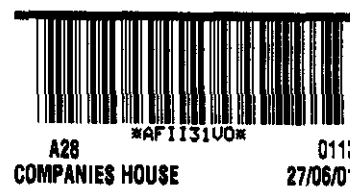


ALDERLEY INTERNATIONAL LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 2000



COMPANY NO. 2640726

ALDERLEY INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

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ALDERLEY INTERNATIONAL LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 2000.

In preparing the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part VII of the Companies Act 1985.

PRINCIPAL ACTIVITIES

The profit and loss account for the year is set out on page 4.

The principal activity of the company is to act on behalf of the group in expanding export markets.

DIRECTORS

The directors of the company during the year were:

A J V Shepherd

S H Shepherd

R A Francis

G A Christou

A Bennion – resigned 5 November 1999

J McAleese – resigned 5 November 1999

J Peters – appointed 5 November 1999

M Hillis – appointed 5 November 1999

DIRECTORS' INTERESTS

No directors have any interest in the shares of the company or its parent company, Alderley Holdings Limited, with the exception of A J V Shepherd who has a controlling interest in the shares of Alderley Holdings Limited and S H Shepherd who holds 10% of the share capital of Alderley Holdings Limited.

AUDITORS

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the next annual general meeting.

ALDERLEY INTERNATIONAL LIMITED

DIRECTORS' REPORT CONTINUED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the statements for the year ended 30 September 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

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

BY ORDER OF THE BOARD

*L C Reed*L C Reed
Secretary

25 April 2001

AUDITORS' REPORT**TO THE MEMBERS OF ALDERLEY INTERNATIONAL LIMITED**

We have audited the financial statements on pages 4 to 10, which have been prepared under the historical cost convention and the accounting policies set out on page 6 and 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 state of the company's affairs at 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

31 Great George Street

BRISTOL

BS1 5QD

25 April 2001

ALDERLEY INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2000

		2000	1999
	Note		
TURNOVER	2	803,702	180,000
Net Operating Expenses	3	(771,419)	(367,095)
		<u>32,283</u>	<u>(187,095)</u>
OTHER OPERATING INCOME	4	-	55,426
		<u>32,283</u>	<u>(131,669)</u>
Interest payable		(2,433)	(5,536)
Interest receivable		2,054	2,941
		<u>31,904</u>	<u>(134,264)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	31,904	(134,264)
Tax on profit/(loss) on ordinary activities	7	(6,395)	25,609
		<u>£ 25,509</u>	<u>£ (108,655)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14		

The company has no recognised gains and losses other than those included in the profit/(loss) above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) for the year stated above, and their historical cost equivalents.

The above operations solely relate to continuing activities.

ALDERLEY INTERNATIONAL LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2000

	Notes	2000	1999
FIXED ASSETS			
Tangible Assets	8	191,862	46,309
CURRENT ASSETS			
Stocks	10	225,668	-
Debtors	11	268,012	93,517
Cash at bank and in hand		118,229	81,412
		<hr/>	<hr/>
		611,909	174,929
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	(807,116)	(137,753)
		<hr/>	<hr/>
NET CURRENT (LIABILITIES)/ASSETS		(195,207)	37,176
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,345)	83,485
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	12	(311,392)	(424,722)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(3,307)	(2,316)
		<hr/>	<hr/>
NET LIABILITIES		£ (318,044)	£ (343,553)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called-up share capital	13	500	500
Profit and loss account - deficit	14	(318,544)	(344,053)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' DEFICIT	18	£ (318,044)	£ (343,553)
		<hr/>	<hr/>

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

The financial statements on pages 4 to 10 were approved by the Board of Directors on 25 April 2001 and were signed on its behalf by:

A J V Shepherd
Director

A. J. V. Shepherd

ALDERLEY INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2000

1. PRINCIPAL ACCOUNTING POLICIES
BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, and include the results of the activities described in the directors report all of which are continuing. The financial statements have been prepared on the going concern basis as the Holding Company has pledged its continued support for the company.

A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention.

Fixed Assets

Tangible fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets, except property, at 2% per month on the net book value in order to write off the cost of each asset over its expected useful life. Property is depreciated on a straight line basis over 18 years.

Deferred Taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Foreign Exchange

Assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange at the balance sheet date.

Exchange differences arising on trading during the year are charged to the profit and loss account as incurred.

Leased Assets

The costs of operating leases are charged to the profit and loss account as they accrue.

Cash Flows

The company is a wholly owned subsidiary of Alderley Holdings Ltd and the cash flows of the company are included in the consolidated Group cash flow statement of Alderley Holdings Ltd. Consequently, the company is exempt under the terms of the Financial Reporting Standard No. 1 from publishing a cash flow statement.

ALDERLEY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

2. TURNOVER

Turnover represents the value of invoices issued during the year excluding value added tax.

The company has derived none (1999 none) of its turnover from supplying geographical markets outside the United Kingdom.

