

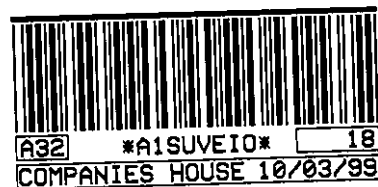
Company Number: 2571389

AMENDING

GeoAcoustics Limited

Abbreviated Financial Statements

for the year ended 30th April 1998



GeoAcoustics Limited

Company Information

Company No: 2571389

Chairman

D R Stone

Registered Office

Shuttleworth Close
Gapton Hall Industrial Estate
Great Yarmouth
Norfolk
NR31 0NQ

Directors

D R Stone
Mrs S E Jermy

Secretary

P A Eagle

Auditors

Lovewell Blake
Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

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4	Abbreviated Profit and Loss Account
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Directors' Report

for the year ended 30th April 1998

The directors submit their report together with the audited financial statements for the year ended 30th April 1998.

Directors' Statement

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 of the profit for that year. 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 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 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.

Results and Dividends

The profit on the ordinary activities of the company before taxation amounted to £466,940. After deducting taxation and dividends, the profit of £279,197 has been transferred to reserves.

An interim dividend of £30,000 was paid on 3rd July 1998 and a final dividend amounting to £20,000 is proposed.

Principal Activity and Business Review

The principal activity of the company continued to be that of the manufacture and supply of marine electronic equipment. During the year the company set up two overseas subsidiaries in order to assist marketing the company's products worldwide. The results of the subsidiaries are shown in note 13 to the accounts and as stated therein consolidated accounts have not been prepared.

The directors are satisfied with the results for the year and the year end position.

Research and Development

The company continues its programme of improving its product range and has commenced work on another six development projects in the year.

Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	1998	1997
	No.	No.
D R Stone	510	510
Mrs S E Jermy	100	100

In addition to their beneficial interests both the directors have a non beneficial interest in a further 60 ordinary shares.

Mr R L Morris, a partner in Lovewell Blake Chartered Accountants, is a trustee of a trust holding 510 ordinary shares.

Tax Status

The company is a close company as defined by S414 of the Income and Corporation Taxes Act 1988.

Information Technology year 2000 Problem

The directors are aware of the potential problem and are taking the appropriate action. They consider that there will not be a significant cost to the company.

Auditors

The Auditors, Lovewell Blake Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:

A handwritten signature in black ink, appearing to be 'P A Eagle', written over a horizontal line.

P A Eagle, Secretary

18th January 1999

Auditors' Report to GeoAcoustics Limited under Section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 4 to 18, together with the financial statements of the company for the year ended 30th April 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 18 are properly prepared in accordance with that provision.

Lovewell Blake
Registered auditors



Sixty Six
North Quay
Great Yarmouth
Norfolk
NR30 1HE

25th January 1999

GeoAcoustics Limited

Profit and Loss Account

for the year ended 30 April 1998

	Notes	1998 £	1998 £	1997 £	1997 £
Gross profit			1,325,296		1,270,998
Staff costs	4	(588,502)		(548,424)	
Depreciation and amortisation		(130,119)		(67,822)	
Other operating charges		<u>(110,446)</u>		<u>(77,592)</u>	
			<u>(829,067)</u>		<u>(693,838)</u>
Operating profit			496,229		577,160
Interest receivable			8,704		6,313
Interest payable	5		<u>(37,993)</u>		<u>(37,493)</u>
Profit on ordinary activities before taxation			466,940		545,980
Taxation	6		<u>(137,743)</u>		<u>(52,454)</u>
Profit on ordinary activities after taxation			329,197		493,526
Dividends	7		<u>(50,000)</u>		<u>(80,000)</u>
Retained profit for the Year	19		<u>279,197</u>		<u>413,526</u>

All amounts relate to continuing activities

Total Recognised Gains and Losses

for the year ended 30th April 1998

	1998 £	1997 £
Statement of Total Recognised Gains and Losses		
Profit for the financial year	329,197	493,526
Total recognised gains since the last financial statements	<u>329,197</u>	<u>493,526</u>

