

3204016

**Report of the Directors and
Financial Statements for the Year Ended 31 December 2002
for
Omicron NanoTechnology Limited**



Omicron NanoTechnology Limited

**Contents of the Financial Statements
for the Year Ended 31 December 2002**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	9
Trading and Profit and Loss Account	15

Omicron NanoTechnology Limited

**Company Information
for the Year Ended 31 December 2002**

DIRECTORS: C E Moore
N Nold

SECRETARY: A M Lang

REGISTERED OFFICE: 10A/12A High Street
East Grinstead
West Sussex
RH19 3AW

REGISTERED NUMBER: 3204016 (England and Wales)

AUDITORS: Alexandra Durrant Chartered Accountants
Registered Auditors
10A/12A High Street
East Grinstead
West Sussex
RH19 3AW

BANKERS: Lloyds Bank Plc
82 High Street
Lewes
East Sussex
BN7 2AD

Omicron NanoTechnology Limited

Report of the Directors for the Year Ended 31 December 2002

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

CHANGE OF NAME

The company passed a special resolution on 22 July 2002 changing its name from Omicron Surface Science Limited to Omicron NanoTechnology Limited.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of design and manufacture of scientific equipment.

DIRECTORS

The directors during the year under review were:

C E Moore
N Nold

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
Ordinary £1 shares		
C E Moore	14	14
N Nold	-	-
Redeemable Preference £1 shares		
C E Moore	-	-
N Nold	-	-

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 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS


The auditors, Alexandra Durrant Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Omicron NanoTechnology Limited

**Report of the Directors
for the Year Ended 31 December 2002**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


A M Lang - SECRETARY

Dated: 30 September 2003

Omicron NanoTechnology Limited

Report of the Independent Auditors to the Shareholders of Omicron NanoTechnology Limited

We have audited the financial statements of Omicron NanoTechnology Limited for the year ended 31 December 2002 on pages six to fourteen. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors 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 with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Omicron NanoTechnology Limited

**Report of the Independent Auditors to the Shareholders of
Omicron NanoTechnology Limited**

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Alexandra Durrant Chartered Accountants
Registered Auditors
10A/12A High Street
East Grinstead
West Sussex
RH19 3AW

Dated:

13 October 2003

Omicron NanoTechnology Limited

**Profit and Loss Account
for the Year Ended 31 December 2002**

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
TURNOVER			4,805,322		4,503,898
Cost of sales			<u>3,189,085</u>		<u>2,852,656</u>
GROSS PROFIT			1,616,237		1,651,242
Distribution costs		101,176		106,313	
Administrative expenses		<u>1,404,797</u>		<u>1,438,081</u>	
			<u>1,505,973</u>		<u>1,544,394</u>
			110,264		106,848
Other operating income			<u>-</u>		<u>20,000</u>
OPERATING PROFIT	3		110,264		126,848
Interest receivable and similar income			<u>672</u>		<u>1,326</u>
			110,936		128,174
Interest payable and similar charges	4		<u>4,346</u>		<u>15,198</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			106,590		112,976
Tax on profit on ordinary activities	5		<u>32,679</u>		<u>42,530</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			73,911		70,446
Retained profit brought forward			<u>88,469</u>		<u>18,023</u>
RETAINED PROFIT CARRIED FORWARD			<u>£162,380</u>		<u>£88,469</u>

The notes form part of these financial statements

Omicron NanoTechnology Limited

**Balance Sheet
31 December 2002**

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	6		86,908		99,331
Tangible assets	7		<u>337,616</u>		<u>350,376</u>
			424,524		449,707
CURRENT ASSETS:					
Stock and work in progress	8	1,306,666		951,797	
Debtors	9	1,769,233		1,183,815	
Cash at bank and in hand		<u>144,436</u>		<u>191,542</u>	
		3,220,335		2,327,154	
CREDITORS: Amounts falling due within one year	10	<u>2,442,268</u>		<u>1,655,387</u>	
NET CURRENT ASSETS:			<u>778,067</u>		<u>671,767</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,202,591		1,121,474
CREDITORS: Amounts falling due after more than one year	11		<u>246,868</u>		<u>239,662</u>
			<u>£955,723</u>		<u>£881,812</u>
CAPITAL AND RESERVES:					
Called up share capital	12		793,343		793,343
Profit and loss account			<u>162,380</u>		<u>88,469</u>
SHAREHOLDERS' FUNDS:			<u>£955,723</u>		<u>£881,812</u>

