

ROHM (GREAT BRITAIN) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1997

Company Registration Number 00629431

GARNERS

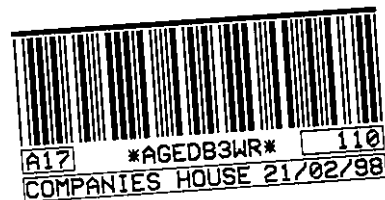
Chartered Accountants & Registered Auditors

Bermuda House

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Kingston upon Thames

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ROHM (GREAT BRITAIN) LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

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ROHM (GREAT BRITAIN) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 1997

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of importation and resale of machine tools.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Ordinary Shares of £1.00 each	
	At 31 Dec 97	At 1 Jan 97
B.J. Callan	-	-
B.T. Long	-	-
	<hr/>	<hr/>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

AUDITORS

A resolution to re-appoint Garners as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985

ROHM (GREAT BRITAIN) LIMITED

THE DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 1997

SMALL COMPANY EXEMPTIONS

In preparing their report, the directors have taken advantage of the special exemptions from disclosure conferred by Part II of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the company qualifies as a small company.

Signed on behalf of the directors

A handwritten signature in dark ink, appearing to read 'B.J. Callan', written over the printed name.

B.J Callan

Company secretary

Approved by the directors on 16 February 1998

ROHM (GREAT BRITAIN) LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 DECEMBER 1997

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, the company's directors are responsible for the preparation of the 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 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 company's state of affairs as at 31 December 1997 and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Bermuda House
45 High Street, Hampton Wick
Kingston upon Thames
Surrey KT1 4EH


GARNERS
Chartered Accountants
& Registered Auditors

16 February 1998

ROHM (GREAT BRITAIN) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1997

	Note	1997 £	1996 £
TURNOVER:	2	2,394,711	2,278,142
Cost of sales		(1,760,892)	(1,646,951)
GROSS PROFIT		633,819	631,191
Distribution costs		(93,042)	(122,950)
Administrative expenses		(343,607)	(347,041)
Other operating income		11,952	10,283
OPERATING PROFIT	3	209,122	171,483
Profit on disposal of fixed assets		210	-
		209,332	171,483
Interest receivable and similar income	5	11,565	8,474
Interest payable and similar charges	6	(1,114)	(590)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		219,783	179,367
Tax on profit on ordinary activities	7	(71,758)	(61,755)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		148,025	117,612
Dividends	8	-	(88,210)
RETAINED PROFIT FOR THE FINANCIAL YEAR		148,025	29,402
Balance brought forward		649,980	620,578
BALANCE CARRIED FORWARD		798,005	649,980

The company has no recognised gains or losses other than the results for the year as set out above.

ROHM (GREAT BRITAIN) LIMITED

BALANCE SHEET

31 DECEMBER 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	9	35,556	46,105
CURRENT ASSETS			
Stocks		213,631	279,894
Debtors	10	864,122	538,275
Cash at bank and in hand		146,154	250,802
		<u>1,223,907</u>	<u>1,068,971</u>
CREDITORS: Amounts falling due within one year	11	<u>(456,458)</u>	<u>(460,096)</u>
NET CURRENT ASSETS		767,449	608,875
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>803,005</u>	<u>654,980</u>
CAPITAL AND RESERVES			
Equity share capital	17	5,000	5,000
Profit and loss account		798,005	649,980
SHAREHOLDERS' FUNDS	18	<u>803,005</u>	<u>654,980</u>

In preparing these accounts, the directors have taken advantage of the special accounting exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the company qualifies as a small company.

These financial statements were approved by the directors on 16 February 1998, and are signed on their behalf by:



.....
B.J. CALLAN

ROHM (GREAT BRITAIN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Improvements	over term of lease
Office Equipment	25% on net book value
Computer Equipment	25% on net book value
Motor Vehicles	25% on net book value

Stocks

Stock has been valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

ROHM (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

1. ACCOUNTING POLICIES (continued)

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

Overseas turnover amounted to 4.80% (1996 - 3.15%) of the total turnover for the year.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	1997 £	1996 £
Depreciation	12,418	15,775
Auditors' fees	3,600	3,450
Operating lease costs:		
Land and buildings	-	27,458
Plant and equipment	1,822	1,747
Vehicles	7,301	6,607
Net profit on foreign currency translation	<u>(9,047)</u>	<u>(5,571)</u>

4. DIRECTORS' EMOLUMENTS

The directors' emoluments were:

	1997 £	1996 £
Aggregate emoluments	<u>118,859</u>	<u>147,872</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £	1996 £
Bank interest receivable	<u>11,565</u>	<u>8,474</u>

ROHM (GREAT BRITAIN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Finance charges	227	590
Other interest and similar charges	887	-
	<u>1,114</u>	<u>590</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax based on the results for the year at 31% (1996 - 33%)	71,758	61,626
Adjustment to provision in previous years	-	129
	<u>71,758</u>	<u>61,755</u>

8. DIVIDENDS

No dividend has been recommended for the year ended 31 December 1997.

