



AMENDING

DELCAM PLC
(formerly Delcam International PLC)

Revised Report and Financial Statements

31 December 1994

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN



REVISED REPORT AND FINANCIAL STATEMENTS 1994

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REVISED REPORT AND FINANCIAL STATEMENTS 1994

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

T R Kinsey (Chairman, non-executive)
H R O Humphreys (Managing Director)
E B Lambourne (Technical Director)
C P Martell (Managing Director, UK Division)

SECRETARY

K Singh

REGISTERED OFFICE

Talbot Way
Small Heath Business Park
Birmingham
B10 0HJ

BANKERS

Barclays Bank PLC
PO Box No. 34
15 Colmore Row
Birmingham
B3 2BY

SOLICITORS

Wragge & Co.
55 Colmore Row
Birmingham
B3 2AS

AUDITORS

Deloitte & Touche
Chartered Accountants
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN

CHAIRMAN'S REPORT

Results

1994 has been a most satisfactory year with sales at £8.9 million showing an increase of 36% over the previous year and profit before tax amounting to £539,000, which is an increase of 139% over that for 1993. However, the 1994 results did for the first time include the results of all subsidiary companies which in the past had been immaterial.

Dividend

The Board recommend payment of an annual dividend of 1.5p net per share reflecting the increased profit achieved in the year.

Review

It is most pleasing to report that Tooling Services made a significant contribution to the increase in company profit. The workshop and programming departments are key factors of the company combining the provision of essential demonstration and testing facilities with the programming and/or manufacture of complex shapes for external customers. In recent years, the results have been disappointing but a reorganisation, capital expenditure, targeting more appropriate outlets together with the efforts of the staff has now placed the department on a much more secure basis.

Software sales across the world have been variable. In Europe, sales were lower in both UK and Germany. German sales were particularly disappointing as Germany was once our best outlet. We have now established a direct presence there, rather than selling exclusively through distributors and this should reverse the downward trend in this most important market. UK sales are also improving.

Italy has continued to be a good market for sales, but our company there during the last three years has struggled with increasing need for working capital. Financial and management restructuring should resolve the problem.

In East Europe, we increased sales over 1993 only in the Czech Republic, but Russia, although lower, still did well.

Far East sales in total improved but Japan achieved only 30% of the 1993 sales, and China albeit a new territory was disappointing. New distributors are being appointed in Japan.

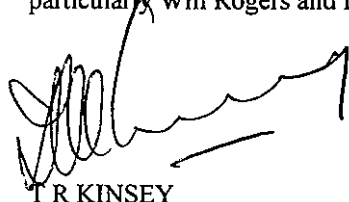
The performance in the Americas was particularly good, North American sales up 50% and Brazil up four fold.

Product development is the seed corn of the company and investment in this area has continued. The department is well directed, and with the appropriate input from Sales and Marketing, new products have been defined and programmes for their introduction agreed.

Prospects

We have a skilled staff, a wide marketing base and a product respected world-wide. We have our new product plans to take us through to the millennium. The current year has started well and I shall be disappointed if the profit in 1995 does not exceed that of the last year.

I should again like to thank all the staff for their effort in further developing the company and our advisers, particularly Will Rogers and David Butler.



T R KINSEY

Chairman

9 June 1997

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

ACTIVITIES AND BUSINESS REVIEW

The principal activities of the group are the supply of CAD/CAM systems and services for the design of products with complex shapes and their manufacture with tooling. The Chairman's report provides a detailed review of activities, development and progress of the group.

On 21 January 1997, the parent company changed its name from Delcam International PLC to Delcam PLC.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors recommend the payment of a final dividend of £45,165 (1993 - £37,510), making a total for the year of £45,165 (1993 - £37,510). Profits transferred to reserves are £297,919 (1993 - £93,288).

LAND AND BUILDINGS

A valuation of the company's land and buildings was carried out on 15 April 1997 by Lambert Smith Hampton, Consultant Surveyors and Valuers, at open market value with existing use basis resulting in a surplus of £221,366 on 31 December 1994 net book value. This surplus has not been incorporated in to these financial statements as the directors do not anticipate realising the property in the foreseeable future.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and the beneficial and family interests of those serving at the end of the year in the share of the company are as follows:

	Ordinary shares of 10p each	
	1994	1993 (or date of appointment)
T R Kinsey	21,000	20,000
H R O Humphreys	567,142	566,142
E B Lambourne	567,142	566,142
C P Martell (appointed 14 November 1994)	101,000	100,000

Mr C P Martell, having been appointed in the year, retires and, being eligible, offers himself for re-election.

EMPLOYEE INVOLVEMENT

The group has well established structures and procedures for consultation, communication and negotiation with its employees, appropriate to the company concerned. Importance is placed on this aspect of the business and all managers have a responsibility to this end.

