

STATUTORY

WILSON TOOL INTERNATIONAL LIMITED

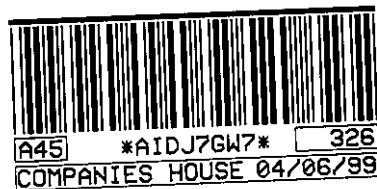
REPORT AND ACCOUNTS

**FOR THE YEAR ENDED
31ST DECEMBER 1998**

Miell and Company
Registered Auditor
Cranbrook House
287-291 Banbury Road, Oxford
OX2 7JQ

Company Registration Number:
FC013648

Branch Registration Number:
BR001710



OFFICERS AND ADMINISTRATION

DIRECTORS

K J Wilson
Mrs R L Wilson
C Blackwell

SECRETARY

Mrs R L Wilson

BRANCH ADDRESS AND REGISTERED OFFICE

Woodside Road
South Marston Industrial Estate
Swindon
Wilts SN3 4WA

BRANCH REGISTRATION NUMBER

BR001710

COMPANY REGISTRATION NUMBER

FC013648

CORPORATE CHARTER NUMBER

5G-1162

REGISTERED AUDITOR

Miell and Company
Cranbrook House
287-291 Banbury Road
Oxford
OX2 7JQ

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31st December 1998.

ACTIVITIES

The principle activity of the company during the year continued to be the manufacture of sheet metal punch products. The company is registered in the United States of America as a 'C' Corporation, and operates in the United Kingdom as a branch of the American company.

RESULTS AND DIVIDENDS

The financial results are set out on page 8.

The directors do not recommend the payment of a dividend for the year ended 31st December 1998. If this recommendation is approved retained profits of £1,244,516 will be taken to reserves.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

In the opinion of the directors the financial position of the company has been and continues to be satisfactory.

POLICY ON PAYMENT OF CREDITORS

The company does not follow any code or standard on payment of its creditors. However, an informal general policy, which covers all major suppliers, is in operation whereby the company endeavours to settle all suppliers within 30 days. At 31st December 1998 creditor days currently stood at 11 days.

YEAR 2000 COMPLIANCE AND THE EURO

The directors have assessed the risk to the business resulting from the change to the Year 2000 and do not envisage any problems arising as all computer equipment will be confirmed as being Year 2000 compliant. It is impossible however to guarantee that no further Year 2000 problems will remain but the directors feel that the company will be able to deal promptly with any failures that may occur.

The company will also be making enquiries of its suppliers and customers to establish the Year 2000 impact on the business. As a result the company could be at risk if other parties do not deal adequately with the Year 2000 issue.

The company already has arrangements in place following the introduction of the Euro as regards modifications to its accounting systems. These costs were not considered material and have therefore been written off to the profit and loss account.

FIXED ASSETS

Details of the movement in fixed assets are shown in the notes to the accounts.

DIRECTORS' REPORT - Continued

DIRECTORS

The following directors held office during the year and their interests, including family interests in the shares of the company at the year end were as follows:

	1998	1997
	Ordinary Shares of £0.0056 each	
K J Wilson	-	2236
Mrs R L Wilson	-	2236
C Blackwell	-	-

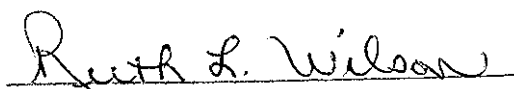
On 1st January 1998, all the shares of the company were transferred to Wilson Tool Enterprises Inc, a company under the ultimate control of Mr K J Wilson and Mrs R L Wilson.

AUDITORS

The auditors, Miell and Company, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

RUTH L WILSON



SECRETARY

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:

1. Select suitable accounting policies and then apply them consistently;
2. Make judgements and estimates that are reasonable and prudent;
3. 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' REPORT

TO THE SHAREHOLDERS OF WILSON TOOL INTERNATIONAL LIMITED

We have audited the financial statements on pages 6 to 19 which have been prepared in accordance with the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 4 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 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 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

OXFORD
25 MAY 1999



MIELL AND COMPANY
REGISTERED AUDITOR

ACCOUNTING POLICIES

ACCOUNTING CONVENTION

These accounts have been prepared under the historical cost convention.

