

**SILVERTECH LIMITED**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2003**



**SILVERTECH LIMITED**

**INDEX TO REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 JANUARY 2003**

**DIRECTORS:**

G.P. Elliott  
W.J. Quinn  
K.G.L. Simpson  
S. Blair  
R.A.K. Waterhouse

**SECRETARY:**

A.J. Sanger

**REGISTERED OFFICE:**

Holmwood  
Broadlands Business Campus  
Langhurstwood Road  
Horsham  
West Sussex  
RH12 4PN

**REGISTERED NO:**

1783852

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**The following pages do not form part of the Statutory Accounts:**

Detailed Profit and Loss Account.

Notes to Detailed Profit and Loss Account.

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## **SILVERTECH LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 JANUARY 2003**

The Directors present their annual report, together with the audited financial statements of the Company for the year ended 31 January 2003.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation was £68,628 (2002 : Profit £649,153). The Directors do not recommend payment of a dividend (2002 : £nil).

### **PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE PROSPECTS**

The principal activities of the Company are the design and supply of process control and safety systems.

The company has had a reasonably successful year making a small profit of £68,628. During the year a settlement was reached with Qatar Petroleum on the Halul Island project, which resulted in significant losses. The underlying strength of the core business of Silvertch Limited was reflected by the fact that the company was able to produce a profit, despite the losses on the Qatar Petroleum project.

Considerable management effort was expended in completing the final projects of Silvertch Industrial Automation Limited and the Directors are pleased to report that these projects will shortly be completed, allowing management to concentrate on its core activities.

The involvement of Silvertch Limited on the Pegaso project is reaching the end.

The financial year ending 31<sup>st</sup> January 2004 has opened with the Company matching its order intake budget and prospects for the year are encouraging.

### **DIRECTORS AND THEIR INTERESTS**

The Directors of the Company during the year and the interests of Directors at the year-end in the share capital of the Company were as follows:

	Number of Ordinary Shares of 10 pence each <u>31.01.03</u>	Number of Ordinary Shares of 10 pence each <u>01.02.02</u>
G. P. Elliott,	-	-
W.J. Quinn,	-	-
K.G.L. Simpson,	-	-
S. Blair	-	-
R.A.K. Waterhouse	-	-

The interests of G.P. Elliott, W.J. Quinn, K.G.L. Simpson, and R.A.K. Waterhouse in Silvertch International plc, the parent company, are shown in that Company's directors' report.

Mr S Blair has been granted options over 28,000 ordinary shares, in the parent company Silvertch plc, which can be exercised at a price of £1.4297 per share during 2008.

### **DIRECTORS' INTEREST IN CONTRACTS**

None of the Directors had a material interest in any contract of significance to which the Company or Group was a party during the year.

## SILVERTECH LIMITED

### DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JANUARY 2003

#### EMPLOYEES

It is Company policy to give full consideration to the suitability for employment of disabled persons. Opportunities also exist for employees of the Company who become disabled to continue in their employment or be trained for other positions in the Company. The Company also recognises the need to provide information on matters of concern to employees and to satisfy that need, the Company provides employees with published financial and economic information through its consultative procedures.

#### PAYMENT POLICY

It is the general policy of the Company to develop long-term relationships with suppliers, which includes making payments consistent with established practices agreed with suppliers. In the event of disputes, efforts are made to resolve them quickly. The Company had 44 days (2002 – 52 days) purchases outstanding at 31 January 2003, based on the average daily amount invoiced by suppliers during the year.

#### DIRECTORS RESPONSIBILITIES

United Kingdom company law requires the Directors to prepare accounts for each financial year, which give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing these accounts 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; and
- state whether applicable accounting standards have been followed.

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 accounts 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

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

By Order of the Board



A.J. Sanger,  
Secretary

Date:

13 Nov 2003

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SILVERTECH LIMITED**

We have audited the financial statements of Silvertech Limited for the year ended 31 January 2003, which comprise the profit and loss account, the balance sheet, and the related notes 1 to 18. These financial statements have been prepared under 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 in the statement of directors' responsibilities within the directors' report, the Company's directors are responsible for the preparation of the financial statements, in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 with the Company is not disclosed.

We read the directors' report for the above period as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements.