POLICY ON PAYMENT OF CREDITORS

It is the company's practise to agree payment terms with its suppliers. Payment is made when it can be confirmed that goods and / or services have been provided in accordance with the relevant contractual conditions.

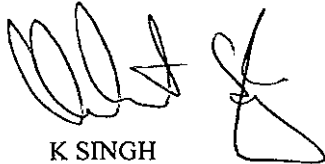


DIRECTORS' REPORT

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



K SINGH

Secretary

9 June 1997

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 the group as at the end of the financial year and of the profit or loss of the group 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under section 245 of the Companies Act 1985 the directors have the authority to revise financial statements or a directors' report if they do not comply with the Act. The revised financial statements must be amended in accordance with the Companies (Revision of Defective Accounts and Reports) Regulations 1990 and in accordance therewith do not take account of events which have taken place after the date on which the original financial statements were approved. The regulations require that the revised financial statements show a true and fair view as if they were prepared and approved by the directors as at the date of the original financial statements.



Chartered Accountants

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham B3 2BN

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AUDITORS' REPORT TO THE MEMBERS OF DELCAM PLC (formerly Delcam International PLC)

We have audited the revised financial statements on pages 7 to 29 which have been prepared under the accounting policies set out on pages 14 and 15. The revised financial statements replace the original financial statements approved by the directors on 9 March 1995.

Respective responsibilities of directors and auditors

As described on page 5 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. We are also required to report whether in our opinion the original financial statements failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors.

Basis of opinions

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 circumstances of the company and the group, consistently applied and adequately disclosed. The audit of revised financial statements includes the performance of additional procedures to assess whether the revisions made by the directors are appropriate and have been properly made.

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 revised 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 revised financial statements.

Opinions

In our opinion the revised financial statements give a true and fair view, seen as at the date the original financial statements were approved, of the state of affairs of the company and the group as at 31 December 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as they have effect under the Companies (Revisions of Defective Accounts and Report) Regulations 1990.

In our opinion the original financial statements for the year ended 31 December 1994 failed to comply with the requirements of the Companies Act 1985 in the respects identified by the directors in the statement contained in note 30 to these financial statements.

Chartered Accountants and Registered Auditors

10 June 1997



CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1994

	Note	1994 £	1993 £
TURNOVER	2	8,874,139	6,531,909
Cost of sales		(4,795,627)	(3,714,141)
Gross profit		4,078,512	2,817,768
Distribution costs		(1,481,512)	(986,106)
Administrative expenses		(1,950,917)	(1,303,309)
Relocation costs		-	(72,525)
OPERATING PROFIT	4	646,083	455,828
Income from interest in unconsolidated subsidiaries		-	(102,120)
Income from interest in associates		28,389	-
Interest receivable	5	7,850	15,103
Interest payable and similar charges	6	(143,621)	(143,019)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		538,701	225,792
Tax on profit on ordinary activities	7	(167,107)	(94,994)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		371,594	130,798
Equity minority interests	19	321	-
PROFIT FOR THE FINANCIAL YEAR	8	371,915	130,798
Dividends	9	(45,165)	(37,510)
Premium on redemption of shares		(28,831)	-
RETAINED PROFIT FOR THE YEAR	25	297,919	93,288

All activities derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year ended 31 December 1994

	Group	
	1994	1993
	£	£
Profit attributable to members of the company	371,915	130,798
Foreign exchange translation differences on foreign currency net investment in subsidiaries and associated undertakings	28,400	-
Total recognised gains for the year	<u>400,315</u>	<u>130,798</u>

NOTE OF HISTORICAL COST PROFIT AND LOSSES
Year ended 31 December 1994

	1994	1993
	£	£
Profit on ordinary activities before taxation	538,701	225,792
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	4,517	4,517
Historical cost profit on ordinary activities before taxation	<u>543,218</u>	<u>230,309</u>
Historical cost profit for the year retained after taxation and dividends	<u>302,436</u>	<u>97,805</u>

