

CAMBRIDGE FLUID SYSTEMS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999



A30	*A7QNF12*	0411
COMPANIES HOUSE		23/03/00
COMPANIES HOUSE		02/03/00

CAMBRIDGE FLUID SYSTEMS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

CONTENTS	PAGE NUMBER
Directors' Report	1 - 2
Statement of Directors' Responsibilities	3
Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Financial Statements	8 - 14

CAMBRIDGE FLUID SYSTEMS LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 1999

DIRECTORS:

R W Bartlett
P J D Hunter
S W Hales

The directors have pleasure in presenting their report and the financial statements for the year ended 30 September 1999.

RESULTS AND DIVIDENDS

The profit for the financial year after taxation was £88,320 (1998: £251,584).

It is recommended that this amount be dealt with as follows:-

	1999 £	1998 £
Ordinary dividends - proposed	35,328	100,635
Transfer to reserves	<u>52,992</u>	<u>150,949</u>
	<u>£ 88,320</u>	<u>£ 251,584</u>

REVIEW OF THE BUSINESS

The principal activities of the company continue to be that of engineering, designing, manufacturing and installing gas handling systems.

The company's turnover for the year dropped to a level of £3.2 million (1998: £4.8 million). This reduction was due to the continued slowdown within the semi-conductor market and the Far East during the financial year. The directors believe that there will be an upturn in the semi-conductor market during the year ended 30 September 2000.

RESEARCH AND DEVELOPMENT

The company has continued to develop its product range.

CAMBRIDGE FLUID SYSTEMS LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1999

DIRECTORS AND THEIR INTERESTS

R W Bartlett, P J D Hunter and S W Hales are directors of Hale Hamilton Limited, the immediate parent company of Fluid Systems International Limited which owns Cambridge Fluid Systems Limited. Their interests in that company are shown in that company's financial statements. None of the directors have any interest in the share capital of Cambridge Fluid Systems Limited

No right to subscribe for shares or debentures in any group company was granted to, or exercised by the directors during the year.

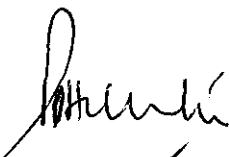
YEAR 2000

The directors have assessed the risk relating to the Year 2000 problem (or millennium bug), and have taken action to ensure that the group's internal computer systems are Year 2000 compliant. Further action has been taken to ensure that suppliers of goods and services are year 2000 compliant, so that services provided to customers are not affected.

AUDITORS

A resolution to re-appoint Horwath Clark Whitehill as auditors of the company will be proposed at the Annual General Meeting.

Approved by the Board on
and signed on its behalf by:


P J D HUNTER
SECRETARY

18/1/00.

CAMBRIDGE FLUID SYSTEMS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each period which give a true and fair view of the state of affairs of the company at the end of the period 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 then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 or other irregularities.

AUDITORS' REPORT TO THE SHAREHOLDERS OF CAMBRIDGE FLUID SYSTEMS LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on pages 8 and 9.

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 financial 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 the information in the financial statements.

UNQUALIFIED OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 September 1999 and of the profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Reading

27 January 2000

HORWATH CLARK WHITEHILL
Chartered Accountants
and Registered Auditors

CAMBRIDGE FLUID SYSTEMS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999 £	1998 £
TURNOVER	2	3,174,338	4,775,892
COST OF SALES		<u>2,217,269</u>	<u>3,154,085</u>
GROSS PROFIT		957,069	1,621,807
Administrative expenses		<u>890,589</u>	<u>1,301,132</u>
OPERATING PROFIT	3	66,480	320,675
Interest receivable		<u>64,945</u>	<u>45,659</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		131,425	366,334
Tax on profit on ordinary activities	5	<u>43,105</u>	<u>114,750</u>
PROFIT FOR THE FINANCIAL YEAR		88,320	251,584
Dividends	6	<u>35,328</u>	<u>100,635</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	13	<u>£ 52,992</u>	<u>£ 150,949</u>

The profit and loss account contains all the gains and losses recognised in the current and preceding year and the profit retained in those years represents the only movement in shareholders' funds.