### **BASIS OF 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 the 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 as at 31 January 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



#### **DELOITTE & TOUCHE LLP**

Chartered Accountants and Registered Auditors  
Crawley

Date: 19 November 2003

**SILVERTECH LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 JANUARY 2003**

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
<b>TURNOVER</b>	<b>2</b>		
Continuing		17,998,727	22,572,055
Major contract adjustment		(1,856,000)	-
		<hr/> 16,142,727	<hr/> 22,572,055
<b>COST OF SALES</b>		<hr/> (11,673,033)	<hr/> (16,929,956)
<b>GROSS PROFIT</b>		4,469,694	5,642,099
Administrative expenses (including exceptional cost £184,000 2002 - £nil)	<b>3</b>	(4,176,178)	(4,484,496)
		<hr/> 293,516	<hr/> 1,157,603
Other operating income		19,149	7,808
		<hr/> 312,665	<hr/> 1,165,411
<b>OPERATING PROFIT</b>	<b>3</b>	312,665	1,165,411
Interest payable and similar charges	<b>5</b>	(244,037)	(516,258)
		<hr/> 68,628	<hr/> 649,153
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		68,628	649,153
Taxation	<b>6</b>	-	-
		<hr/> 68,628	<hr/> 649,153
<b>PROFIT FOR THE YEAR TRANSFERRED TO RESERVES</b>		68,628	649,153
<b>RETAINED LOSS BROUGHT FORWARD</b>		(1,581,472)	(2,230,625)
		<hr/> (1,512,844)	<hr/> (1,581,472)
<b>RETAINED LOSS CARRIED FORWARD</b>		<hr/> (1,512,844)	<hr/> (1,581,472)

There were no gains or losses during the current or previous financial year other than those recognised in the profit and loss account.

All activities derive from continuing operations.

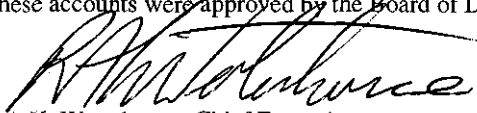
# SILVERTECH LIMITED

## BALANCE SHEET

AS AT 31 JANUARY 2003

	Notes	£	2003 £	£	2002 £
<b>FIXED ASSETS</b>					
Intangible assets	7		-		-
Tangible assets	8		121,285		290,276
			<hr/>		<hr/>
			121,285		290,276
<b>CURRENT ASSETS</b>					
Stocks	9	230,541		211,370	
Debtors	10	9,061,024		9,450,068	
Cash at bank and in hand		1,661,288		1,343,907	
		<hr/>		<hr/>	
		10,952,853		11,005,345	
<b>CREDITORS - amounts falling due within one year</b>	11	(9,943,319)		(10,225,882)	
		<hr/>		<hr/>	
<b>NET CURRENT ASSETS</b>			1,009,534		779,463
			<hr/>		<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,130,819		1,069,739
<b>CREDITORS - amounts falling due after more than one year</b>	12	(1,000,000)		(1,007,548)	
		<hr/>		<hr/>	
<b>NET ASSETS</b>			130,819		62,191
			<hr/>		<hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14	247,361		247,361	
Share premium account		1,321,302		1,321,302	
Capital redemption reserve		75,000		75,000	
Profit and loss account – (deficit)		(1,512,844)		(1,581,472)	
		<hr/>		<hr/>	
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>	15	130,819		62,191	
		<hr/>		<hr/>	

These accounts were approved by the Board of Directors on and signed on its behalf by:

  
R.A.K. Waterhouse, Chief Executive

Dated:

13 Jan 2003

The notes on pages 6 to 16 form part of these financial statements.

## SILVERTECH LIMITED

### NOTES TO THE ACCOUNTS

#### FOR THE YEAR ENDED 31 JANUARY 2003

##### 1. ACCOUNTING POLICIES

###### 1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

###### 1.2 Turnover

Turnover, except for long-term contracts, represents the invoiced value of goods sold and services provided to third parties, net of value added or local sales tax. Long-term contracts are included in turnover on the basis of the sales value of work performed during the year by reference to the total sales value and stage of completion of these contracts.