Note of Historical Cost Profits and Losses

Profit on ordinary activities before taxation	466,940	545,980
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	<u>6,010</u>	<u>6,010</u>
Historical cost profit before taxation	<u>472,950</u>	<u>551,990</u>
Historical cost profit transferred to reserves	<u>285,207</u>	<u>419,536</u>

GeoAcoustics Limited

Abbreviated Balance Sheet

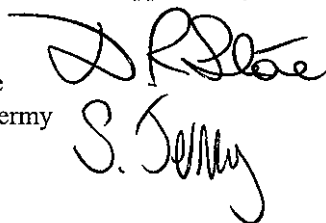
as at 30th April 1998

	Notes	1998 £	1998 £	1997 £	1997 £
Fixed Assets					
Intangible fixed assets	8		469,895		381,456
Tangible fixed assets	9		646,950		708,844
Investments	10		40,250		-
			<u>1,157,095</u>		<u>1,090,300</u>
Current Assets					
Stocks	12	395,186		262,587	
Debtors	13	885,681		359,256	
Cash at bank and in hand		2,190		301,936	
		<u>1,283,057</u>		<u>923,779</u>	
Creditors:					
Amounts falling due within one year	14	(846,618)		(564,114)	
Net Current Assets			<u>436,439</u>		<u>359,665</u>
Total Assets Less Current Liabilities			<u>1,593,534</u>		<u>1,449,965</u>
Creditors:					
Amounts falling due after more than one year	15		(233,636)		(320,894)
Provision for Liabilities and Charges					
Provision for warranties	18		(76,460)		(124,830)
			<u>1,283,438</u>		<u>1,004,241</u>
Capital and Reserves					
Share capital	18		700		700
Revaluation reserve	19		252,410		258,420
Capital redemption reserve	19		300		300
Other reserves	19		-		305,181
Profit and loss account	19		1,030,028		439,640
Equity Shareholders' Funds	20		<u>1,283,438</u>		<u>1,004,241</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

These accounts were approved by the board on 18th January 1999.

D R Stone
Mrs S E Jermy
Directors



GeoAcoustics Limited**Cash Flow Statement****for the year ended 30th April 1998**

	Notes	1998 £	1997 £
Cash Flow from Operating Activities	23	(37,570)	721,840
Returns on Investments and Servicing of Finance	24	(29,289)	(31,180)
Taxation		(48,846)	(12,281)
Capital Expenditure and Financial Investment	24	(137,964)	(30,884)
Acquisitions and Disposals	24	(40,250)	-
Equity Dividends paid		-	(80,000)
Cash (outflow)/inflow before use of liquid resources and financing		(293,919)	567,495
Financing	24	(95,456)	(221,594)
(Decrease)/Increase in Cash in the year	25	(389,375)	345,901
Reconciliation of Net Cash Flow to movement in Net Debt			
(Decrease)/Increase in Cash in the year		(389,375)	345,901
Cash outflow from decrease in debt and lease financing	25	95,456	121,594
Change in net debt resulting from cashflows		(293,919)	467,495
New finance leases	25	(18,700)	(84,579)
Movement in Net Debt in the period		(312,619)	382,916
Net Debt at 1st May 1997		(109,517)	(492,438)
Net Debt at 30th April 1998	25	(422,136)	(109,522)

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

1 Principal Accounting Policies***Accounting Convention***

The financial statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, modified to include the revaluation of certain fixed assets.

Depreciation

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, other than freehold land, over their expected useful lives. The rates generally applicable are:

Freehold land and buildings	Over 50 Years
Motor vehicles, plant and machinery	20% - 25% straight line

The part of the annual depreciation charge on revalued assets which relates to the surplus is transferred from the revaluation reserve to the profit and loss account reserve.