The accounts are prepared in accordance with applicable accounting standards.

TURNOVER

Turnover represents the value of goods and services provided, stated net of value added tax.

DEPRECIATION

Depreciation has been provided on the following classes of fixed assets at rates calculated so as to write off the cost less residual value over the estimated useful life:

Depreciation methods and lives for assets acquired prior to 31st December 1988 are those allowed under the United States Internal Revenue Code. The depreciation method for assets acquired after 31st December 1988 is 25 per cent on a reducing balance basis.

GOODWILL AND KNOW HOW

The excess of the purchase price over the fair value of the assets acquired is being amortised on a straight line basis over 20 years.

Purchased know how is being amortised over 20 years on a straight line basis.

This is a change from the previous years' accounting policy where goodwill and know-how were amortised on a straight line basis over 40 years. However, in order to comply with FRS 10 the amortisation period was revised to 20 years. The change of accounting policy results in an additional amortisation charge of £18,699 per annum. This is not considered material and therefore re-statement of prior periods was not considered necessary.

STOCK

Stock has been valued at the lower of cost and net realisable value. The calculation of cost includes an appropriate addition for overheads.

FOREIGN CURRENCIES

The functional currency of the company is sterling.

Balances denominated in a foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date.

Trading transactions in foreign currency are converted at the average rate for the year.

ACCOUNTING POLICIES - Continued

PENSIONS

The company operates a group personal pension scheme for certain employees and directors. It is a contributory defined contribution scheme. The scheme funds are administered by trustees and are independent of the company's finances. Contributions are charged against profit in the year in which they are made.

DEFERRED TAXATION

Deferred taxation is the taxation attributable to timing differences between profits computed for taxation purposes and profits as stated in the financial statements and is provided to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

OPERATING LEASES

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1998

		1998 £	1997 £
TURNOVER - Continuing operations	(Note 2)	12,838,886	11,092,819
Cost of sales		6,800,099	6,227,885
GROSS PROFIT		6,038,787	4,864,934
Distribution costs		663,052	609,355
Administrative expenses		3,427,510	2,925,035
Foreign currency exchange gain		(176,592)	(108,957)
		2,124,817	1,439,501
Other operating income	(Note 3)	19,719	28,125
OPERATING PROFIT - Continuing operations	(Note 3)	2,144,536	1,467,626
Interest receivable	(Note 4)	64,387	47,009
		2,208,923	1,514,635
Interest payable	(Note 5)	208,021	190,208
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,000,902	1,324,427
Taxation on ordinary activities	(Note 7)	756,386	487,945
PROFIT FOR THE YEAR AFTER TAXATION		1,244,516	836,482
Dividends - Ordinary interim paid		-	228,744
RETAINED PROFIT FOR THE YEAR		1,244,516	607,738
Balance brought forward		1,642,518	1,034,780
Balance carried forward		2,887,034	1,642,518

Subject to Note 16 of the accounts, the above account includes all recognised gains and losses in the year.

None of the company's activities were acquired or discontinued in the above two financial years.

BALANCE SHEET
AT 31ST DECEMBER 1998

		1998 £	1997 £
FIXED ASSETS			
Intangible assets	(Note 8)	289,845	318,829
Tangible assets	(Note 9)	2,057,164	1,023,047
		<u>2,347,009</u>	<u>1,341,876</u>
		=====	=====
CURRENT ASSETS			
Stocks	(Note 10)	2,852,000	2,457,000
Debtors	(Note 11)	7,327,114	3,741,728
Cash at bank and in hand		1,163,338	964,196
		<u>11,342,452</u>	<u>7,162,924</u>
CREDITORS: Amounts falling due within one year	(Note 12)	7,833,905	5,526,422
		<u>3,508,547</u>	<u>1,636,502</u>
		=====	=====
NET CURRENT ASSETS			
		5,855,556	2,978,378
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: Amounts falling due after more than one year	(Note 13)	2,162,502	530,347
		<u>3,693,054</u>	<u>2,448,031</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	(Note 15)	39	39
Share premium account		772,247	772,247
Forward exchange contracts	(Note 16)	33,734	33,227
Profit and loss account		2,887,034	1,642,518
		<u>3,693,054</u>	<u>2,448,031</u>
		=====	=====