3. NET OPERATING EXPENSES	2000	1999
Change in work-in-progress	(228,333)	-
Raw materials and consumables	749,107	-
Other external charges	64,471	-
Staff costs	60,027	159,309
Depreciation of tangible owned fixed assets	22,507	-
Other operating charges	103,640	207,786
	<hr/>	<hr/>
	£ 771,419	£ 367,095
	<hr/>	<hr/>
4. OTHER OPERATING INCOME		
Amount received on dissolution of partnership	-	48,922
Rent received	-	6,504
	<hr/>	<hr/>
	£ -	£ 55,426
	<hr/>	<hr/>
5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	917	1,000
	<hr/>	<hr/>
6. DIRECTORS		
The remuneration including pensions or benefits in kind paid to directors was nil (1999 - £65,746).		
7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES		
United Kingdom corporation tax		
Current year	5,445	-
Prior year	(41)	1,118
Deferred taxation	991	2,316
Group relief receivable	-	(29,043)
	<hr/>	<hr/>
	£ 6,395	£ (25,609)
	<hr/>	<hr/>

ALDERLEY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

8. TANGIBLE FIXED ASSETS

	Property	Plant & Machinery	Office Equipment	Motor Vehicles	Total
COST					
At 30 September 1999	-	46,309	-	-	46,309
Acquisitions	120,155	-	-	-	120,155
Additions	-	17,492	19,509	10,904	47,905
At 30 September 2000	120,155	63,801	19,509	10,904	214,369
DEPRECIATION					
At 30 September 1999	-	-	-	-	-
Charge for year	9,243	10,914	1,073	1,277	22,507
At 30 September 2000	9,243	10,914	1,073	1,277	22,507
NET BOOK VALUE					
At 30 September 2000	110,912	52,887	18,436	9,627	191,862
At 30 September 1999	-	46,309	-	-	46,309

9. CAPITAL COMMITMENTS

There were no capital commitments at 30 September 2000 or at 1 October 1999.

10. STOCKS

	2000	1999
Long term contracts		
Work-in-progress	226,268	-
Less: Payments on account	(600)	-
	£ 225,668	£ -

11. DEBTORS

Amounts owed by group undertakings	207,876	23,375
Other debtors	5,948	22,109
Taxation recoverable - group relief	29,085	29,043
Prepayments and accrued income	24,799	18,990
Recoverable on contracts	304	-
	£ 268,012	£ 93,517

Debtors due after more than one year amount to nil (1999 - nil).

ALDERLEY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

12. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	2000	1999
Bank overdraft - note a.	-	130,579
Trade creditors	536,919	6,173
Amounts owed to group undertakings	98,816	-
Other creditors	18	1,001
Corporation tax	5,445	-
Accruals	950	-
Payments on account	164,968	-
	<u>£ 807,116</u>	<u>£ 137,753</u>

(a) The bank overdraft is secured by a fixed and floating charge on the assets and cross guaranteed by the group.

AMOUNTS FALLING DUE AFTER ONE YEAR

Amounts owed to group undertakings	£ 311,392	£ 424,722
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13. CALLED-UP SHARE CAPITAL

Authorised:

500 Ordinary shares of £1 each	£ 500	£ 500
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Allotted called-up and fully paid:

500 Ordinary shares of £1 each	£ 500	£ 500
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14. PROFIT AND LOSS ACCOUNT

At 1 October 1999	£ (344,053)	£ (235,398)
Profit/(loss) for the year	25,509	(108,655)

At 30 September 2000	£ (318,544)	£ (344,053)
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15. CONTINGENT LIABILITIES

An unlimited cross bank guarantee given to Bank of Scotland plc, exists between Alderley International Ltd, and Alderley Holdings Limited (its ultimate parent company), Jordan Kent Metering Systems Limited (its parent company), Rigidon (UK) Limited, Alderley Process Technologies Limited and Alderley Materials Limited (fellow subsidiaries) and Alderley Controls Limited. The company has given performance bonds amounting to £963 (1999 - £3,812).

ALDERLEY INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2000

16. ULTIMATE PARENT COMPANY

On 12 April 2000, Jordan Kent Metering Systems Limited, a 100% subsidiary of Alderley Holdings Limited, became the parent company of Alderley International Limited by acquiring 100% of the share capital of Alderley International Limited.

In the opinion of the directors the company's ultimate parent company is Alderley Holdings Limited a company incorporated in Great Britain, and registered in England and Wales.

Alderley Holdings Limited prepares group financial statements and copies can be obtained from Alderley House, Arnolds Field Estate, Wickwar, Gloucestershire, GL12 8JD.

Alderley International Limited consider A J V Shepherd to be the ultimate controlling party by virtue of his majority shareholding in Alderley Holdings Limited, the parent company.

17. PROVISIONS FOR LIABILITIES AND CHARGES

	2000	1999
Amount provided and potential Liability in respect of deferred taxation:		
At 1 October 1999	2,316	-
Deferred tax charge for year	991	2,316
	<hr/>	<hr/>
Accelerated capital allowances	£ 3,307	£ 2,316
	<hr/>	<hr/>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS DEFICIT

At 1 October 1999	(343,553)	(234,898)
Profit/(loss) for the year	25,509	(108,655)
	<hr/>	<hr/>
At 30 September 2000	£ (318,044)	£ (343,553)
	<hr/>	<hr/>

19. RELATED PARTY TRANSACTIONS

As the company is a wholly owned subsidiary within a group that prepares consolidated financial statements, the company has taken advantage of the exemption from disclosing transactions with group entities.