable property.
Directors' loans have no fixed date for repayment and are interest free.

(8) TANGIBLE FIXED ASSETS £ 1999

Included are assets subject to hire purchase contracts -

Plant & Machinery	-	112,164	50,088
Motor Vehicles	-	53,910	53,975

(9) TANGIBLE FIXED ASSETS YEAR ENDED 31ST AUGUST 2000

	PLANT & MACHINERY	MOTOR VEHICLES	FREEHOLD PROPERTY	COMPUTER	TOTAL

COST -					
At 1.9.1999	389533	93394	122049	16012	620988
Disposals	(500)	(30379)	-	-	(30879)
Additions	70928	27541	-	2000	100469
	-----	-----	-----	-----	-----
	459961	90556	122049	18012	690578
					
DEPRECIATION -					
At 1.9.1999	257301	35019	23669	10864	326853
Depreciation- disposals	(500)	(16979)	-	-	(17479)
Depreciation for year	22066	12581	2448	3404	40499
	-----	-----	-----	-----	-----
	278867	30621	26117	14268	349873
					
NET BOOK VALUE -					
At 31.8.2000 (Note 8)	181094	59935	95932	3744	340705
	=====	=====	=====	=====	=====
At 31.8.1999	132232	58375	98380	5148	294135
	=====	=====	=====	=====	=====