These accounts were approved at a
Board Meeting on 27/14/99

Directors:

Kenneth Wilson

Ruth L. Wilson

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1998

	1998 £	1997 £
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES (Note A)	728,738	1,691,189
RETURNS ON INVESTMENT AND SERVICING OF FINANCE		
Interest receivable	64,387	47,009
Interest payable	(208,021)	(190,208)
	(143,634)	(143,199)
TAXATION	(479,083)	(556,233)
CAPITAL EXPENDITURE		
Payments to acquire tangible fixed assets	(1,389,582)	(502,847)
Receipts from sales of tangible fixed assets	25,200	36,200
	(1,364,382)	(466,647)
	(1,258,361)	525,110
EQUITY DIVIDENDS PAID	-	(228,744)
	(1,258,361)	296,366
MANAGEMENT OF LIQUID RESOURCES (Note B)		
Movements on term deposits	82,831	51,830
	(1,175,530)	348,196
FINANCING		
Issue of loan notes	1,978,795	-
Repayment of loan notes	(430,963)	(180,374)
Exchange movement - loan notes	15,194	(31,551)
	1,563,026	(211,925)
INCREASE IN CASH	387,496	136,271
	=====	=====
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE C)		
INCREASE IN CASH IN THE PERIOD	387,496	136,271
(Issue)/repayment of loan notes	(1,563,026)	211,925
CHANGE IN NET DEBT	(1,175,530)	348,196
NET DEBT AT 1ST JANUARY 1998	(359,848)	(708,044)
NET DEBT AT 31ST DECEMBER 1998	(1,535,378)	(359,848)
	=====	=====

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1998

	1998 £	1997 £
A. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES		
Operating profit	2,144,536	1,467,626
Depreciation	334,169	336,861
Amortisation	28,984	10,285
Profit on sale of fixed assets	(3,904)	(10,951)
Increase in stock	(395,000)	(291,000)
Increase in debtors	(1,202,616)	(69,279)
(Decrease)/increase in creditors	(177,431)	247,647
	<u>728,738</u>	<u>1,691,189</u>
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	<u>728,738</u>	<u>1,691,189</u>

B. LIQUID RESOURCES

The company treats all bank balances as liquid resources where the funds cannot be obtained within one working day.

C. ANALYSIS OF CHANGES IN NET DEBT

	At 1st January 1998 £	Cash Flows £	Exchange movement £	At 31st December 1998 £
Cash at bank and in hand	421,937	281,973	-	703,910
Overdrafts	(150,180)	105,523	-	(44,657)
Loan notes within one year	(188,000)	(45,096)	-	(233,096)
Loan notes after one year	(443,605)	(1,502,736)	(15,194)	(1,961,535)
TOTAL	<u>(359,848)</u>	<u>(1,160,336)</u>	<u>(15,194)</u>	<u>(1,535,378)</u>

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

The accounting policies adopted are set out on page 6.

2. TURNOVER

The whole of the turnover for the year arises from the principal activity of the company.

The analysis of turnover by geographical area is as follows:

	1998 £	1997 £
United Kingdom	4,710,710	4,248,123
Europe and the rest of the World	8,128,176	6,844,696
	<u>12,838,886</u>	<u>11,092,819</u>
	=====	=====

3. OPERATING PROFIT

Operating profit is stated:

After charging:

	1998 £	1997 £
Directors' emoluments	176,189	277,353
Auditors' remuneration	17,000	16,500
Depreciation - owned assets	334,169	336,861
Amortisation	28,984	10,285
Rental under operating leases: Land and buildings	145,817	185,120
: Other leases	51,260	40,244
	<u>=====</u>	<u>=====</u>
And crediting:		
Gain on sale of assets	3,904	10,951
Rent receivable	19,719	28,125
	<u>=====</u>	<u>=====</u>

