

Financial Statements - 31 July 2000

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PENTHAM POWERSPRING LIMITED

General Information

DIRECTORS:

C I Lepper
T F Clarke
H R Amini

SECRETARY:

C I Lepper

REGISTERED OFFICE:

Unit 8F, Barton Business Park
New Dover Road
CANTERBURY
Kent
CT1 3AA

AUDITORS:

Mazars Neville Russell
37 Frederick Place
BRIGHTON
BN1 4EA

COMPANY NUMBER:

3394741

Directors' Report

The directors present their report and the financial statements for the year ended 31 July 2000.

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 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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of a holding company.

DIRECTORS

The following directors have held office for the whole of the year since 1 August 1999 to the date of this report unless otherwise stated:

C I Lepper
T F Clarke
H R Amini
J M Penton (resigned 29 February 2000)

DIRECTORS' INTERESTS

The interests of the directors holding office on 31 July 2000 in the shares of the company, according to the register of directors' interests, were as shown below:

	Ordinary shares of 1p each	
	31 July 2000	1 August 1999
C I Lepper	12,577	12,577
T F Clarke	30,000	30,000
H R Amini	11,750	11,750

Directors' Report

POST BALANCE SHEET EVENT

On 18 October 2000, the company increased the issued share capital by 100,000 shares by means of a rights issue at a price of £1.00 per share.

In order to support further expansion of the company's research and development, product development and manufacturing activities, it is anticipated that the issued share capital of the company be increased by up to 300,000 shares by means of a further rights issue, at a price of at least £1.00 per share in the forthcoming year.

AUDITORS

A resolution to re-appoint Mazars Neville Russell as auditors will be proposed at the forthcoming annual general meeting.

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

Approved by the board on
and signed on its behalf by

10/11/2001



C I Lepper
Secretary

Unit 8F, Barton Business Park
New Dover Road
CANTERBURY
Kent
CT1 3AA

AUDITORS' REPORT TO THE SHAREHOLDERS OF PENTHAM POWERSPRING LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared following the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1, 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.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of 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 31 July 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars Neville Russell

MAZARS NEVILLE RUSSELL
CHARTERED ACCOUNTANTS
and Registered Auditors
BRIGHTON

10 January 2001

PENTHAM POWERSPRING LIMITED

Profit and Loss Account For the Year Ended 31 July 2000

	Notes	2000 £	1999 £
Administrative expenses		(35)	(1,462)
OPERATING PROFIT		<u>(35)</u>	<u>(1,462)</u>
Interest payable and similar charges		(9,575)	(1,887)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(9,610)</u>	<u>(3,349)</u>
Tax on loss on ordinary activities		-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>£(9,610)</u>	<u>£(3,349)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has no recognised gains or losses other than the loss for the year.

The loss on ordinary activities before taxation and the retained loss have been calculated on the historical cost basis.

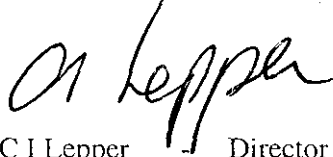
PENTHAM POWERSPRING LIMITED

Balance Sheet at 31 July 2000

	Notes	£	2000 £	£	1999 £
FIXED ASSETS					
Investments	4		487,949		402,265
CURRENT ASSETS					
Cash at bank		45		2	
		<u>45</u>		<u>2</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR.	5	(95,670)		(12,500)	
NET CURRENT LIABILITIES			(95,625)		(12,498)
TOTAL ASSETS LESS CURRENT LIABILITIES			392,324		389,767
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	6		(191,667)		(179,500)
			<u>£200,657</u>		<u>£210,267</u>
CAPITAL AND RESERVES					
Called up share capital	7		1,000		1,000
Share premium account	8		212,616		212,616
Profit and loss account	8		(12,959)		(3,349)
SHAREHOLDERS' FUNDS - EQUITY INTERESTS	8		<u>£200,657</u>		<u>£210,267</u>

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

Approved by the board on 10/1/2001, and signed on its behalf by


C I Lepper Director

**Notes to the Financial Statements
For the Year Ended 31 July 2000**

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Investments

Fixed asset investments are stated at cost less provision for diminution in value.