###### 1.3 Pension Scheme

The Company operates defined contribution pension schemes for its Directors and senior employees and the pension charge represents the amount payable by the Company to the funds in respect of the year. The assets of the schemes are held separately from those of the Company in independently administered funds.

###### 1.4 Hire purchase contracts and leased assets

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives, or in the case of assets held under hire purchase agreements, over their economic useful life. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account using the straight-line method.

###### 1.5 Depreciation of intangible assets

The Company's policy is to write off design rights evenly over the economic life of four years.

###### 1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Provision is made for depreciation on all tangible assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Plant and test equipment	-	15% on straight line
Motor vehicles	-	25% on straight line
Computer equipment	-	25% on straight line
Office equipment	-	15% on straight line
Leasehold improvements	-	25% on straight line

###### 1.7 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.



# **SILVERTECH LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **FOR THE YEAR ENDED 31 JANUARY 2003**

#### **1. ACCOUNTING POLICIES (continued)**

##### **1.8 Stocks and long-term contracts**

Stock is valued at the lower of cost and net realisable value. Work in progress has been valued at cost of materials, labour and relevant overhead, less provisions, where necessary, to reduce cost to estimated net realisable value. Amounts recoverable on long-term contracts are included in debtors and are after deducting progress payments received. Where the outcome can be assessed with reasonable certainty, the amount shown includes a proportion of the estimated profits earned to date, such proportion having regard to the degree of completion on each contract. Where relevant, full provision is made for the estimated losses to completion.

##### **1.9 Research and development**

Research and development expenditure incurred during the year, less amounts recoverable from contracts, is charged to the profit and loss account.

##### **1.10 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit / loss.

##### **1.11 Deferred Taxation**

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

# SILVERTECH LIMITED

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 JANUARY 2003

### 2. TURNOVER

The turnover is wholly attributable to the principal activity of the Company.

#### 2.1 Geographical analysis of turnover:

	<u>2003</u> £	<u>2002</u> £
United Kingdom	9,935,979	11,488,898
Middle East	992,812	4,047,131
Middle East (major contract adjustments)	(1,856,000)	-
Other	7,069,936	7,036,026
	<hr/> 16,142,727 <hr/>	<hr/> 22,572,055 <hr/>

The major contract adjustment attributed to Middle East turnover relates to the reversal of amounts previously considered recoverable on a major contract, in order to reflect the settlement ultimately agreed.

### 3. OPERATING PROFIT

	<u>2003</u> £	<u>2002</u> £
This is stated after charging / (crediting):		
Depreciation		
- owned assets	177,582	212,780
- leased assets	8,029	31,113
Profit on disposal of fixed assets	(467)	(385)
Operating leases :		
- hire of plant and equipment	42,900	30,284
- land and buildings	458,697	646,978
Foreign currency exchange losses / (gains)	266,863	(191,169)
Exceptional cost	184,000	-
Auditors' remuneration:		
- audit	34,000	24,000
- other services	20,000	18,000
	<hr/>	<hr/>

Administrative expenses include an exceptional cost of £184,000 in respect of a provision for property lease costs.

**SILVERTECH LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2003**

**4. EMPLOYEE INFORMATION**

	<u>2003</u>	<u>2002</u>
	£	£
<b>4.1</b> Staff costs:		
Wages and salaries	6,092,709	5,247,616
Social security costs	615,398	532,316
Other pension costs - defined contribution scheme	185,248	199,807
	<hr/>	<hr/>
	6,893,355	5,979,739
	<hr/>	<hr/>

**4.2** The average monthly number of employees during the year was made up as follows:

	<b>No.</b>	<b>No.</b>
Engineers	151	127
Administration	41	51
	<hr/>	<hr/>
	192	178
	<hr/>	<hr/>

**4.3** Directors' emoluments included in staff costs:

	<b>£</b>	<b>£</b>
Fees and salaries	72,328	131,847
Pension contributions	4,275	3,709
	<hr/>	<hr/>
	76,603	135,556
	<hr/>	<hr/>

The Company makes payments to money purchase pension schemes on behalf of one director.  
(2002: two)

**SILVERTECH LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2003**

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>2003</u> £	<u>2002</u> £
On bank overdrafts repayable within 5 years, otherwise than by instalments	146,092	409,695
On loans repayable within 5 years by instalments	97,945	106,563
	<hr/>	<hr/>
	244,037	516,258
	<hr/>	<hr/>

**6. TAXATION**

	<u>2003</u> £	<u>2002</u> £
U.K. Corporation tax at 30% (2002: 30%)		
Current	-	-
	<hr/>	<hr/>

The tax assessed for the year is lower than that resulting from applying the standard rate of corporation tax in the United Kingdom : 30% (2002: 30%).

