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REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2002

FOR

MULTIPULSE ELECTRONICS LIMITED



MULTIPULSE ELECTRONICS LIMITED

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for the Year Ended 30 September 2002

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MULTIPULSE ELECTRONICS LIMITED

COMPANY INFORMATION
for the Year Ended 30 September 2002

DIRECTORS:	J Fitzsimons M C Wilson
SECRETARY:	P Scott
REGISTERED OFFICE:	Unit 8 Robin Hood Works Knaphill Woking Surrey GU21 2LX
REGISTERED NUMBER:	01844077 (England and Wales)
AUDITORS:	Hamlyns Chartered Accountants & Registered Auditors Sundial House High Street, Horsell Woking, Surrey GU21 4SU

MULTIPULSE ELECTRONICS LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 30 September 2002

The directors present their report with the financial statements of the company for the year ended 30 September 2002.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the design manufacture, integration and test of communication systems and ancilliary equipment.

REVIEW OF BUSINESS
The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS
An interim dividend of £13.50 per share was paid on 30 June 2002. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 30 September 2002 will be £675,000.

DIRECTORS
The directors during the year under review were:

J Fitzsimons
M C Wilson

The beneficial interests of the directors holding office on 30 September 2002 in the issued share capital of the company were as follows:

	30.9.02	1.10.01
Ordinary £1 shares		
J Fitzsimons	35,000	35,000
M C Wilson	15,000	15,000

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, Hamlyns, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

J Fitzsimons - DIRECTOR

Dated: 2 April 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF MULTIPULSE ELECTRONICS LIMITED

We have audited the financial statements of Multipulse Electronics Limited for the year ended 30 September 2002 on pages four to thirteen. These financial statements have been prepared 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.

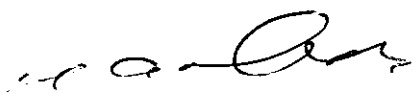
We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has 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.

Opinion
In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hamlyns
Chartered Accountants
& Registered Auditors
Sundial House
High Street, Horsell
Woking, Surrey
GU21 4SU

Dated: 2 April 2003

MULTIPULSE ELECTRONICS LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 30 September 2002

	Notes	2002	2001
		£	£
TURNOVER	2	**2,876,996**	5,357,402
Cost of sales		**1,726,447**	3,876,888
GROSS PROFIT		**1,150,549**	1,480,514
Administrative expenses		**934,491**	1,460,178
OPERATING PROFIT	4	**216,058**	20,336
Interest receivable and similar income		**34,898**	34,059
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**250,956**	54,395
Tax on profit on ordinary activities	5	**57,683**	18,992
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		**193,273**	35,403
Dividends	6	**675,000**	-
		(481,727)	35,403
Retained profit brought forward		**1,369,562**	1,334,159
RETAINED PROFIT CARRIED FORWARD		**£887,835**	£1,369,562

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

MULTIPULSE ELECTRONICS LIMITED

BALANCE SHEET
30 September 2002

	Notes	2002 £	2002 £	2001 £	2001 £
FIXED ASSETS:					
Tangible assets	7		**180,437**		229,673
CURRENT ASSETS:					
Stocks	8	**261,655**		256,003	
Debtors	9	**890,237**		1,802,905	
Cash at bank and in hand		**853,037**		257,472	
		2,004,929		2,316,380	
CREDITORS: Amounts falling due within one year	10	**953,741**		768,782	
NET CURRENT ASSETS:			**1,051,188**		1,547,598
TOTAL ASSETS LESS CURRENT LIABILITIES:			**1,231,625**		1,777,271
PROVISIONS FOR LIABILITIES AND CHARGES:	12		**293,790**		357,709
			£937,835		£1,419,562
CAPITAL AND RESERVES:					
Called up share capital	13		**50,000**		50,000
Profit and loss account			**887,835**		1,369,562
SHAREHOLDERS' FUNDS:	17		**£937,835**		£1,419,562

ON BEHALF OF THE BOARD:

J Fitzsimons - DIRECTOR

M C Wilson - DIRECTOR

Approved by the Board on 2 April 2003

The notes form part of these financial statements

MULTIPULSE ELECTRONICS LIMITED

CASH FLOW STATEMENT
for the Year Ended 30 September 2002

	Notes	2002	2001
		£	£
Net cash inflow/(outflow) from operating activities	1	**1,344,786**	(110,131)
Returns on investments and servicing of finance	2	**34,898**	34,059
Taxation		**(96,253)**	(118,931)
Capital expenditure	2	**(12,866)**	10,114
Equity dividends paid		**(675,000)**	-
Increase/(Decrease) in cash in the period		**£595,565**	**£(184,889)**

	Notes		
Reconciliation of net cash flow to movement in net funds	3		
Increase/(Decrease) in cash in the period		595,565	(184,889)
Change in net funds resulting from cash flows		595,565	(184,889)
Movement in net funds in the period		**595,565**	**(184,889)**
Net funds at 1 October		**257,472**	**442,361**
Net funds at 30 September		**£853,037**	**£257,472**

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 September 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	**216,058**	20,336
Depreciation charges	**62,103**	59,276
Profit on sale of fixed assets	**-**	(486)
Decrease in warranty provisions	**(63,920)**	50,549
Increase in stocks	**(5,652)**	(59,469)
Decrease in debtors	**912,668**	288,796
Increase/(Decrease) in creditors	**223,529**	(469,133)
Net cash inflow/(outflow) from operating activities	**1,344,786**	(110,131)