Research and Development

Development costs incurred on specific projects are capitalised when recoverability can be assessed with reasonable certainty, and are amortised in line with expected sales arising from the projects on a straight line basis. Currently all completed project costs are being amortised over five years. All other development costs are written off in the period of expenditure.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Contribution to Pension Funds

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Deferred Taxation

Provision is made for deferred taxation except where, in the opinion of the directors, it is not likely to be payable in the near future

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

2 Operating profit

	1998 £	1997 £
Operating profit is stated after charging or crediting:		
Operating lease rentals - plant and machinery	3,403	3,585
Amounts payable to the auditors in respect of audit services	4,500	2,725
Depreciation - owned assets	180,383	150,823
Depreciation - assets held under hire purchase or finance lease contracts	29,113	9,642
(Profit) on disposal of fixed assets	(79,377)	(92,643)
	<u> </u>	<u> </u>

3 Other Operating Income

	1998 £	1997 £
Rental income	5,325	5,000
	<u> </u>	<u> </u>

4 Directors and Employees

Staff costs during the year were as follows:

	1998 £	1997 £
Wages and salaries	519,849	483,641
Social security costs	45,166	42,201
Pension costs	23,487	22,582
	<u>588,502</u>	<u>548,424</u>

The average monthly number of employees, including directors, during the year was as follows:

	1998 Number	1997 Number
Production and engineering	17	16
Marketing and selling	2	2
Management and administration	7	7
Leasing	2	2
	<u>28</u>	<u>27</u>

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

Remuneration in respect of directors was as follows:

	1998 £	1997 £
Aggregate amount of emoluments paid in respect of qualifying services	94,673	85,864
Pension contributions	9,017	7,111
	<u>103,690</u>	<u>92,975</u>

Other directors disclosures in respect of qualifying services:

	1998 Number	1997 Number
The number of directors to whom retirement benefits are accruing under defined contribution pension schemes	2	2

5 Interest Payable

	1998 £	1997 £
Bank loans and overdrafts	18,813	19,792
Hire purchase and finance lease interest	8,614	2,389
Other loans	10,566	15,312
	<u>37,993</u>	<u>37,493</u>

6 Tax on Profit on Ordinary Activities

	1998 £	1997 £
Based on the profit for the year:		
U.K. Corporation tax at 31% (1997: 24%)	110,500	52,454
Group relief	19,000	-
	<u>129,500</u>	<u>52,454</u>
Prior year adjustments - corporation tax	8,243	-
	<u>137,743</u>	<u>52,454</u>

7 Dividends

	1998 £	1997 £
Equity		
'A' Ordinary shares - interim paid of £nil per share (1997: £133.33)	-	40,000
Ordinary shares - final proposed of £28.57 per share (1997: £nil)	20,000	-
Ordinary shares - interim paid of £42.86 per share (1997: £57.14)	30,000	40,000
	<u>50,000</u>	<u>80,000</u>

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

8 Intangible Fixed Assets

	Development Expenditure £
Cost	
At 1st May 1997	539,936
Increase during the year	198,626
At 30th April 1998	<u>738,562</u>
Amortisation	
At 1st May 1997	158,480
Provided during the year	110,187
At 30th April 1998	<u>268,667</u>
Net Book Value	
At 30th April 1998	<u>469,895</u>
At 30th April 1997	<u>381,456</u>

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

9 Tangible Fixed Assets

	Freehold land and buildings	Motor vehicles, plant & machinery	Total
Cost or valuation	£	£	£
At 1st May 1997	540,000	418,219	958,219
Additions	-	38,965	38,965
Disposals	-	(196,313)	(196,313)
At 30th April 1998	540,000	260,871	800,871
Depreciation			
At 1st May 1997	19,130	230,245	249,375
Charged for the year	9,565	89,744	99,309
Eliminated on disposal	-	(194,763)	(194,763)
At 30th April 1998	28,695	125,226	153,921
Net Book Value			
Owned assets	511,305	60,561	571,866
Leased assets	-	75,084	75,084
At 30th April 1998	511,305	135,645	646,950
Owned assets	520,870	102,477	623,347
Leased assets	-	85,497	85,497
At 30th April 1997	520,870	187,974	708,844
Analysis of Freehold land and buildings	Land	Buildings	Total
	£	£	£
Valuation	90,000	450,000	540,000

Asset Revaluations

Freehold land and buildings were revalued in 1995 on a market value with existing use basis by a professional firm of surveyors.

If freehold land and buildings had not been revalued they would have been included at the following amounts:-

	1998 £
Cost	283,060
Depreciation	(31,120)
	251,940

Included within tangible fixed assets are assets with a cost of £64,329 and a net book value of £27,106 held for the purpose of hire under operating lease contracts.