CONSOLIDATED BALANCE SHEET
31 December 1994

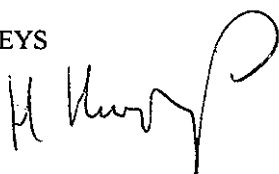
	Note	1994	1993
		£	£
FIXED ASSETS			
Tangible assets	10	2,324,635	2,268,098
Investments	11	203,704	96,021
		<u>2,528,339</u>	<u>2,364,119</u>
CURRENT ASSETS			
Stocks	12	174,460	98,898
Debtors	13	2,511,573	1,557,501
Cash at bank and in hand		10,903	373,342
		<u>2,696,936</u>	<u>2,029,741</u>
CREDITORS: amounts falling due within one year	14	<u>(2,509,882)</u>	<u>(1,929,418)</u>
NET CURRENT ASSETS		<u>187,054</u>	<u>100,323</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,715,393</u>	<u>2,464,442</u>
CREDITORS: amounts falling due after more than one year	15	(775,135)	(947,893)
DEFERRED INCOME	18	(714,967)	(565,947)
EQUITY MINORITY INTERESTS	19	(11,158)	-
		<u>1,214,133</u>	<u>950,602</u>
CAPITAL AND RESERVES			
Called up share capital	20	301,100	375,100
Share premium account	21	1,500	-
Revaluation reserve	22	207,803	212,320
Capital redemption reserve	23	75,000	-
Other reserves	24	38,112	-
Profit and loss account	25	590,618	363,182
EQUITY SHAREHOLDERS' FUNDS	26	<u>1,214,133</u>	<u>950,602</u>

These financial statements were approved by the Board of Directors on 9 June 1997.

Signed on behalf of the Board of Directors

H R O HUMPHREYS

Director



BALANCE SHEET
31 December 1994

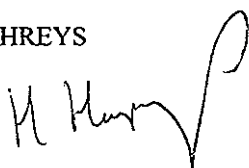
	Note	£	1994 £	£	1993 £
FIXED ASSETS					
Tangible assets	10		2,206,267		2,268,098
Investments	11		271,996		198,141
			<u>2,478,263</u>		<u>2,466,239</u>
CURRENT ASSETS					
Stocks	12	103,275		98,898	
Debtors	13	2,243,421		1,557,501	
Cash at bank and in hand		-		373,342	
		<u>2,346,696</u>		<u>2,029,741</u>	
CREDITORS: amounts falling due within one year	14	(2,069,970)		(1,929,418)	
NET CURRENT ASSETS			<u>276,726</u>		<u>100,323</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,754,989</u>		<u>2,566,562</u>
CREDITORS: amounts falling due after more than one year	15		(775,135)		(947,893)
DEFERRED INCOME	18		(714,967)		(565,947)
			<u>1,264,887</u>		<u>1,052,722</u>
CAPITAL AND RESERVES					
Called up share capital	20		301,100		375,100
Share premium account	21		1,500		-
Revaluation reserve	22		207,803		212,320
Capital redemption reserve	23		75,000		-
Profit and loss account	25		679,484		465,302
EQUITY SHAREHOLDERS' FUNDS			<u>1,264,887</u>		<u>1,052,722</u>

These financial statements were approved by the Board of Directors on 9 June 1997.

Signed on behalf of the Board of Directors

H R O HUMPHREYS

Director



CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1994

	Note	1994 £	1993 £
Cash flow from operating activities	(i)	546,625	764,666
Returns on investments and servicing of finance	(ii)	(135,771)	(107,142)
Taxation		(124,282)	(38,777)
Capital expenditure and financial investment	(ii)	(296,339)	(182,297)
Equity dividends paid		(37,510)	-
Cash (outflow)/inflow before use of liquid resources and financing		(47,277)	436,450
Financing	(ii)	(352,610)	(326,532)
(Decrease)/increase in cash in the year		(399,887)	109,918
Reconciliation of net cash flow to movement in net debt	(iii)	1994 £	1993 £
(Decrease)/increase in cash in the year		(399,887)	109,918
Cash inflow from increase in debt and lease financing		251,729	386,532
Change in net debt resulting from cash flows		(148,158)	496,450
New finance leases		(228,536)	(417,181)
Movement in net debt in the year		(376,694)	79,269
Net debt at 1 January		(812,131)	(891,400)
Net debt at 31 December		(1,188,825)	(812,131)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1994

(i) Reconciliation of operating loss to operating cash flows

	1994	1993
	£	£
Operating profit	646,083	455,828
Depreciation	458,313	409,399
Provision against investments	11,247	17,731
Release on government grants	(30,500)	(30,500)
Increase in stocks	(75,562)	(36,909)
Increase in debtors	(953,671)	(95,976)
Increase in creditors	490,715	45,093
Net cash inflow from operating activities	546,625	764,666

(ii) Analysis of cash flows for headings netted in the cash flow statement

	1994	1993
	£	£
Returns on investments and servicing of finance		
Interest received	7,850	15,103
Interest paid	(106,751)	(91,602)
Interest element of finance lease rental payments	(36,870)	(30,643)
Net cash outflow for returns on investments and servicing of finance	(135,771)	(107,142)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(256,071)	(141,507)
Proceeds from disposal of tangible fixed assets	3,307	-
Payments to acquire investments	(43,575)	(40,790)
Net cash outflow for capital expenditure and financial investment	(296,339)	(182,297)
Financing		
Loan repayment	(60,000)	(165,000)
Grant received	-	60,000
Issue of share capital	2,500	-
Shares redeemed including premium	(103,381)	-
Capital element of finance lease payments	(191,729)	(221,532)
Net cash outflow from financing	(352,610)	(326,532)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 1994

