REGISTRAR.

S.R.A.DEVELOPMENTS LIMITED

DIRECTORS REPORT

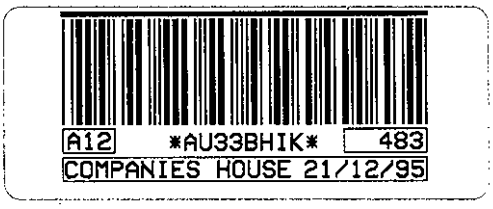
AND FINANCIAL STATEMENTS

FOR THE YEAR

ENDED

31ST MARCH 1995

COMPANY NUMBER 1385171 (England and Wales)



S.R.A.DEVELOPMENTS LIMITED

COMPANY INFORMATION

Director	Dr M.J.R.Young
	Mrs H.L.Young
	Mrs D.L. Young
Secretary	Mrs H.L.Young
Company Number	1385171 (England and Wales)
Registered Office	Bremridge Farm Ashburton Devon
Auditor	David Osman Chartered Accountant and Registered Auditor 20 Rougemont Avenue Torquay Devon TQ2 7JP

S.R.A.DEVELOPMENTS LIMITED

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The following page does not form part of the statutory accounts:

Trading and profit and loss account	10.

S.R.A.DEVELOPMENTS LIMITED

Directors' Report for the year ended 31st March 1995

The directors present their report and the financial statements for the year ended 31st March 1995.

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 apply them consistently;
-make judgments 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.The directors 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 company's principal activity continues to be that of the development and production of ultrasonic generators and cutting equipment and consultancy.During the year the major activity continued to be the development of products for Orthosonics Limited.

Directors

The Directors who served during the period and their beneficial interests in the company's issued ordinary share capital at the beginning and end of the period were as follows:

	Number of Shares 31 March 1995	1 April 1994
Dr M J R Young	49	49
Mrs H L Young	24	24
Mrs D.L.Young	3	3

Mrs D L Young retires by rotation and being eligible offers herself for re-election.

Auditor

The auditor,David Osman,will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report which has been prepared taking advantage of special exemptions applicable to small companies was approved by the board on 30th September 1995 and signed on its behalf.

Dr M J R Young

S.R.A.DEVELOPMENTS LIMITED

AUDITORS REPORT TO THE MEMBERS OF S.R.A.DEVELOPMENTS LIMITED

I have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of the directors and the auditor.

As described on page 1 the company's directors are responsible for the preparation of financial statements.It is my responsibility to form an independent opinion,based on my audit,on those statements and to report my opinion to you.

Basis of Opinion

I conducted my 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 judgments 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.

I planned and performed my 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1994 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

David Osman
Registered Auditor
and Chartered Accountant
20 Rougemont Avenue
Torquay
Devon
TQ2 7JP

30th September 1995

S.R.A.DEVELOPMENTS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1995

	Notes	1995 £	1994 £
Turnover	2	357,319	155,341
Cost of Sales		(319,067)	(120,103)
Gross Profit		38,252	35,238
Selling and distribution costs		(7,004)	(2,551)
Administrative expenses		(26,060)	(25,001)
Profit on Ordinary activities before interest	3	5,188	7,686
Interest payable	4	(126)	(74)
Profit on ordinary activities before taxation		5,062	7,612
Taxation on profit on ordinary activities	5	(1,298)	(1,773)
Profit on Ordinary activities after taxation		3,764	15,332
Dividends		-	-
Retained Profit for the year		3,764	5,839
Retained Profit at 1st April 1994		21,925	16,086
Retained Profit for the year		3,764	5,839
Retained Profit at 31st March 1995		25,689	21,925

There were no recognised gains and losses for 1995 or 1994 other than those included in the profit and loss account.

The notes on pages 5 to 9 form part of these financial statements.

S.R.A.DEVELOPMENTS LIMITED

BALANCE SHEET AS AT 31 MARCH 1995

	Notes	1995		1994	
		£	£	£	£
FIXED ASSETS					
Intangible Assets	9		6,992		6,023
Tangible Assets	10		41,706		32,395
			48,698		38,418
CURRENT ASSETS					
Stocks	11	27,688		11,492	
Debtors	12	86,170		69,350	
Cash in hand and at Bank		4,924		-	
		118,782		81,842	
Creditors:amounts falling due within one year	13	140,311		97,990	
Net current assets(liabilities)			(21,529)		(16,148)
Total assets less current liabilities			27,169		22,270
Provision for Liabilities	14		(1,380)		(245)
			25,789		22,025
Capital and reserves					
Called up share capital	15		100		100
Profit and loss account			25,689		21,925
Shareholders Funds			25,789		22,025

The directors have taken advantage,in the preparation of these accounts,of special exemptions applicable to small companies on the grounds that the company qualifies as a small company by virtue of section 247 of the Companies Act 1985.The accounts were approved by the board on 30th September 1995 and signed on its behalf.

Dr M J R Young

Director

The notes on pages 5 to 9 form part of these financial Statements

Notes to the financial statements
for the year ended 31st March 1995

1.Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and include the results of the company's operations which are as described in the directors report all of which are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company,net of Value Added Tax and trade discounts.