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

10 Fixed Asset Investments

	Shares in Group Undertakings £
Cost	
Additions	40,250
At 30th April 1998	40,250

11 Principal Fixed Asset Investments

The company holds more than 20% of the share capital of the following:

Name	Country of Incorporation	Class of Share	Percentage Held	Nature of Business	Total Reserves £	Net Profit for the Year £
GeoPulse Systems Inc.	USA	Common stock	100%	See below	(34,891)	(55,096)
GeoAcoustics Asia Pacific Pte Limited	Singapore	Ordinary	100%	See below	41,090	5,501

Both of the above subsidiaries principle business activities are those of distribution of marine electronic equipment.

The company has taken advantage of Section 248 of the Companies Act 1985 and not consolidated the results of the group.

12 Stocks	1998 £	1997 £
Raw materials	16,360	36,459
Work in progress	247,526	181,826
Finished goods	131,300	44,302
	395,186	262,587

13 Debtors	1998 £	1997 £
Trade debtors	681,256	328,180
Amounts owed by subsidiary undertakings	162,758	-
Advanced corporation tax recoverable	12,500	-
Other debtors	3,738	-
Prepayments and accrued income	25,429	31,076
	885,681	359,256

Amounts owed by subsidiary undertakings include £104,137 in respect of inter company loans which are not repayable within one year.

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

14	Creditors: Amounts falling due within one year	1998 £	1997 £
	Bank loans and overdrafts	156,443	65,030
	Net obligations under hire purchase and finance lease contracts	34,247	25,529
	Payments received on account	20,327	21,436
	Trade creditors	321,743	260,167
	Amounts owed to subsidiary undertakings	5,655	-
	Corporation tax	132,000	30,603
	Other taxes and social security	20,039	54,740
	Dividends	50,000	-
	Other creditors	370	-
	Accruals and deferred income	105,794	106,609
		<u>846,618</u>	<u>564,114</u>

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

Bank loans are secured by a fixed and floating charge over the assets and a first legal charge over the freehold property.

15	Creditors: Amounts falling due after one year	1998 £	1997 £
	Bank loans	202,944	271,515
	Net obligations under hire purchase and finance lease contracts	30,692	49,379
		<u>233,636</u>	<u>320,894</u>

Bank loans repayable by instalments are as follows:-

	1998 £	1997 £
Between one and two years	41,314	62,530
Between two and five years	112,169	95,998
	<u>153,483</u>	<u>158,528</u>

Total bank loans repayable after more than five years	49,461	112,987
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Total bank loan repayments	<u>202,944</u>	<u>271,515</u>
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Bank loan of £178,622 at the year end is subject to interest at 3% over base and is repayable in monthly instalments over ten years.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

Bank loans are secured by a fixed and floating charge over the assets and a first legal charge over the freehold property.

16	Provisions for liabilities and charges	1998 £	1997 £
	Warranty Provisions:		
	At 1st May 1997	124,830	43,800
	Transfers in/(out) to profit and loss	(48,370)	81,030
	At 30th April 1998	<u>76,460</u>	<u>124,830</u>

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

17 Deferred Taxation

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the Balance Sheet date and is calculated using a tax rate of 31 %.

	Amount Provided		Amount Unprovided	
	1998	1997	1998	1997
	£	£	£	£
Accelerated capital allowances	-	-	145,038	120,804
Unrealised revaluation surpluses	-	-	65,886	69,228
Total	-	-	210,924	190,032

No provision for deferred taxation has been made in the accounts as the directors consider that the company's continuing development programme is sufficient to ensure the above amounts, in respect of accelerated capital allowances, will not crystallise in the foreseeable future.

No provision has been made for the potential liability in respect of the revaluation of the company's freehold premises as the company is not anticipating disposing of the property in the foreseeable future.