The notes form part of these financial statements

Omicron NanoTechnology Limited

**Balance Sheet
31 December 2002**

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

ON BEHALF OF THE BOARD:


.....
N Nold - DIRECTOR

Approved by the Board on 30 September 2003

Omicron NanoTechnology Limited

Notes to the Financial Statements for the Year Ended 31 December 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

During the year, the company made the following sales to countries outside the UK:

EU Countries	62.88%	(2001 55.74%)
Japan	0.21%	(2001 2.73%)
USA	4.14%	(2001 13.07%)

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Leasehold property	- Straight line over the life of the lease
Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Equipment	- 20% on cost
Computer equipment	- 25% on cost

Stocks

Stocks and Work in Progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost is based on the cost of purchase on a first in, first out basis.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

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

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	861,260	785,662
Social security costs	80,064	73,879
Other pension costs	<u>34,486</u>	<u>35,006</u>
	<u>975,810</u>	<u>894,547</u>

Omicron NanoTechnology Limited

Notes to the Financial Statements for the Year Ended 31 December 2002

2. STAFF COSTS - continued

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

2002	2001
<u>40</u>	<u>35</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Depreciation - owned assets	114,680	172,970
Auditors' remuneration	<u>6,700</u>	<u>7,342</u>
Directors' emoluments and other benefits etc	<u>-</u>	<u>-</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following:

	2002	2001
	£	£
Bank interest	273	42
Loan interest payable	<u>7,792</u>	<u>7,792</u>
	<u>8,065</u>	<u>7,834</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2002	2001
	£	£
Current tax:		
UK corporation tax	23,000	42,530
Interest on Corporation tax	565	-
Under provision for corporation tax	<u>9,114</u>	<u>-</u>
Total current tax	<u>32,679</u>	<u>42,530</u>
Tax on profit on ordinary activities	<u>32,679</u>	<u>42,530</u>

UK corporation tax has been charged at 30% (2001 - 28%).

Omicron NanoTechnology Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

6. INTANGIBLE FIXED ASSETS

	Other intangible assets
	£
COST:	
At 1 January 2002	
and 31 December 2002	<u>134,481</u>
AMORTISATION:	
At 1 January 2002	35,150
Charge for year	<u>12,423</u>
At 31 December 2002	<u>47,573</u>
NET BOOK VALUE:	
At 31 December 2002	<u>86,908</u>
At 31 December 2001	<u>99,331</u>

The company has developed certain systems for future production. The development costs comprise of staff costs and related expenditure and are to be written off to the profit & loss account as these systems are sold into the open market.

7. TANGIBLE FIXED ASSETS

	Leasehold property	Plant and machinery	Fixtures and fittings
	£	£	£
COST:			
At 1 January 2002	166,761	231,301	184,556
Additions	1,535	50,458	1,913
Disposals	<u>-</u>	<u>(54,536)</u>	<u>(93,546)</u>
At 31 December 2002	<u>168,296</u>	<u>227,223</u>	<u>92,923</u>
DEPRECIATION:			
At 1 January 2002	27,133	153,581	153,880
Charge for year	17,647	34,459	11,294
Eliminated on disposals	<u>-</u>	<u>(54,536)</u>	<u>(93,546)</u>
At 31 December 2002	<u>44,780</u>	<u>133,504</u>	<u>71,628</u>
NET BOOK VALUE:			
At 31 December 2002	<u>123,516</u>	<u>93,719</u>	<u>21,295</u>
At 31 December 2001	<u>139,628</u>	<u>77,720</u>	<u>30,676</u>