CAMBRIDGE FLUID SYSTEMS LIMITED
BALANCE SHEET
30 SEPTEMBER 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	558,146	690,993
CURRENT ASSETS			
Stocks	8	560,377	234,666
Debtors	9	2,184,404	678,157
Cash at bank and in hand		<u>112,735</u>	<u>1,192,587</u>
		2,857,516	2,105,410
CREDITORS: Amounts falling due within one year	10	<u>1,193,426</u>	<u>613,106</u>
NET CURRENT ASSETS		<u>1,664,090</u>	<u>1,492,304</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,222,236	2,183,297
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	11	<u>37,931</u>	<u>51,984</u>
NET ASSETS		<u>£ 2,184,305</u>	<u>£ 2,131,313</u>
CAPITAL AND RESERVES			
Called up share capital	12	59,375	59,375
Profit and loss account	13	<u>2,124,930</u>	<u>2,071,938</u>
SHAREHOLDERS' FUNDS	13	<u>£ 2,184,305</u>	<u>£ 2,131,313</u>

Approved by the Board on
and signed on its behalf by:

R W BARTLETT

} DIRECTOR

CAMBRIDGE FLUID SYSTEMS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 1999

	Notes	1999 £	1998 £
CASH FLOW STATEMENT			
Net cash inflow from operating activities	16	361,867	1,453,966
Returns on investments and servicing of finance			
Interest received		64,823	43,923
Taxation			
Corporation tax paid		(71,561)	(404,443)
Capital expenditure			
Payments to acquire tangible fixed assets		(40,786)	(63,324)
Receipts from sales of tangible fixed assets		<u>6,440</u>	<u>24,615</u>
Net cash outflow from capital expenditure		(34,346)	(38,709)
Equity dividends paid		<u>(100,635)</u>	<u>(343,300)</u>
Net cash inflow before financing		220,148	711,437
Financing			
Loan to group company		<u>(1,300,000)</u>	<u>-</u>
(Decrease)/increase in cash in the year		<u>£(1,079,852)</u>	<u>£ 711,437</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
	17		
(Decrease)/increase in cash in the year		(1,079,852)	711,437
Loan to group company		<u>1,300,000</u>	<u>-</u>
Change in net funds		220,148	711,437
Net funds at 1 October 1998		<u>1,192,587</u>	<u>481,150</u>
Net funds at 30 September 1999		<u>£ 1,412,735</u>	<u>£ 1,192,587</u>

CAMBRIDGE FLUID SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 1999

1. ACCOUNTING POLICIES

a) Basis of Accounting

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

b) Depreciation

Depreciation is provided on all tangible fixed assets in use at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:-

Plant and machinery	10% - 25% pa
Equipment, fixtures & fittings	15% - 25% pa
Motor vehicles	25% pa

c) Stocks

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

d) Development Expenditure

Development expenditure is written off as incurred.

e) Deferred Taxation

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise. Advance corporation tax is carried forward to the extent that it is expected to be recovered. Timing differences arise from certain items being included in taxation computations in periods different from those in which they appear in the financial statements.

f) Foreign Currencies

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

g) Leased assets and hire purchase contracts

Where the company has entered into finance leases, the obligations to the lessor are shown as part of borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all the benefits and burdens of ownership other than the right to legal title. Rentals payable under operating leases are charged to the profit and loss account as incurred.