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	**34,898**	34,059
Net cash inflow for returns on investments and servicing of finance	**34,898**	34,059
Capital expenditure		
Purchase of tangible fixed assets	**(12,866)**	(13,606)
Sale of tangible fixed assets	**-**	23,720
Net cash (outflow)/inflow for capital expenditure	**(12,866)**	10,114

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 30 September 2002

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.10.01 £	Cash flow £	At 30.9.02 £
Net cash:			
Cash at bank and in hand	257,472	595,565	853,037
	257,472	595,565	853,037
Total	257,472	595,565	853,037
Analysed in Balance Sheet			
Cash at bank and in hand	257,472		853,037
	257,472		853,037

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 30 September 2002

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention.

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

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

Improvements to property	- in accordance with the property
Manufacturing tools	- 15% on reducing balance
Office equipment	- 15% on reducing balance
Fixtures and Fittings	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Stocks
Stock 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 includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

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.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to the profit and loss account as incurred.

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

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2002	2001
	£	£
Sales inside UK	**2,703,712**	3,035,325
Sales inside EU	**156,816**	210,803
Sales outside EU	**16,468**	2,111,274
	2,876,996	5,357,402

3. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	353,065	372,487
Social security costs	43,122	45,684
Other pension costs	54,043	51,974
	450,230	470,145

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

	2002	2001
Directors	2	2
Employees	36	42
	38	44

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Rent - operating leases	108,220	102,870
Depreciation - owned assets	62,103	59,276
Profit on disposal of fixed assets	-	(486)
Auditors' remuneration	7,750	7,750
Directors' emoluments	174,913	100,000

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	2

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	57,683	17,980
Interest on late payment	-	1,012
Total current tax	57,683	18,992
Tax on profit on ordinary activities	57,683	18,992

UK corporation tax has been charged at 20% (2001 - 27%).

6. DIVIDENDS

	2002 £	2001 £
Equity shares:		
Dividend	675,000	-

7. TANGIBLE FIXED ASSETS

	Improvements to property	Manufacturing tools	Office equipment
	£	£	£
COST:			
At 1 October 2001	173,133	198,617	42,796
Additions	-	5,428	-
At 30 September 2002	173,133	204,045	42,796
DEPRECIATION:			
At 1 October 2001	140,865	79,021	27,053
Charge for year	25,117	18,130	2,364
At 30 September 2002	165,982	97,151	29,417
NET BOOK VALUE:			
At 30 September 2002	7,151	106,894	13,379
At 30 September 2001	32,268	119,595	15,743

	Fixtures and Fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
COST:				
At 1 October 2001	122,804	13,196	128,948	679,494
Additions	-	-	7,438	12,866
At 30 September 2002	122,804	13,196	136,386	692,360
DEPRECIATION:				
At 1 October 2001	74,221	13,196	115,464	449,820
Charge for year	7,283	-	9,209	62,103
At 30 September 2002	81,504	13,196	124,673	511,923
NET BOOK VALUE:				
At 30 September 2002	41,300	-	11,713	180,437
At 30 September 2001	48,583	-	13,484	229,673

8. STOCKS

	2002	2001
	£	£
Stock	241,454	204,353
Work in progress	20,201	51,650
	261,655	256,003

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade debtors	538,422	1,192,202
Other debtors	308,585	570,903
Prepayments	43,230	39,800
	890,237	1,802,905

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Trade creditors	226,409	364,385
Other creditors & accruals	554,312	229,100
Social security & other taxes	101,337	65,044
Taxation	71,683	110,253
	953,741	768,782

11. OBLIGATIONS UNDER LEASING AGREEMENTS

The following payments are committed to be paid within one year:

	Operating leases			
	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Expiring:				
Within one year	55,000	-	11,380	-
Between one and five years	-	110,000	4,019	-
	55,000	110,000	15,399	-

12. PROVISIONS FOR LIABILITIES AND CHARGES

	2002	2001
	£	£
Provision for warranty costs	293,790	357,709

The company gives a two year warranty in respect of goods sold, and makes provision for the liability by reviewing past history and current claims.

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	2002 £	2001 £
50,000	Ordinary	£1	50,000	50,000

14. CONTINGENT LIABILITIES

The company has given a terminable indemnity for £8,000 to its bankers in respect of a guarantee to Customs and Excise.

15. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 30 September 2002:

	£
J Fitzsimons	
Balance outstanding at start of year	39,089
Balance outstanding at end of year	(261,133)
Maximum balance outstanding during year	208,389
M C Wilson	
Balance outstanding at start of year	201,848
Balance outstanding at end of year	71,204
Maximum balance outstanding during year	273,554

16. RELATED PARTY DISCLOSURES

Throughout the year the company was under the control of Mr. J. Fitzsimons, a director and shareholder of the company. At 30th September 2002 the amount owed to the company by Finnpulse OY was £234,432 (2001: £234,432). Finnpulse OY, a company incorporated in Finland, is a company in which Mr. Fitzsimons and Mr Wilson have an interest.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	193,273	35,403
Dividends	(675,000)	-
Net (reduction)/addition to shareholders' funds	(481,727)	35,403
Opening shareholders' funds	1,419,562	1,384,159
Closing shareholders' funds	937,835	1,419,562
Equity interests	937,835	1,419,562