The differences are explained below:

	<u>2003</u> %	<u>2002</u> %
Standard tax rate for the period as a percentage of profits	30	30
Effects of:		
Expenses not deductible for tax purposes	12	1
Capital allowances in excess of depreciation	(8)	11
Movement in tax losses	(84)	(41)
Movement in short term timing differences	54	(1)
Group relief claimed and not paid for	(4)	-
	<hr/>	<hr/>
Current tax rate for the year as a percentage of profits	-	-
	<hr/>	<hr/>

**SILVERTECH LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2003**

**7. INTANGIBLE FIXED ASSETS**

	<b><u>Design Rights</u></b> £
Cost:	
At 1 February 2002 and At 31 January 2003	14,000 <hr/>
Amortisation:	
At 1 February 2002 and At 31 January 2003	14,000 <hr/>
Net book value at 31 January 2003	- <hr/> <hr/>
Net book value at 31 January 2002	- <hr/> <hr/>

**SILVERTECH LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2003**

**8. TANGIBLE FIXED ASSETS**

	<u>Plant, test and office equipment</u> £	<u>Motor vehicles</u> £	<u>Computer equipment</u> £	<u>Leasehold Improve- ments</u> £	<u>Total</u> £
Cost:					
At 1 February 2002	478,708	5,850	1,314,929	321,342	2,120,829
Additions	135	-	16,485	-	16,620
Disposals	(338,011)	(5,850)	(736,662)	-	(1,080,523)
At 31 January 2003	<u>140,832</u>	<u>-</u>	<u>594,752</u>	<u>321,342</u>	<u>1,056,926</u>
Depreciation:					
At 1 February 2002	379,975	5,850	1,200,661	244,067	1,830,553
Charge for year	45,193	-	67,280	73,138	185,611
Disposals	(338,011)	(5,850)	(736,662)	-	(1,080,523)
At 31 January 2003	<u>87,157</u>	<u>-</u>	<u>531,279</u>	<u>317,205</u>	<u>935,641</u>
Net book value at 31 January 2003	<u>53,675</u>	<u>-</u>	<u>63,473</u>	<u>4,137</u>	<u>121,285</u>
Net book value at 31 January 2002	<u>98,733</u>	<u>-</u>	<u>114,268</u>	<u>77,275</u>	<u>290,276</u>

The net book value of tangible fixed assets includes £8,029, (2002 - £16,058), in respect of computer equipment held under finance lease and hire purchase contracts.

# SILVERTECH LIMITED

## NOTES TO THE ACCOUNTS (continued) FOR THE YEAR ENDED 31 JANUARY 2003

9. STOCKS	<u>2003</u> £	<u>2002</u> £
Raw materials	<u>230,541</u>	<u>211,370</u>
10. DEBTORS	<u>2003</u> £	<u>2002</u> £
Trade debtors	3,441,621	2,852,324
Amounts recoverable on contracts	2,801,711	4,806,877
Other debtors	123,031	60,596
Prepayments	160,924	131,995
Amounts owed by Group undertakings -		
Silvertech Systems Inc	1,307,755	1,081,088
Silvertech do Brazil Ltda	-	69,253
Silvertech (Middle East) Fzco	269,555	447,935
Silvertech Industrial Automation Limited	956,427	-
	<u>9,061,024</u>	<u>9,450,068</u>

Included within other debtors is an amount for £37,917, (2002 - £nil), which is recoverable outside one year.