(iii) Analysis of net debt

	At 1 Jan 1994 £	Cash flow £	Other non-cash changes £	At 31 Dec 1994 £
Cash in hand and at bank	373,342	(362,439)	-	10,903
Bank overdraft	-	(37,448)	-	(37,448)
	<u>373,342</u>	<u>(399,887)</u>	<u>-</u>	<u>(26,545)</u>
Debt due within one year	(60,000)	(125,000)	-	(185,000)
Debt due after one year	(725,000)	185,000	-	(540,000)
Finance leases	(400,473)	191,729	(228,536)	(437,280)
	<u>(1,185,473)</u>	<u>251,729</u>	<u>(228,536)</u>	<u>(1,162,280)</u>
	<u>(812,131)</u>	<u>(148,158)</u>	<u>(228,536)</u>	<u>(1,188,825)</u>

(iv) Major non-cash transactions

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £228,536 (1993 - £417,181).

NOTES TO THE ACCOUNTS

Year ended 31 December 1994

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of land and buildings.

Basis of consolidation

The consolidated accounts include the audited financial statements of the company and all its subsidiaries for the year ended 31 December 1994, previously the shares in subsidiary undertakings were accounted for using the equity method of accounting as described under the investments policy note below.

Turnover

Turnover is the total amount, excluding value added tax of sales invoices by the group to third parties during the year.

Hardware and software sales are taken as turnover at the point of despatch.

Maintenance income invoiced in advance for fixed periods is taken to income in equal monthly instalments over the period of the contract.

Turnover also includes income from collaborative research projects in order to match such income against the related expenditure.

Acquisitions

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the group's share of net tangible assets. Where the cost of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill and is written off directly to reserves in the year of acquisition. Where it is less the difference is treated as an unrealised capital reserve until the underlying net assets have been realised by the group.

Tangible fixed assets

Depreciation is provided to write off the cost, less estimated residual value, of all fixed assets, over their expected useful lives. The rates used are as follows:

Long leasehold buildings	2% straight line
Plant and machinery	15% straight line
Computer equipment	20% - 33% straight line
Fixtures and fittings	20% straight line
Motor vehicles	25% straight line
Ownership of software	10% straight line

Stock and work in progress

Stock and work-in-progress are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Work in progress and finished goods - Direct cost of production plus attributable overheads according to stage of completion.

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

1. ACCOUNTING POLICIES (continued)

Investments

Except as stated below, investments held as fixed assets are stated at cost less provision for permanent diminution in value.

In the consolidated accounts, shares in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits and attributable taxation of the associates based on audited financial statements for the year ended 31 December 1994. In the consolidated balance sheet, the shares in associates are shown at the group's share of the net assets, excluding goodwill, of the associates.

Foreign currencies

It is the policy of the group to translate the accounts of its foreign subsidiary undertakings to sterling at the rates of exchange ruling at the close of the financial year. Differences arising from changes in exchange rates are taken to reserves.

Exchange differences on normal trading transactions are reflected in the profits of the year.

Deferred taxation

Deferred taxation is provided at the anticipated rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Leased assets

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental charges for operating leases are written off in the period to which they relate.

Pension costs

The company operates a defined benefit pension scheme covering the majority of its employees. The scheme is in the form of a trustee administered scheme held completely independent from the company's finances. The cost of the pension scheme is charged to the profit and loss account over the expected service lives of participating employees.

2. ANALYSIS OF TURNOVER, OPERATING PROFITS AND NET ASSETS

	1994	1993
	£	£
(a) The turnover attributable to each of the group's geographical markets is:		
United Kingdom	4,369,757	3,784,936
Rest of the World	4,504,382	2,746,973
	<u>8,874,139</u>	<u>6,531,909</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

2. ANALYSIS OF TURNOVER, OPERATING PROFITS AND NET ASSETS (continued)

(b) A geographical analysis of turnover, operating profit and net assets by location is set out below:

	Turnover		Operating profit		Net assets	
	1994	1993	1994	1993	1994	1993
	£	£	£	£	£	£
United Kingdom	7,521,132	6,531,909	626,410	455,828	1,232,262	950,602
Rest of the World	1,353,007	-	19,673	-	(18,129)	-
	<u>8,874,139</u>	<u>6,531,909</u>	<u>646,083</u>	<u>455,828</u>	<u>1,214,133</u>	<u>950,602</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1994	1993
	£	£
Directors' emoluments		
Fees	7,900	7,800
Management remuneration	103,649	91,808
	<u>111,549</u>	<u>99,608</u>

Directors' emoluments above include taxable benefits and company pension contributions.