4. INTEREST RECEIVABLE

	1998 £	1997 £
Bank deposit interest	64,387	47,009
	<u>=====</u>	<u>=====</u>

5. INTEREST PAYABLE

	1998 £	1997 £
On bank overdrafts	-	521
On loan notes (Note 14)	102,427	64,205
On Intercompany account - Wilson Tool Inc.	105,594	125,482
	<u>208,021</u>	<u>190,208</u>
	=====	=====

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998 - Continued

6. DIRECTORS AND EMPLOYEES

The average weekly number including directors during the year was as follows:-

	1998 Number	1997 Number
Manufacturing and engineering	66	54
Sales	34	32
Administration	19	12
	<u>119</u>	<u>98</u>
	=====	=====

Staff costs including directors during the year amounted to:

	1998	1997
Wages and salaries	2,673,481	2,433,779
Social security costs (UK only)	204,559	183,540
Pension costs - defined contribution scheme	158,271	142,004
	<u>3,036,311</u>	<u>2,759,323</u>
	=====	=====

Directors emoluments total £176,189 (1997 - £277,353) and are split as follows:-

	1998 £	1997 £
Salaries	81,750	81,682
Bonus	76,661	191,315
Benefits in kind	17,778	4,356
	<u>176,189</u>	<u>277,353</u>
	=====	=====

Only one director received remuneration from the company. Included in the bonus shown above is a provision of £24,985 (excluding employers national insurance) which represents a potential termination payment payable in the event of the director leaving the company. During the year the company paid pension contributions amounting to £6257 (£5897 is incorporated within the bonus figure) on behalf of the director under a group personal pension plan.

7. TAXATION ON ORDINARY ACTIVITIES

	1998 £	1997 £
UK Corporation tax on profits at 31% (1997 - 31.5%)	603,000	498,915
USA Corporation tax on profits - subsidiary share	153,386	-
Adjustment in respect of prior years	-	(10,970)
	<u>756,386</u>	<u>487,945</u>
	=====	=====

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998 - Continued

8. INTANGIBLE ASSETS		Know How £	Purchased Goodwill £	Total £
COST				
At 1st January 1998 and at 31st December 1998		225,000 =====	186,393 =====	411,393 =====
AMORTISATION				
At 1st January 1998		50,625	41,939	92,564
Provided during the year		15,852	13,132	28,984
At 31st December 1998		66,477 =====	55,071 =====	121,548 =====
NET BOOK VALUE				
At 31st December 1997		174,375 =====	144,454 =====	318,829 =====
NET BOOK VALUE				
At 31st December 1998		158,523 =====	131,322 =====	289,845 =====

9. TANGIBLE ASSETS		Cost at 1st January 1998 £	Additions £	Disposals £	Cost at 31st December 1998 £
Office equipment	471,886	63,672	-		535,558
Machinery & equipment	1,983,322	229,672	(31,818)		2,181,176
Fixtures & fittings	366,137	2,812	-		368,949
Motor vehicles	146,945	11,250	(31,075)		127,120
Freehold land and buildings	-	1,082,176	-		1,082,176
Total	2,968,290 =====	1,389,582 =====	(62,893) =====		4,294,979 =====
	Depreciation at 1st January 1998 £	Charge for the year £	Disposals £	Depreciation at 31st December 1998 £	
Office equipment	261,060	69,509	-		330,569
Machinery & equipment	1,332,017	224,884	(26,392)		1,530,509
Fixtures & fittings	289,510	19,860	-		309,370
Motor vehicles	62,656	19,916	(15,205)		67,367
Freehold land and buildings	-	-	-		-
Total	1,945,243 =====	334,169 =====	(41,597) =====		2,237,815 =====
	Net Book Value 31st December 1997 £			Net Book Value 31st December 1998 £	
Office equipment	210,826				204,989
Machinery & equipment	651,305				650,667
Fixtures & fittings	76,627				59,579
Motor vehicles	84,289				59,753
Freehold land and buildings	-				1,082,176
Total	1,023,047 =====				2,057,164 =====

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998 - Continued

9. TANGIBLE ASSETS - continued

The company is currently in the process of constructing new premises, the total cost of which is estimated to be in the region of £4,000,000. The premises are expected to be completed in June 1999 and no depreciation will be charged until the premises are occupied.