9. TANGIBLE FIXED ASSETS

	Short Leasehold Improvem'ts £	Office Equipm't £	Computer Equipm't £	Motor Vehicles £	Total £
COST					
At 1 January 97	12,531	73,642	56,139	36,014	178,326
Additions	-	2,454	426	-	2,880
Disposals	-	-	(1,348)	-	(1,348)
At 31 December 97	<u>12,531</u>	<u>76,096</u>	<u>55,217</u>	<u>36,014</u>	<u>179,858</u>
DEPRECIATION					
At 1 January 97	11,310	59,805	40,285	20,821	132,221
Charge for the year	814	4,073	3,733	3,798	12,418
On disposals	-	-	(337)	-	(337)
At 31 December 97	<u>12,124</u>	<u>63,878</u>	<u>43,681</u>	<u>24,619</u>	<u>144,302</u>
NET BOOK VALUE					
At 31 December 97	<u>407</u>	<u>12,218</u>	<u>11,536</u>	<u>11,395</u>	<u>35,556</u>
At 31 December 96	<u>1,221</u>	<u>13,837</u>	<u>15,854</u>	<u>15,193</u>	<u>46,105</u>

ROHM (GREAT BRITAIN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

9. TANGIBLE FIXED ASSETS (continued)

Finance lease agreements

Included within the net book value £35,556 is £Nil (1996 - £4,180) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (1996 - £1,393).

10. DEBTORS

	1997 £	1996 £
Trade debtors	852,205	533,530
Other debtors	2,462	-
Directors loan account	2,500	2,500
Prepayments and accrued income	6,955	2,245
	<u>864,122</u>	<u>538,275</u>

The debtors above include the following amounts falling due after more than one year.

	1997 £	1996 £
Other debtors	<u>1,262</u>	<u>-</u>

11. CREDITORS: Amounts falling due within one year

	1997 £	1996 £
Trade creditors	31,277	12,932
Amounts owed to group undertakings	204,958	230,010
Other creditors including:		
Payments received on account	15,063	12,579
Advance Corporation Tax	-	22,053
Corporation Tax	71,758	39,573
PAYE and social security	7,832	10,703
VAT	99,799	75,545
Finance leases	-	4,690
Directors current accounts	180	62
	<u>194,632</u>	<u>165,205</u>
Accruals and deferred income	25,591	51,949
	<u>456,458</u>	<u>460,096</u>

ROHM (GREAT BRITAIN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

11. CREDITORS: Amounts falling due within one year (continued)

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1997 £	1996 £
Finance leases	<u>-</u>	<u>4,690</u>

12. PENSIONS

The pension cost charged represents contributions payable by the company to the funds and amounted to £11,116 (1996 - £10,817), all of which were paid to the funds during the year concerned.

13. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:-

	1997 £	1996 £
Excess of taxation allowances over depreciation on fixed assets	<u>-</u>	<u>(797)</u>

14. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	1997 £	1996 £
Amounts payable within 1 year	-	4,917
Less interest and finance charges relating to future periods	-	(227)
	<u>-</u>	<u>4,690</u>

ROHM (GREAT BRITAIN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as set out below.

	1997		1996	
	Land and buildings £	Other items £	Land and buildings £	Other items £
Operating leases which expire:				
Within 1 year	-	8,656	27,500	-
Within 2 to 5 years	<u>31,668</u>	<u>-</u>	<u>-</u>	<u>8,354</u>
	<u>31,668</u>	<u>8,656</u>	<u>27,500</u>	<u>8,354</u>

16. TRANSACTIONS WITH THE DIRECTORS

Loan to director - a loan to Mr B T Long for the purpose of liasing assistance remains outstanding as follows:-

	£
At 1st January 1997	2,500
Maximum liability during the year	2,500
At 31st December 1997	2,500

The loan is interest free and is repayable on demand.

17. SHARE CAPITAL**Authorised share capital:**

	1997 £	1996 £
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	1997 £	1996 £
Ordinary share capital	<u>5,000</u>	<u>5,000</u>

ROHM (GREAT BRITAIN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1997

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	148,025	117,612
Dividends	-	(88,210)
	<u>148,025</u>	<u>29,402</u>
Opening shareholders' equity funds	654,980	625,578
Closing shareholders' equity funds	<u>803,005</u>	<u>654,980</u>

19. ULTIMATE PARENT COMPANY

The company's ultimate holding is Rohm Gmbh, a company incorporated in Germany.