Remuneration of the chairman	7,900	7,800
Remuneration of highest paid director (salary and taxable benefits)	47,509	43,996

	No	No
Emoluments of other directors, excluding pension contributions, were within the following scales:		
£ 0 - £ 5,000	1	-
£ 40,001 - £45,000	-	1
£ 45,001 - £ 50,000	1	-

Average number of persons employed		
Development and production staff	94	87
Sales and distribution staff	29	21
Administration staff	18	9
	<u>141</u>	<u>117</u>

	£	£
Staff costs during the year (including directors)		
Wages and salaries	2,684,907	2,081,037
Social security costs	233,775	180,147
Pension costs	128,563	103,582
	<u>3,047,245</u>	<u>2,364,766</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

4. OPERATING PROFIT

	1994 £	1993 £
Operating profit is after charging:		
Depreciation and amortisation		
Owned assets	252,383	246,005
Leased assets	205,930	163,394
Rentals under operating leases		
Hire of plant and machinery	111,140	122,867
Land and buildings	69,689	70,000
Auditors' remuneration:		
Audit services	7,500	6,500
Non audit services	5,500	4,000
	<u> </u>	<u> </u>
and crediting the following:		
Rental income	48,840	48,000
Government grants released to profit and loss account	30,500	30,500
	<u> </u>	<u> </u>

5. INTEREST RECEIVABLE

	1994 £	1993 £
Bank deposit interest	7,850	15,103
	<u> </u>	<u> </u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1994 £	1993 £
Bank overdraft interest	26,213	8,515
Other loans:		
Repayable within five years	80,538	103,861
Finance charges payable - finance leases	36,870	30,643
	<u> </u>	<u> </u>
	<u>143,621</u>	<u>143,019</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £	1993 £
Taxation is based on profits for the year and comprises:		
Corporation tax at 33% less marginal relief (1993 - 25%)	148,951	88,006
Associated undertakings	12,177	-
	<u>161,128</u>	<u>88,006</u>
Under/(over) provision for earlier years:		
Corporation tax	(7,465)	6,988
	<u>153,663</u>	<u>94,994</u>
Overseas taxation	13,444	-
	<u><u>167,107</u></u>	<u><u>94,994</u></u>

8. PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial year amounted to £358,661 (1993 - £232,918).

9. DIVIDENDS

	1994 £	1993 £
Final proposed		
1.5p per Ordinary shares (1993 - 1.0p)	<u><u>45,165</u></u>	<u><u>37,510</u></u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

10. TANGIBLE FIXED ASSETS

(a) Group	Long leasehold buildings £	Ownership of software £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 January 1994	1,296,000	600,000	594,824	1,700,082	56,534	4,247,440
Additions	-	-	18,025	445,960	20,621	484,606
Disposals	-	-	-	(221)	(5,512)	(5,733)
Exchange differences	-	-	-	(183)	(25)	(208)
On consolidation of subsidiaries	-	-	-	50,295	5,519	55,814
At 31 December 1994	1,296,000	600,000	612,849	2,195,933	77,137	4,781,919
Accumulated depreciation						
At 1 January 1994	51,840	300,000	426,146	1,175,555	25,801	1,979,342
Charge for the year	25,920	60,000	48,670	307,777	15,946	458,313
Disposals	-	-	-	(221)	(2,205)	(2,426)
Exchange differences	-	-	-	(58)	(6)	(64)
On consolidation of subsidiaries	-	-	-	19,911	2,208	22,119
At 31 December 1994	77,760	360,000	474,816	1,502,964	41,744	2,457,284
Net book value						
At 31 December 1994	1,218,240	240,000	138,033	692,969	35,393	2,324,635
At 31 December 1993	1,244,160	300,000	168,678	524,527	30,733	2,268,098
(b) Company						
Cost or valuation						
At 1 January 1994	1,296,000	600,000	594,824	1,700,082	56,534	4,247,440
Additions	-	-	18,025	352,351	2,575	372,951
At 31 December 1994	1,296,000	600,000	612,849	2,052,433	59,109	4,620,391
Accumulated depreciation						
At 1 January 1994	51,840	300,000	426,146	1,175,555	25,801	1,979,342
Charge for the year	25,920	60,000	48,670	287,855	12,337	434,782
At 31 December 1994	77,760	360,000	474,816	1,463,410	38,138	2,414,124
Net book value						
At 31 December 1994	1,218,240	240,000	138,033	589,023	20,971	2,206,267
At 31 December 1993	1,244,160	300,000	168,678	524,527	30,733	2,268,098

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

10. TANGIBLE FIXED ASSETS (continued)

Land and buildings were revalued in 1991 at open market value on the basis of existing use at £1,285,000. If the property had not been revalued long leasehold land and buildings would have been carried in the balance sheet at 31 December 1994 at £1,010,659 (1993 - £1,032,061).

Leased assets

Included in tangible assets are assets held under finance leases and hire purchase contracts with a net book value of £467,930 (1993 - £445,326).