10. STOCKS	1998 £	1997 £
Raw materials and goods for re-sale	2,852,000 =====	2,457,000 =====
11. DEBTORS	1998 £	1997 £
Trade debtors	2,905,071	2,684,280
Other debtors	1,073,094	96,872
Prepayments and accrued income	38,969	33,366
Forward exchange contracts	3,309,980	870,024
Advance corporation tax recoverable	-	57,186
	7,327,114 =====	3,741,728 =====
12. CREDITORS: Amounts falling due within one year	1998 £	1997 £
Loan notes (Note 14)	233,096	188,000
Bank overdrafts	44,657	150,180
Trade creditors	210,484	230,171
Wilson Tool International Inc.	2,940,031	3,170,199
Other taxes and social security	50,995	45,362
Accruals and deferred income	359,364	406,798
Forward exchange contracts	3,276,246	836,797
Corporation tax	719,032	498,915
	7,833,905 =====	5,526,422 =====

Included within trade creditors above are amounts which may be the subject of retention of title clauses.

13. CREDITORS: Amounts falling due after more than one year	1998 £	1997 £
Loan notes (Note 14)	1,961,535	443,605
Accruals and deferred income	200,967	86,742
	2,162,502 =====	530,347 =====

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998 - Continued

14. LOAN NOTES

The following unsecured loans from Mr K J Wilson and Mrs R L Wilson are outstanding as at 31st December 1998. Interest is payable at the prime or index rate announced by First Security Bank of St. Paul (USA). The loans outstanding at 31st December 1997 are repayable by 30th September 1999 and assume a minimum capital repayment of £215,836 and an interest rate of 8.5% per annum. New loan notes issued during the year totalled \$3,284,800 (£1,978,795) and are repayable over 240 instalments assuming an interest rate of 6% per annum with the first capital repayment commencing in October 1999.

	1998 £	1997 £
Due inside one year	233,096	188,000
Due between one and two years	53,895	188,000
Due between two and five years	182,460	255,605
Due after five years	1,725,180	-
	<u>2,194,631</u>	<u>631,605</u>
	=====	=====

Repayments on the loan notes in existence at 31st December 1997 have exceeded the minimum capital repayment and therefore the loans will be repaid before the due date, i.e. 31st December 2003. The above split assumes that only the minimum capital payment is made from 1st January 1999 in respect of the loan notes issued during the year ended 31st December 1998.

15. CALLED UP SHARE CAPITAL

	1998 £	1997 £
AUTHORISED		
Equity ordinary shares of £0.0056 each	280	280
	=====	=====
ISSUED AND FULLY PAID		
Equity ordinary shares of £0.0056 each	39	39
	=====	=====

16. FORWARD EXCHANGE CONTRACTS

The company hedges foreign currencies to protect gains and minimise losses due to market fluctuations. Wilson Tool International Ltd maintains a US denominated current account to facilitate intercompany transactions with Wilson Tool International Inc.. Foreign currency contracts were made based on the exchange of Deutsche Marks and French Francs for US Dollars. Contracts entered and completed during 1998 are included in the foreign currency exchange gain/(loss) account. Contracts outstanding at 31st December 1998 and the related gains or losses (which are shown in the capital and reserves on the balance sheet) are as follows:-