(c) Deferred taxation

Deferred tax is provided at appropriate rates on all timing differences using the liability method to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable futures.

2 EXEMPTION FROM PREPARING GROUP ACCOUNTS

The group is exempt from preparing consolidated accounts as it qualifies as a small group. Therefore the parent company's financial statements contain information which relates solely to the parent company and not the group as a whole.

3 DIRECTORS' TRANSACTIONS

None of the directors received any remuneration from the company during the year.

During the year J M Penton received an ex-gratia payment of £10,000 from Kineteco International Limited, a subsidiary undertaking.

Notes to the Financial Statements
For the Year Ended 31 July 2000

4 FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost			
At 1 August 1999	3,850	398,415	402,265
Additions	-	85,684	85,684
	<u> </u>	<u> </u>	<u> </u>
At 30 July 2000	<u>£3,850</u>	<u>£484,099</u>	<u>£487,949</u>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is fairly stated at the balance sheet date. The directors are confident that the loans will be repaid in full.

The above investments are unlisted.

On 30 July 1997 Pentham Powerspring Limited acquired the entire issued share capital of both Pentham Limited and Kineteco International Limited by the issue of shares.

Additional information on subsidiary undertakings:

Company	Country of registration or incorporation	Class	Shares held %
Pentham Limited	England & Wales	Ordinary £1	100
Kineteco International Limited	England & Wales	Ordinary £1	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial period were as follows:

	Principal activity	Capital and reserves	Loss for the year
Pentham Limited	Research & development	(64,951)	(1,449)
Kineteco International Limited	Manufacturing	233,466	53,194
		<u> </u>	<u> </u>

5 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank loans and overdrafts	25,000	12,500
Other creditors	70,670	-
	<u> </u>	<u> </u>
	<u>£95,670</u>	<u>£12,500</u>

Other creditors represent amounts received in advance of the rights issue on 18 October 2000.

Notes to the Financial Statements
For the Year Ended 31 July 2000

6 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000	1999
	£	£
Bank loans	66,667	54,500
Other creditors	125,000	125,000
	<u>£191,667</u>	<u>£179,500</u>
Analysis of loans		
Wholly repayable within five years	<u>£191,667</u>	<u>£179,500</u>

Bank loan

The bank loan to the company of £100,000 is repayable by forty eight equal monthly instalments of £2,083.34 each.

The bank loan is secured by an unlimited debenture over the subsidiary companies.

Other loan

The loan is secured by a fixed and floating charge over all the assets of the company and its subsidiaries in favour of T F Clarke.

7 SHARE CAPITAL

	2000	1999
Authorised		
Ordinary shares of 1p each	<u>£5,000</u>	<u>£5,000</u>
Allotted, called up and fully paid		
100,000 Ordinary shares of 1p each	<u>£1,000</u>	<u>£1,000</u>

Notes to the Financial Statements
For the Year Ended 31 July 2000

8 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Profit and loss account £	Share capital £	Share premium account £	Total shareholders' funds £
Balance at 1 August 1998	-	1,000	212,616	213,616
Loss for the year	(3,349)	-	-	(3,349)
Balance at 1 August 1999	(3,349)	1,000	212,616	210,267
Loss for the year	(9,610)	-	-	(9,610)
Balance at 31 July 2000	<u>£(12,959)</u>	<u>£1,000</u>	<u>£212,616</u>	<u>£200,657</u>

9 POST BALANCE SHEET EVENT

On 18 October 2000, the company increased the issued share capital by 100,000 shares by means of a rights issue at a price of £1.00 per share.

In order to support further expansion of the company's research and development, product development and manufacturing activities, it is anticipated that the issued share capital of the company be increased by up to 300,000 shares by means of a further rights issue, at a price of at least £1.00 per share in the forthcoming year.