11. INVESTMENTS HELD AS FIXED ASSETS

(a) Group	Shares in group undertakings £	Loans to group undertakings £	Associated undertakings not consolidated £	Loans to associated undertakings £	Interests in associated undertakings £	Other investments £	Total £
Cost							
At 1 January 1994	65,660	9,578	65,755	17,573	58,275	20,000	236,841
Additions in year	-	-	43,575	-	-	-	43,575
Investments written off	-	-	(1,045)	-	-	-	(1,045)
Capital reserve arising on acquisition	-	-	-	-	9,712	-	9,712
Exchange movement	-	-	-	-	17,409	-	17,409
Adjustment arising on consolidation of subsidiaries	(65,660)	(9,578)	-	-	-	-	(75,238)
At 31 December 1994	-	-	108,285	17,573	85,396	20,000	231,254
Share of profits retained							
At 1 January 1994	(102,120)	-	-	-	-	-	(102,120)
Profits retained in year	-	-	-	-	16,212	-	16,212
Adjustment arising on consolidation of subsidiaries	102,120	-	-	-	-	-	102,120
At 31 December 1994	-	-	-	-	16,212	-	16,212
Provisions							
At 1 January 1994	-	6,185	14,942	17,573	-	-	38,700
Provided in year	-	-	11,247	-	-	-	11,247
Adjustment arising on consolidation of subsidiaries	-	(6,185)	-	-	-	-	(6,185)
At 31 December 1994	-	-	26,189	17,573	-	-	43,762
Net book value							
At 31 December 1994	-	-	82,096	-	101,608	20,000	203,704
At 31 December 1993	(36,460)	3,393	50,813	-	58,275	20,000	96,021

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

11. INVESTMENTS HELD AS FIXED ASSETS (continued)

(b) Company	Shares in group undertakings £	Loans to group undertakings £	Shares in associated undertakings £	Loans to associated undertakings £	Other investments £	Total £
Cost						
At 1 January 1994	65,660	9,578	124,030	17,573	20,000	236,841
Additions in year	-	43,429	43,575	-	-	87,004
Investment written off	(857)	-	(1,045)	-	-	(1,902)
At 31 December 1994	64,803	53,007	166,560	17,573	20,000	321,943
Provisions						
At 1 January 1994	-	6,185	14,942	17,573	-	38,700
Investment written off	-	-	11,247	-	-	11,247
At 31 December 1994	-	6,185	26,189	17,573	-	49,947
Net book value						
At 31 December 1994	64,803	46,822	140,371	-	20,000	271,996
At 31 December 1993	65,660	3,393	109,088	-	20,000	198,141

Group undertakings

The company has shareholdings in the following companies:

Group undertaking	Shareholding	Country of incorporation/ registration and operation	Investment value £
Delcam Systems Limited	100%	England	2
Delcam Italia SRL	90%	Italy	23,715
Delcam Malaysia	100%	Malaysia	41,086
			<u>64,803</u>

Delcam Systems Limited is a dormant company. The other Group undertakings carry on the business of the supply of CAD/CAM systems to overseas markets.



NOTES TO THE ACCOUNTS
Year ended 31 December 1994

11. INVESTMENTS HELD AS FIXED ASSETS (continued)

Associated undertakings

The company has shareholdings in the following active companies which have been accounted for on an equity basis:

Associated undertaking	Shareholding	Country of incorporation and operation
Hankook Delcam	30%	Korea
Delcam (North) Programming Services	30%	England
Delcam Taiwan	22%	Taiwan
Delcam Espania	20%	Spain

Each of the associated undertakings carry on the business of agents supplying CAD/CAM systems to overseas markets.

(c) Information relating to associated undertakings not consolidated

Reliable information relating to the net assets and the profit or loss for the year for certain associated undertakings listed below is not readily available.

Associated undertaking	Shareholding	Country of incorporation and operation
Delimex Limited	50%	Bulgaria
Delcam Spb	50%	Russia
Delcam Ural	50%	Russia

The directors are of the opinion that the value of the investments and amounts receivable are not less than the amounts stated at the balance sheet date and the figures are not material.