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998 - Continued

16. FORWARD EXCHANGE CONTRACTS - Continued

Settlement Date	Foreign Currency Sold	31st December Exchange Rate	Exchange Rate (At Settlement Date)	Amount to be Received at Settlement Date	Value Year End Rate	Exchange (Gain) loss in Sterling
28/01/99	DM 300,000	1.6685	1.7322	\$173,190	\$179,802	£ 3,983
28/01/99	DM 300,000	1.6685	1.6565	\$181,105	\$179,802	£ (785)
25/02/99	DM 300,000	1.6685	1.7299	\$173,420	\$179,802	£ 3,845
25/02/99	DM 300,000	1.6685	1.6546	\$181,313	\$179,802	£ (910)
30/03/99	DM 300,000	1.6685	1.727	\$173,712	\$179,802	£ 3,669
30/03/99	DM 300,000	1.6685	1.6524	\$181,554	\$179,802	£ (1,055)
29/04/99	DM 300,000	1.6685	1.6508	\$181,730	\$179,802	£ (1,161)
29/04/99	DM 400,000	1.6685	1.6399	\$243,917	\$239,736	£ (2,519)
27/05/99	DM 400,000	1.6685	1.6379	\$244,215	\$239,736	£ (2,698)
27/05/99	DM 300,000	1.6685	1.6492	\$181,906	\$179,802	£ (1,267)
29/06/99	DM 400,000	1.6685	1.6352	\$244,618	\$239,736	£ (2,941)
29/06/99	DM 300,000	1.6685	1.6474	\$182,105	\$179,802	£ (1,387)
29/07/99	DM 400,000	1.6685	1.633	\$244,948	\$239,738	£ (3,140)
27/08/99	DM 400,000	1.6685	1.6309	\$245,263	\$239,736	£ (3,330)
29/09/99	DM 400,000	1.6685	1.6283	\$245,655	\$239,736	£ (3,566)
28/10/99	DM 400,000	1.6685	1.6262	\$245,972	\$239,736	£ (3,757)
29/11/99	DM 400,000	1.6685	1.6239	\$246,321	\$239,736	£ (3,968)
				<u>\$3,570,944</u>	<u>\$3,536,106</u>	<u>£(20,987)</u>
						UK Pound receivable 2,151,171
						UK Pound payable 2,130,184

Settlement Date	Foreign Currency Sold	31st December Exchange Rate	Exchange Rate (At Settlement Date)	Amount to be Received at Settlement Date	Value Year End Rate	Exchange (Gain) loss in Sterling
28/01/99	FF 450,000	5.598	5.8061	\$ 77,505	\$ 80,386	£ 1,736
28/01/99	FF 450,000	5.598	5.5572	\$ 80,976	\$ 80,386	£ (355)
25/02/99	FF 450,000	5.598	5.7984	\$ 77,608	\$ 80,386	£ 1,673
25/02/99	FF 450,000	5.598	5.5512	\$ 81,064	\$ 80,386	£ (408)
25/02/99	FF 400,000	5.598	5.5211	\$ 72,449	\$ 71,454	£ (599)
30/03/99	FF 200,000	5.598	5.5125	\$ 36,281	\$ 35,727	£ (334)
30/03/99	FF 450,000	5.598	5.7889	\$ 77,735	\$ 80,386	£ 1,597
30/03/99	FF 450,000	5.598	5.5441	\$ 81,167	\$ 80,386	£ (470)
29/04/99	FF 750,000	5.598	5.506	\$136,215	\$133,976	£ (1,349)
29/04/99	FF 450,000	5.598	5.5392	\$ 81,239	\$ 80,386	£ (514)
27/05/99	FF 750,000	5.598	5.4993	\$136,381	\$133,976	£ (1,449)
27/05/99	FF 450,000	5.598	5.5351	\$ 81,299	\$ 80,386	£ (550)
29/06/99	FF 450,000	5.598	5.5283	\$ 81,399	\$ 80,386	£ (610)
29/06/99	FF 750,000	5.598	5.4909	\$136,590	\$133,976	£ (1,575)
29/07/99	FF 750,000	5.598	5.4835	\$136,774	\$133,976	£ (1,686)
27/08/99	FF 750,000	5.598	5.4769	\$136,939	\$133,976	£ (1,785)
29/09/99	FF 750,000	5.598	5.4681	\$137,159	\$133,976	£ (1,917)
28/10/99	FF 750,000	5.598	5.4616	\$137,322	\$133,976	£ (2,016)
29/11/99	FF 750,000	5.598	5.4537	\$137,521	\$133,976	£ (2,136)
				<u>\$1,923,623</u>	<u>\$1,902,463</u>	<u>£(12,747)</u>
						UK Pound receivable 1,158,809
						UK Pound payable 1,146,062