18 Share Capital

Authorised	1998	1997
	£	£
100,000 Ordinary shares of £1 each (1997: 100,000)	100,000	100,000
	100,000	100,000
Allotted, called up and fully paid	1998	1997
	£	£
700 Ordinary shares of £1 each (1997: 700)	700	700

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

19 Reserves

	Revaluation Reserve	Capital Redemption Reserve	Other Reserves	Profit and Loss Account
	£	£	£	£
At 1st May 1997	258,420	300	305,181	439,640
Profit for the year	-	-	-	279,197
Transfer of excess depreciation on revalued assets	(6,010)	-	-	6,010
Transfers	-	-	(305,181)	305,181
At 30th April 1998	252,410	300	-	1,030,028

The company has disposed of the assets which, when acquired, gave rise to the other reserve (which was capital in nature). The directors have decided to adopt Financial Reporting Standard 10 - Goodwill and Intangible Assets and have transferred the other reserve to the profit and loss account on the basis that this reserve has been realised.

20 Reconciliation of the Movement in Shareholders' Funds

	1998 £	1997 £
Profit for the financial year	329,197	493,526
Dividends	(50,000)	(80,000)
	279,197	413,526
Purchase of own shares	-	(100,000)
Increase in shareholders' funds	279,197	313,526
Opening shareholders' funds	1,004,241	690,715
Closing shareholders' funds	1,283,438	1,004,241

23 Controlling Party

The company is controlled by Mr D R Stone, the company's chairman.

22 Related Party Transactions

The company traded with fellow group companies throughout the year on normal commercial terms as follows:

	1998 £
GeoPulse Systems Inc -	
Sales to subsidiary	11,156
Commissions paid to subsidiary	11,045
Year End Debtor	61,642
Year End Creditor	5,413
GeoAcoustics Asia Pacific Pte Ltd -	
Sales to subsidiary	135,730
Commissions paid to subsidiary	26,531
Year End Debtor	101,116
Year End Creditor	242

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

23 Reconciliation of Operating Profit to Operating Cash Flows

	1998	1997
	£	£
Operating profit	496,229	577,160
Depreciation charges	209,496	160,465
(Profit) on disposal of fixed assets	(79,377)	(92,643)
(Increase)/Decrease in stocks	(132,599)	45,424
(Increase)/Decrease in debtors	(513,925)	43,506
Increase/(Decrease) in creditors	30,976	(93,102)
Movement in provisions	(48,370)	81,030
Net Cash (Outflow)/Inflow from Operating Activities	(37,570)	721,840

24 Analysis of Cash Flows for Headings Netted in the Cash Flow Statement

Returns on Investments and Servicing of Finance	1998	1997
	£	£
Interest received	8,704	6,313
Interest paid	(29,379)	(35,104)
Interest element of finance lease rental payments	(8,614)	(2,389)
Net Cash (Outflow) for Returns on Investments and Servicing of Finance	(29,289)	(31,180)

Capital Expenditure and Financial Investment	1998	1997
	£	£
Purchase of intangible fixed assets	(198,626)	(53,914)
Purchase of tangible fixed assets	(20,265)	(94,840)
Proceeds from the sale of fixed assets	80,927	117,870
Net Cash (Outflow) for Capital Expenditure and Financial Investment	(137,964)	(30,884)

Acquisitions and Disposals	1998	1997
	£	£
Purchase of investments	(40,250)	-
Net Cash (Outflow) for Acquisitions and Disposals	(40,250)	-

Financing	1998	1997
	£	£
Purchase of own shares	-	(100,000)
Debt due within a year: repayments made	(65,030)	(46,085)
Debt due beyond a year: repayments made	(1,757)	(65,148)
Capital elements of finance lease rental payments	(28,669)	(10,361)
Net Cash (Outflow) from Financing	(95,456)	(221,594)

Notes to the Abbreviated Financial Statements

for the year ended 30th April 1998

25 Analysis of Changes in Net Debt

	At 1st May 1997	Cash flows	Other non-cash changes	At 30th April 1998
	£	£	£	£
Cash in hand and at bank	301,936	(299,746)	-	2,190
Overdrafts	-	(89,629)	-	(89,629)
	<u>301,936</u>	<u>(389,375)</u>	<u>-</u>	<u>(87,439)</u>
Debt due within one year	(65,030)	65,030	(66,814)	(66,814)
Debt due after one year	(271,515)	1,757	66,814	(202,944)
Finance leases	(74,908)	28,669	(18,700)	(64,939)
Total	<u>(109,517)</u>	<u>(293,919)</u>	<u>(18,700)</u>	<u>(422,136)</u>