12. STOCKS

	Group		Company	
	1994 £	1993 £	1994 £	1993 £
Work in progress	19,365	24,450	19,365	24,450
Finished goods and goods for resale	155,095	74,448	83,910	74,448
	<u>174,460</u>	<u>98,898</u>	<u>103,275</u>	<u>98,898</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

13. DEBTORS

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Trade debtors	2,094,211	1,124,364	1,624,056	1,124,364
Amounts owed by subsidiary undertakings	-	82,983	212,138	82,983
Amounts owed by undertakings in which the company has a participating interest	274,755	203,573	274,755	203,573
Other debtors	38,516	10,324	28,381	10,324
Advance corporation tax recoverable	11,291	10,890	11,291	10,890
Prepayments and accrued income	92,800	125,367	92,800	125,367
	<u>2,511,573</u>	<u>1,557,501</u>	<u>2,243,421</u>	<u>1,557,501</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank overdraft (note 16)	37,448	-	6,430	-
Bank loans (note 16)	185,000	60,000	185,000	60,000
Payments received on account	108,185	59,500	108,185	59,500
Trade creditors	966,948	423,896	663,587	423,896
Amounts owed to undertakings in which the company has a participating interest	144,343	52,531	144,343	52,531
Other taxation and social security	276,332	173,380	217,263	173,380
Other creditors	128,080	523,356	110,157	523,356
Corporation tax	81,539	65,890	81,539	65,890
Overseas taxation	15,400	-	-	-
Accruals and deferred income	319,297	354,725	319,297	354,725
Finance lease obligations (note 16)	202,145	178,630	189,004	178,630
Dividends payable	45,165	37,510	45,165	37,510
	<u>2,509,882</u>	<u>1,929,418</u>	<u>2,069,970</u>	<u>1,929,418</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank loans (note 16)	540,000	725,000	540,000	725,000
Other creditors	-	1,050	-	1,050
Finance lease obligations (note 16)	235,135	221,843	235,135	221,843
	<u>775,135</u>	<u>947,893</u>	<u>775,135</u>	<u>947,893</u>



NOTES TO THE ACCOUNTS
Year ended 31 December 1994

16. BORROWINGS

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank overdraft	37,448	-	6,430	-
Bank loan 1	500,000	500,000	500,000	500,000
Bank loan 2	225,000	285,000	225,000	285,000
Deferred consideration	-	217,230		217,230
Obligations under finance lease contracts	437,280	400,473	424,139	400,473
	<u>1,199,728</u>	<u>1,402,703</u>	<u>1,155,569</u>	<u>1,402,703</u>
Less: Amounts falling due within one year	<u>(424,593)</u>	<u>(455,860)</u>	<u>(380,434)</u>	<u>(455,860)</u>
Amounts falling due after more than one year	<u>775,135</u>	<u>946,843</u>	<u>775,135</u>	<u>946,843</u>
Analysis of repayments:				
Bank loans and overdraft				
Within one year or on demand	222,448	60,000	191,430	60,000
Between one and two years	185,000	185,000	185,000	185,000
Between two and five years	355,000	540,000	355,000	540,000
Deferred consideration				
Within one year	-	217,230		217,230
Obligations under finance lease contracts				
Within one year	202,145	178,630	189,004	178,630
Between one and two years	137,490	109,619	137,490	109,619
Between two and five years	93,038	93,295	93,038	93,295
After more than five years	4,607	18,929	4,607	18,929
	<u>1,199,728</u>	<u>1,402,703</u>	<u>1,155,569</u>	<u>1,402,703</u>

The first loan is repayable by four equal annual instalments commencing on 23 October 1995 and interest is charged at 11% per annum.

The second loan is repayable by quarterly instalments over a three year period commencing 1 April 1998 and interest is charged at 1.75% above Barclays Bank PLC base rate.

The bank loans and overdraft are secured by fixed and floating charges over the company's tangible and intangible assets.

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

17. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

The amounts of deferred taxation provided in the accounts are:

	Provided		Not provided	
	1994	1993	1994	1993
Group	£	£	£	£
Capital allowances in excess of depreciation	-	-	(7,300)	2,400
Other timing differences	-	-	(32,200)	(32,200)
Taxation on valuation surplus	-	-	69,000	70,000
	<u>-</u>	<u>-</u>	<u>29,500</u>	<u>40,200</u>
Company				
Capital allowances in excess of depreciation	-	-	(7,300)	2,400
Other timing differences	-	-	(32,200)	(32,200)
Taxation on valuation surplus	-	-	69,000	70,000
	<u>-</u>	<u>-</u>	<u>29,500</u>	<u>40,200</u>

18. DEFERRED INCOME

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Maintenance income to be recognised within one year	498,667	319,147	498,667	319,147
Other income to be recognised within one year	60,741	30,500	60,741	30,500
Other income to be recognised after more than one year	155,559	216,300	155,559	216,300
	<u>714,967</u>	<u>565,947</u>	<u>714,967</u>	<u>565,947</u>

Deferred maintenance income represents amounts invoiced in advance in respect of contracts for the provision of hardware and software maintenance. Other deferred income represents grant income received being amortised over seven years


NOTES TO THE ACCOUNTS
Year ended 31 December 1994
19. EQUITY MINORITY INTERESTS

	£
At 1 January 1994	-
Arising on consolidation	11,502
Share of profits for the year	(321)
Difference on exchange	(23)
	<hr/>
At 31 December 1994	11,158
	<hr/>