11. CREDITORS - amounts falling due within one year	<u>2003</u> £	<u>2002</u> £
Bank overdraft (secured - see note 17)	2,471,571	1,000,000
Obligations under finance leases and hire purchase (secured)	8,592	21,534
Trade creditors	1,347,796	2,051,471
Amounts owed to Parent undertakings	2,525,739	4,053,552
Amount owed to Group undertakings -		
Silvertech Industrial Automation Limited	-	461,672
Silvertech do Brazil Ltda	53,567	-
Social security and other taxes	408,667	396,114
Corporation tax	107,586	100,486
Other creditors	55,175	169,655
Accruals and deferred income	2,964,626	1,971,398
	<u>9,943,319</u>	<u>10,225,882</u>

The hire purchase contracts are secured on the assets concerned.

**SILVERTECH LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2003**

**12. CREDITORS - amounts falling due after more than one year**

	<u>2003</u> £	<u>2002</u> £
Debenture loan (secured)	1,000,000	1,000,000
Obligations under finance leases and hire purchase (secured)	-	7,548
	<u>1,000,000</u>	<u>1,007,548</u>

As at the year end the debenture loan fell due for payment as follows:

	<u>2003</u> £	<u>2002</u> £
Due between one and two years	<u>1,000,000</u>	<u>1,000,000</u>

Subsequent to the year end it was agreed that the Debenture Loan is repayable in 5 annual instalments from 30 June 2005, or earlier if one of the following events occur; the Company is listed on the Stock exchange, control is lost by the existing shareholders or a substantial proportion of the net assets are sold. The Debenture Loan is secured by a fixed and floating charge on the Group's assets and bears interest at 4% above LIBOR

**Obligations under finance leases and hire purchase contracts**

	<u>2003</u> £	<u>2002</u> £
Due within one year	8,592	21,534
Due between one and two years	-	7,548
	<u>8,592</u>	<u>29,082</u>



**SILVERTECH LIMITED**

**NOTES TO THE ACCOUNTS (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2003**

**13. DEFERRED TAX**

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses and other short term timing differences as there is insufficient evidence that the asset will be recovered. The amount of this asset not recognised is approximately £497,000. The asset would be recovered if, in the future, taxable profits were to arise in the company.

**14. SHARE CAPITAL**

	<u>2003</u> £	<u>2002</u> £
<b><u>Authorised</u></b>		
3,500,000 Ordinary shares of 10p each	350,000	350,000
	<hr/>	<hr/>
<b><u>Called up, allotted and fully paid</u></b>		
2,473,610 Ordinary shares of 10p each	247,361	247,361
	<hr/>	<hr/>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2003</u> £	<u>2002</u> £
At 1 February 2002	62,191	(586,962)
Profit for the year	68,628	649,153
	<hr/>	<hr/>
At 31 January 2003	130,819	62,191
	<hr/>	<hr/>

# SILVERTECH LIMITED

## NOTES TO THE ACCOUNTS (continued)

### FOR THE YEAR ENDED 31 JANUARY 2003

#### 16. LEASE COMMITMENTS

At 31 January 2003, the company had annual commitments under non-cancellable operating leases as set out below :

	<u>2003</u> £	<u>2002</u> £
<b>Expiring in next year</b>		
Land and buildings	-	17,719
Other operating leases	24,691	24,727
	<u>24,691</u>	<u>42,446</u>
 <b>Expiring between two and five years</b>		
Other operating leases	<u>26,036</u>	<u>70,388</u>
 <b>Expiring after more than five years</b>		
Land and buildings (excluding service charges)	<u>605,438</u>	<u>605,438</u>

#### 17. CONTINGENT LIABILITIES

Contingent liabilities exist in respect of guarantees provided by the Company in the ordinary course of business for contract performance and reliability, as follows:

<u>2003</u> £	<u>2002</u> £
781,613	1,222,200

The company is party to a corporate guarantee, (incorporating right of set off), with Silvertch Industrial Automation Limited, Silvertch International plc and Silvertch Systems Inc., in respect of the bank loans and overdrafts of the group companies. At 31 January 2003 the bank borrowings of the group amounted to £5,816,534 (2002 - £4,654,202).

#### 18. RELATED PARTY DISCLOSURES

The Directors and two external members who control 100 per cent of shares in the Company's ultimate parent company, Silvertch International plc, control the Company. The latter is incorporated in England and Wales. As the Company is a wholly owned subsidiary undertaking it has taken advantage of the exemption from disclosing transactions with entities that are part of the Group. Copies of group accounts are available from the Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.