1.3 Fixed assets

The cost of fixed assets is their purchase cost,together with any incidental costs of acquisition.

Depreciation is provided at rates calculated to write off the cost of fixed assets,less their estimated residual value,over their expected useful lives on the following bases:

Leasehold premises	4% straight line basis
Development Costs	25% reducing balance basis
Plant and Equipment	15% reducing balance basis

1.4 Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making allowance for obsolete and slow moving stocks.Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Deferred Taxation

Deferred taxation is provided at the current rate of Corporation Tax on the excess of the net book value of fixed assets over their tax written down value.

1.6 Research and Development

Expenditure on Research and Development is written off in the year in which it is incurred.

Notes to the Financial Statements
for the year ended 31st March 1995

2. Turnover

All the company's turnover was within the United Kingdom.

3. Operating Profit

The operating profit is stated after charging

	1995	1994
	£	£
Amounts written off Tangible Assets	9,511	7,119
Amounts written off Intangible Assets	2,330	2,007
Directors Remuneration	8,000	-
Auditors Remuneration	1,500	1,300

4. Interest payable and similar charges

	1995	1994
On bank overdrafts(repayable within 5 years)	84	74
On overdue Corporation tax	42	-
	126	74

5. Taxation

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

	1995	1994
	£	£
Corporation Tax at 25% based on the adjusted results for the period.	264	1,601
Prior year adjustment	(101)	(73)
Transfer to deferred taxation	1,135	(245)
	1,298	1,773

6.Employee information

The average weekly number of persons (including executive directors) employed by the company during the period was 11 1994:5).

	1995	1994
Staff Costs		
Wages and Salaries	105,628	51,951
Social Security Costs	8,215	4,789
	113,843	56,740

Notes to the financial statements
for the year ended 31st March 1995

7.Directors Emoluments

Emoluments including pension contributions and benefits in kind.

Fees and other emoluments (excluding pension contributions)include amounts paid to:

	1995	1994
The chairman	-	-
The highest paid director	8,000	-

The number of directors(including the chairman and the highest paid director)who received fees and other emoluments(excluding pension contributions)within the following ranges was:

	1995	1994
£0 to £5000	2	3
£5001 to £10000	1	0

8.Transactions with related parties

	1995	1994
Goods and Services sold to		
Orthosonics Limited	356,808	154,070
Sonicut Limited	233	1,272
Goods and Services purchased from		
Orthosonics Limited	5,674	1,562
Sonicut Limited	18,753	11,013
Trade Debtors		
Orthosonics Limited	84,655	46,082
Sonicut Limited	61	918
Trade Creditors		
Orthosonics Limited		
Sonicut Limited	31,972	10,435

Loans made to Orthosonics Limited and Sonicut Limited totalling £22,349 were interest free and repaid in April 1994.

The directors are all connected with Sonicut Limited and Dr M Young is connected with Orthosonics Limited.

S.R.A.DEVELOPMENTS LIMITED

Notes to the financial statements
for the year ended 31st March 1995

9.Intangible Fixed Assets

Patent Costs

Cost	
At 1st April 1994	17,234
Additions	3,299
At 31st March 1995	20,533
Amortisation	
At 1st April 1994	11,211
Charge for period	2,330
At 31st March 1995	13,541
Net book value	
At 31st March 1995	6,992
At 31st March 1994	6,180

10.Tangible Fixed Assets

	Plant and Equipment £	Leasehold Property £	Total £
Cost or valuation			
At 1st April 1994	44,785	6,331	51,116
Additions in period	18,823	-	18,823
At 31st March 1995	63,607	6,331	69,938
Depreciation			
At 1st April 1994	17,317	1,404	18,721
Charge for period	9,258	253	9,511
At 31st March 1995	26,575	1,657	28,232
Net Book Value			
At 31st March 1995	37,032	4,674	41,706
At 31st March 1994	27,468	4,927	32,395

11.Stocks

	31 March 1995	31 March 1994
Stock of components	27,688	12,492
	27,688	12,492

12.Debtors

	1994	1993
Due within one year		
Trade Debtors	84,760	47,001
Other Debtors	210	-
Orthosonics Limited-Loan	-	7,349
Sonicut Limited -Loan	-	15,000
Payments in advance	1,200	-
	86,170	69,350

13.Creditors: amounts falling due within one year

	1995 £	1994 £
Bank Overdraft	-	11,531
Trade Creditors	104,458	39,129
Taxation	264	6,888
Social Security and other taxes	2,812	2,156
Accruals	8,825	2,413
Directors Current account	12,557	32,923
Value Added Tax	11,395	2,950
	140,311	97,990

14.Liabilities and Charges

Deferred Taxation

	1995	1994
Balance at 1st April 1994	245	-
Charge for the year	1,135	245
Balance at 31st March 1995	1,380	245

15.Called up share capital

	1995	1994
Authorised		
500 Ordinary Shares of £1 each	500	500
Allotted,called up and fully paid		
100 Ordinary Shares of £1 each	100	100

16.Movements on Shareholders Funds

	1995	1994
Profit for the year	3,764	5,839
Opening shareholders' funds	22,025	16,186
Closing shareholders' funds	25,789	22,025