20. CALLED UP SHARE CAPITAL

	1994 £	1993 £
Authorised		
4,000,000 'A' Ordinary shares of 10p each	400,000	400,000
750,000 'B' Ordinary shares of 10p each	75,000	75,000
	<hr/>	<hr/>
	475,000	475,000
Called up, allotted and fully paid		
3,011,000 (1993 - 3,001,000) 'A' Ordinary shares of 10p each	301,100	300,100
Nil (1993 - 750,000) 'B' Ordinary shares of 10p each	-	75,000
	<hr/>	<hr/>
	301,100	375,100
	<hr/>	<hr/>

On 15 April 1994, 10,000 'A' Ordinary shares were issued at a premium of 15p per share for cash. The shares were issued to widen shareholder participation.

During the year, the 'B' Ordinary shares were redeemed at an aggregate value of £103,831.

21. SHARE PREMIUM ACCOUNT

Group and company	£
At 1 January 1994	-
On shares issued in year	1,500
	<hr/>
At 31 December 1994	1,500
	<hr/>

22. REVALUATION RESERVE

Group and company	£
At 1 January 1994	212,320
Movement in year	(4,517)
	<hr/>
At 31 December 1994	207,803
	<hr/>

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

23. CAPITAL REDEMPTION RESERVE

Group and company	£
On shares redeemed in year and at 31 December 1994	75,000

24. OTHER RESERVES

	Group	
	1994	1993
	£	£
Foreign exchange fluctuations reserve	28,400	-
Capital reserve	9,712	-
	<u>38,112</u>	<u>-</u>

(a) Foreign exchange fluctuations reserve

	£
At 1 January 1994	-
Movement in the year	28,400
	<u>28,400</u>
At 31 December 1994	<u>28,400</u>

(b) Capital reserves

Arising in year and at 31 December 1994	<u>9,712</u>
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25. PROFIT AND LOSS ACCOUNT

	Group	Company
	£	£
At 1 January 1994	363,182	465,302
Profit for the year	297,919	284,665
Transfer from revaluation reserve	4,517	4,517
Redemption in year	(75,000)	(75,000)
	<u>590,618</u>	<u>679,484</u>
At 31 December 1994	<u>590,618</u>	<u>679,484</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group	
	1994	1993
	£	£
Profit for the financial year	371,915	130,798
Dividends	(45,165)	(37,510)
Movement in exchange fluctuation reserve	28,400	-
Capital arising on acquisition of interest in associated undertaking	9,712	-
Issue of share capital	2,500	-
Shares redeemed including premium	(103,831)	-
Net addition to shareholders' funds	263,531	93,288
Opening shareholders' funds	950,602	857,314
Closing shareholders' funds	1,214,133	950,602

27. PENSION COSTS

The contributions paid to the defined benefit scheme amounted to £128,567 (1993 - £103,582). Contributions outstanding at the year end were £37,094 (1993 - £16,691).

In the opinion of the actuary, the scheme is adequately funded and with the current contribution rate will be able to fully meet its liabilities. The latest actuarial valuation on the scheme was performed as at 6 April 1993 using the defined approved benefit method. The main actuarial assumption was that the investment returns would exceed the rate of salary increases by 1.5%.

That valuation showed that the actuarial value of the scheme's assets was £1,116,700 which represented 107% of the benefits accrued to members at the valuation date after allowing for future increases in earnings.

28. FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments contracted for but not provided at 31 December 1994 (1993 - £Nil).

Operating lease commitments

At 31 December 1994, the group and company had annual commitments under non-cancellable other operating leases as set out below:

	Land and buildings 1994 £	Other 1994 £	Land and buildings 1993 £	Other 1993 £
Leases which expire:				
Within one year	-	4,866	6,700	15,972
Within two to five years	50,000	77,317	-	72,924
After five years	-	-	50,000	-
	<u>50,000</u>	<u>82,183</u>	<u>56,700</u>	<u>88,896</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1994

28. FINANCIAL COMMITMENTS (continued)

Other commitments

At 31 December 1994 the company has other annual commitments as set out below:

	1994 £	1993 £
Amounts due:		
Within two to five years	30,000	32,000

The company has entered into other guarantees and indemnities of a trading nature in the normal course of business.

29. CASH FLOW STATEMENT

The cash flow statement on pages 11 to 13 has been prepared under FRS1 "Cash flow statements" - revised, as the directors have decided on the early adoption of this standard.

30. REVISED FINANCIAL STATEMENTS

The company in its original financial statements had taken advantage of the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985. Having taken independent advice on the matter, the directors have now concluded that the company was not entitled to take advantage of the exemption for the year ending 31 December 1994. As a result the directors have instigated the preparation of these revised group financial statements for the year ending 31 December 1994.