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998 - Continued

17. LEASING COMMITMENTS

At 31st December 1998 the company had the following annual commitments under non-cancellable operating leases payable in the next year:

	Land and Buildings		Other	
	1998	1997	1998	1997
	£	£	£	£
Date of Expiry:				
Due between two and five years	20,804	129,836	32,266	25,836
Due between one and two years	-	-	29,373	-
Within one year	91,672	40,950	-	14,408
	<u>112,476</u>	<u>170,786</u>	<u>61,639</u>	<u>40,244</u>
	=====	=====	=====	=====

The leases of land and buildings are subject to rent reviews.

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit for the financial year	1,244,516	836,482
Dividends	-	(228,744)
	<u>1,244,516</u>	<u>607,738</u>
Movement on Forward Exchange contracts (Note 16)	507	(52,595)
	<u>1,245,023</u>	<u>555,143</u>
Net addition to shareholders funds	2,448,031	1,892,888
	<u>3,693,054</u>	<u>2,448,031</u>
	=====	=====
Closing shareholders funds	3,693,054	2,448,031
	<u>3,693,054</u>	<u>2,448,031</u>
	=====	=====
Equity interests		

19. TRANSACTIONS WITH RELATED PARTIES

The company is ultimately controlled by Mr K J Wilson and Mrs R L Wilson.

Mr K J Wilson and Mrs R L Wilson are directors of Wilson Tool International Limited. They are also directors and shareholders of Wilson Tool International Inc., a company incorporated in the U.S.A. During the year Wilson Tool International Limited purchased finished and part-finished tooling from Wilson Tool International Inc. to the value of £4,049,368 (1997 - £3,700,592). Amounts payable to Wilson Tool International Inc. are disclosed in Note 12.

In addition to the purchase of tooling, certain costs are incurred by Wilson Tool International Limited and Wilson Tool Inc. on behalf of the other company. These costs are dealt with through an intercompany current account. The balance on this account is disclosed in Note 12 to these financial statements.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 1998 - Continued

19. TRANSACTIONS WITH RELATED PARTIES - Continued

Interest is charged on the current account balance with Wilson Tool Inc. as follows:

- a) On all trade balances which have been outstanding for 90 days or more.
- b) On all non-trade balances

Interest is charged at the Federal short-term interest rate for related-party loans as published by the American tax authorities (IRS). Details of the interest payable during the year are disclosed in Note 5 to these accounts.

K J Wilson and Mrs R L Wilson have made loans to the company and details of the amounts outstanding, payment terms and interest payable are disclosed in Notes 5 and 14 to these accounts.

20. DEFERRED TAXATION

The amounts unprovided for deferred taxation are set out below:-

	1998 £	1997 £
Accelerated capital allowances	96,561	60,341
Other timing differences	(93,333)	(77,861)
	<u>3,228</u>	<u>(17,520)</u>
	=====	=====

Deferred taxation has been calculated at 31% (1997 - 31%).

21. CAPITAL COMMITMENTS

As at 31st December 1998 the company had contracted to purchase plant and equipment totalling £187,780.

The company had also contracted to the cost of constructing new premises and further details are disclosed in notes 9 and 22 to the accounts.

22. CONTINGENT LIABILITIES

The company has a borrowing facility of DM 5,500,000 (£1,985,560) in place to finance the remaining construction costs of the freehold premises currently under construction. This facility is available for drawdown at any time up to 30th June 1999.

23. POST BALANCE SHEET EVENTS

On 5th January 1999 the company entered into a three year non-cancellable operating lease with a rental commitment of £5,920 per annum.