**SILVERTECH LIMITED**

**ADDITIONAL INFORMATION**

The following pages have been prepared from the accounting records of the Company. While they do not form part of the statutory financial statements, they should be read in conjunction with them and the auditors' report thereon.

**SILVERTECH LIMITED**

**DETAILED PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 JANUARY 2003**

	Notes	£	<u>2003</u> £	£	<u>2002</u> £
<b>TURNOVER</b>			16,142,727		22,572,055
<b>DIRECT EXPENSES</b>					
Purchases		4,646,612		8,964,539	
Wages and contract services		6,070,926		6,432,972	
Sundry		341,111		431,367	
Travelling and accommodation		614,384		1,101,078	
		<u>11,673,033</u>		<u>16,929,956</u>	
			<u>11,673,033</u>		<u>16,929,956</u>
<b>GROSS PROFIT</b>			4,469,694		5,642,099
<b>OTHER INCOME</b>					
Interest received			19,149		1,963
Sundry income			-		5,845
			<u>4,488,843</u>		<u>5,649,907</u>
<b>OVERHEAD EXPENSES</b>					
Establishment	1	1,394,258		1,468,797	
Administration	2	2,237,627		3,401,196	
Financial	3	603,186		(112,747)	
Depreciation	4	185,144		243,508	
		<u></u>		<u></u>	
			4,420,215		5,000,754
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (carried forward)</b>			<u>68,628</u>		<u>649,153</u>

**SILVERTECH LIMITED**

**DETAILED PROFIT AND LOSS ACCOUNT (continued)**

**FOR THE YEAR ENDED 31 JANUARY 2003**

	<u>2003</u> £	<u>2002</u> £
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (brought forward)</b>	68,628	649,153
<b>TAXATION</b>	-	-
	<hr/>	<hr/>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	68,628	649,153
<b>DIVIDENDS</b>	-	-
	<hr/>	<hr/>
<b>PROFIT FOR THE YEAR</b>	68,628	649,153
 <b>RETAINED (LOSS) BROUGHT FORWARD</b>	 (1,581,472)	 (2,230,625)
	<hr/>	<hr/>
<b>RETAINED (LOSS) CARRIED FORWARD</b>	<b>(1,512,844)</b>	<b>(1,581,472)</b>
	<hr/> <hr/>	<hr/> <hr/>

**SILVERTECH LIMITED**

**NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 JANUARY 2003**

	<u>2003</u> £	<u>2002</u> £
<b>1 ESTABLISHMENT EXPENSES</b>		
Rent and rates	766,262	864,342
Insurance	516,181	530,465
Utilities	19,249	3,731
Repairs and renewals	49,666	40,244
Hire of equipment	42,900	30,015
	<hr/> 1,394,258 <hr/>	<hr/> 1,468,797 <hr/>
<b>2 ADMINISTRATION EXPENSES</b>		
Directors' remuneration	80,332	131,847
Directors' pension	4,275	3,709
Wages	1,282,073	1,433,162
Staff pension	182,706	199,807
Postage, stationery and advertising	67,512	130,315
Telephone and facsimile	129,130	151,589
Motor and travelling expenses	135,285	153,568
Cleaning	45,841	37,254
Staff catering	24,525	23,019
Entertaining	4,739	5,992
Audit fees	54,000	42,000
Software	-	17,950
Legal and professional fees	104,690	78,756
Staff training and recruitment	61,817	79,005
Management fee	-	701,001
Sundry expenses	60,702	212,222
	<hr/> 2,237,627 <hr/>	<hr/> 3,401,196 <hr/>
<b>3 FINANCIAL EXPENSES</b>		
Bank charges	32,286	18,164
Bad and doubtful debts	60,000	(456,000)
Difference on rate of exchange	266,863	(191,169)
Bank interest	146,092	409,695
Other interest	97,945	106,563
	<hr/> 603,186 <hr/>	<hr/> (112,747) <hr/>
<b>4 DEPRECIATION</b>		
Leasehold improvements	73,138	79,592
Motor vehicles	-	385
Plant and test equipment	17,361	16,016
Computer equipment	67,280	115,298
Office equipment	27,832	32,602
Profit on disposal of fixed assets	(467)	(385)
	<hr/> 185,144 <hr/>	<hr/> 243,508 <hr/>