Omicron NanoTechnology Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

7. TANGIBLE FIXED ASSETS - continued

	<u>Equipment</u>	<u>Computer equipment</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 January 2002	149,346	228,411	960,375
Additions	23,456	24,558	101,920
Disposals	<u>(20,112)</u>	<u>(19,235)</u>	<u>(187,429)</u>
At 31 December 2002	<u>152,690</u>	<u>233,734</u>	<u>874,866</u>
DEPRECIATION:			
At 1 January 2002	106,244	169,161	609,999
Charge for year	21,638	29,642	114,680
Eliminated on disposals	<u>(20,112)</u>	<u>(19,235)</u>	<u>(187,429)</u>
At 31 December 2002	<u>107,770</u>	<u>179,568</u>	<u>537,250</u>
NET BOOK VALUE:			
At 31 December 2002	<u>44,920</u>	<u>54,166</u>	<u>337,616</u>
At 31 December 2001	<u>43,102</u>	<u>59,250</u>	<u>350,376</u>

8. STOCK AND WORK IN PROGRESS

	2002	2001
	£	£
Stock	<u>1,306,666</u>	<u>951,797</u>

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
V.A.T.	-	25,453
Trade debtors	705,239	42,373
Other debtors	5,460	2,371
Prepayments & accrued income	44,177	25,740
Amounts owed by group companies	1,009,233	1,082,754
Corporation tax recoverable	<u>5,124</u>	<u>5,124</u>
	<u>1,769,233</u>	<u>1,183,815</u>

Omicron NanoTechnology Limited

**Notes to the Financial Statements
for the Year Ended 31 December 2002**

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002	2001
	£	£
Trade creditors	521,361	354,964
Deferred income	903,599	1,045
Other creditors	1,140	22,500
Amounts due to group companies	948,696	1,195,313
V.A.T.	163	-
Social security & other taxes	22,985	24,209
Corporation tax	32,681	42,530
Accrued expenses	11,643	14,826
	<u>2,442,268</u>	<u>1,655,387</u>

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2002	2001
	£	£
Amounts due to group companies	<u>246,868</u>	<u>239,662</u>

12. CALLED UP SHARE CAPITAL

Authorised:			2002	2001
Number:	Class:	Nominal value:	£	£
1,000	Ordinary	£1	1,000	1,000
799,000	Redeemable Preference	£1	<u>799,000</u>	<u>799,000</u>
			<u>800,000</u>	<u>800,000</u>

Allotted, issued and fully paid:			2002	2001
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	100	100
793,243	Redeemable Preference	£1	<u>793,243</u>	<u>793,243</u>
			<u>793,343</u>	<u>793,343</u>

Omicron NanoTechnology Limited

Notes to the Financial Statements for the Year Ended 31 December 2002

13. RELATED PARTY DISCLOSURES

N Nold is a director and a major shareholder of Omicron Holdings GmbH, the company's ultimate holding company. Omicron Holdings GmbH holds 100% of the shares of Omicron NanoTechnology GmbH (formerly Omicron Vakuumphysik GmbH) which is the company's immediate holding company.

During the year the company had the following transactions with related companies:

	2002 £	2001 £
Sales:		
To Omicron NanoTechnology GmbH	3,070,530	2,369,856
To Omicron UHV Technik Ltd	9,654	-
To Omicron NanoTechnology USA	234,677	588,548
To Omicron NanoTechnology GmbH (registered in Switzerland)	-	31,511
To Omicron NanoTechnology EURL	85,572	140,571

The amounts owed by related companies at 31 December 2002 were:

	£	£
Omicron NanoTechnology GmbH	942,203	983,252
Omicron NanoTechnology USA	56,863	88,690
Omicron UHV Technik Ltd	7,407	-

The amounts due owed to related companies are as follows:

Omicron NanoTechnology GmbH	1,141,066	1,380,604
Omicron Electron Spectroscopy Ltd	53,783	54,370
Omicron UHV Technik Ltd	715	-

Included in the amounts owed to Omicron NanoTechnology GmbH is a loan of £193,085, on which interest is payable at 4.39% per annum.

14. CONTROL

The company is controlled on a day to day basis by Russell Shenton.

15. ULTIMATE HOLDING COMPANY

Omicron Holdings GmbH, incorporated in Germany, is regarded as the company's ultimate holding company.