CAMBRIDGE FLUID SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1999

h) Pension costs

The pension costs represent contributions into a money purchase scheme operated by another group company.

i) Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

2. TURNOVER

Turnover represents the net amount invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets. The analysis of the percentage of turnover attributable to each geographical area is as follows:

	1999 %	1998 %
United Kingdom	95	93
Far East	1	7
Europe	<u>4</u>	<u>-</u>
	<u><u>100</u></u>	<u><u>100</u></u>

3. OPERATING PROFIT

	1999 £	1998 £
This is stated after charging/(crediting):		
Auditors' remuneration: - audit	5,210	7,210
- other	-	1,706
Depreciation - owned fixed assets	173,633	177,232
(Profit) on disposal of fixed assets	(6,440)	(8,663)
Foreign exchange (gains)/losses	(6,493)	120,137
Operating lease rentals:		
- land and buildings	<u>48,237</u>	<u>47,814</u>

4. STAFF COSTS (INCLUDING DIRECTORS)

Wages and salaries	614,858	1,013,836
Social security costs	58,111	108,938
Other pension costs	<u>-</u>	<u>333</u>
	<u><u>£ 672,969</u></u>	<u><u>£ 1,123,107</u></u>

The average number of employees during the year was 30 (1998: 50).

CAMBRIDGE FLUID SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1999

4. STAFF COSTS (INCLUDING DIRECTORS) Continued

	1999 £	1998 £
Directors' Remuneration		
Emoluments	57,049	83,410
Company contributions to provide money purchase pension benefits	<u>1,706</u>	<u>1,795</u>
	<u>£ 58,755</u>	<u>£ 85,205</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Based on the profit for the year:

Corporation tax at 31% (1998: 31%)	58,000	84,667
Deferred taxation	(14,053)	30,724
Adjustments in respect of previous periods	<u>(842)</u>	<u>(641)</u>
	<u>£ 43,105</u>	<u>£ 114,750</u>

6. DIVIDENDS

Proposed "A" ordinary shares	20,825	59,322
Proposed "B" ordinary shares	5,578	15,890
Proposed "C" ordinary shares	<u>8,925</u>	<u>25,423</u>
	<u>£ 35,328</u>	<u>£ 100,635</u>

CAMBRIDGE FLUID SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1999

7. TANGIBLE FIXED ASSETS

	Plant and Machinery £	Equipment, Fixtures and Fittings £	Motor Vehicles £	Total £
COST:				
At 1 October 1998	892,191	156,996	125,210	1,174,397
Additions	2,924	11,379	26,483	40,786
Disposals	-	(4,478)	(32,486)	(36,964)
At 30 September 1999	<u>895,115</u>	<u>163,897</u>	<u>119,207</u>	<u>1,178,219</u>
DEPRECIATION:				
At 1 October 1998	321,148	91,393	70,863	483,404
Provision for the year	112,596	32,567	28,470	173,633
Disposals	-	(4,478)	(32,486)	(36,964)
At 30 September 1999	<u>433,744</u>	<u>119,482</u>	<u>66,847</u>	<u>620,073</u>
NET BOOK VALUES:				
At 30 September 1999	<u>£ 461,371</u>	<u>£ 44,415</u>	<u>£ 52,360</u>	<u>£ 558,146</u>
At 30 September 1998	<u>£ 571,043</u>	<u>£ 65,603</u>	<u>£ 54,347</u>	<u>£ 690,993</u>

8. STOCKS

	1999 £	1998 £
Stock of finished goods	174,776	135,274
Work in progress	<u>385,601</u>	<u>99,392</u>
	<u>£ 560,377</u>	<u>£ 234,666</u>

9. DEBTORS

	1999 £	1998 £
Trade debtors	754,147	591,478
Amount owed by group undertakings	1,396,189	33,552
Other debtors	1,399	27,566
Prepayments and accrued income	<u>32,669</u>	<u>25,561</u>
	<u>£2,184,404</u>	<u>£ 678,157</u>

10. CREDITORS: Amounts falling due within one year

Trade creditors	655,572	222,144
Amounts owed to group undertakings	121,805	30,549
Corporation tax	58,000	84,667
Other taxes and social security costs	38,262	64,084
Other creditors, accruals and deferred income	<u>319,787</u>	<u>211,662</u>
	<u>£1,193,426</u>	<u>£ 613,106</u>

CAMBRIDGE FLUID SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1999

11. DEFERRED TAXATION

	1999		1998	
	Full Potential Liability £	Provided In The Financial Statements £	Full Potential Liability £	Provided In The Financial Statements £
Timing differences arising from:				
Capital allowances	<u>£ 37,931</u>	<u>£ 37,931</u>	<u>£ 51,984</u>	<u>£ 51,984</u>
Movement in the provision				£
Provision at 1 October 1998				51,984
Transferred to profit and loss account				<u>(14,053)</u>
Provision at 30 September 1999				<u>£ 37,931</u>

12. SHARE CAPITAL

	1999 £	1998 £
AUTHORISED:-		
8,000,000 ordinary "A" shares of 5p each	400,000	400,000
3,000,000 ordinary "B" shares of 5p each	150,000	150,000
4,000,000 ordinary "C" shares of 5p each	200,000	200,000
5,000,000 ordinary "D" shares of 5p each	<u>250,000</u>	<u>250,000</u>
	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>
ALLOTTED, CALLED UP AND FULLY PAID:-		
700,000 ordinary "A" shares of 5p each	35,000	35,000
187,500 ordinary "B" shares of 5p each	9,375	9,375
300,000 ordinary "C" shares of 5p each	<u>15,000</u>	<u>15,000</u>
	<u>£ 59,375</u>	<u>£ 59,375</u>

The issued shares rank pari passu in all respects other than A has the right to waive a dividend in favour of C, and C is entitled to accept that further dividend.

CAMBRIDGE FLUID SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1999

13. SHAREHOLDERS' FUNDS

	Share Capital £	Profit and Loss Account £	Total £
At 1 October 1997	59,375	1,920,989	1,980,364
Retained profit	<u>-</u>	<u>150,949</u>	<u>150,949</u>
At 30 September 1998	59,375	2,071,938	2,131,313
Retained profit	<u>-</u>	<u>52,992</u>	<u>52,992</u>
At 30 September 1999	<u>£ 59,375</u>	<u>£ 2,124,930</u>	<u>£ 2,184,305</u>

14. ULTIMATE PARENT COMPANY

The smallest and largest group producing accounts into which the results of the company are consolidated is that headed by Hale Hamilton Limited and Hale Hamilton Holdings Limited respectively.

The directors consider Hale Hamilton Holdings Limited to be the ultimate parent company.

Transactions with other group companies have not been disclosed as the subsidiary is included in the consolidated accounts listed above.

15. OTHER FINANCIAL COMMITMENTS

The following annual commitments existed at 30 September 1999 in respect of non cancellable operating leases expiring:-

	Land and buildings 1999 £	1998 £
Within one year	-	2,387
Between one and five years	47,364	27,350
After five years	<u>-</u>	<u>12,500</u>
	<u>£ 47,364</u>	<u>£ 42,237</u>

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1999 £	1998 £
Operating profit	66,480	320,675
Depreciation charge	173,633	177,232
(Profit) on sale of tangible fixed assets	(6,440)	(8,863)
(Increase)/Decrease in stocks	(325,711)	202,604
(Increase)/Decrease in debtors	(153,082)	1,212,427
Increase/(Decrease) in creditors	<u>606,987</u>	<u>(450,109)</u>
	<u>£ 361,867</u>	<u>£ 1,453,966</u>

CAMBRIDGE FLUID SYSTEMS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 1999

17. ANALYSIS OF NET FUNDS

	At 1 October 1997 £	Cash Flow £	At 30 September 1998 £	Cash Flow £	At 30 September 1999 £
Cash at bank and in hand	481,150	711,437	1,192,587	(1,079,852)	112,735
Short term loan to group company	-	-	-	1,300,000	1,300,000
Net funds	<u>£ 481,150</u>	<u>£ 711,437</u>	<u>£1,192,587</u>	<u>£ 220,148</u>	<u>£1,412,735</u>