

TEDEA-HUNTLEIGH EUROPE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year ended 31st December 2000

Company No: 1181560



TEDEA-HUNTLEIGH EUROPE LIMITED

Report of the directors for the year ended 31st December 2000

Financial Statements

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

Responsibilities of the directors

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 the year. 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) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

and

- (4) 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.

Activities

The company continues to develop, manufacture and distribute load cells and associated application hardware and software.

Results

The results for the year are set out in the profit and loss account on page 4. The Directors have decided to transfer the loss for the financial year of £2,400,397(1999:Profit £397,924) to profit and loss account reserves.

TEDEA-HUNTLEIGH EUROPE LIMITED

Report of the directors for the year ended 31st December 2000 (continued)

Trading review and future developments

The company continues to maintain and increase market share in existing and new market areas. A programme of continuous development is in place to increase market penetration, and explore further applications in new and developing market sectors.

Dividend

A dividend of £2,730,000 for the year 31st December was paid on 20th November 2000. (1999:£Nil).

Research and development

Research and Development continues to be significant in order to sustain continued growth.

Directors

The members of the board during the year were:

R Schild	-	Chairman	Resigned 20 th November 2000.
J D Schild			Resigned 20 th November 2000.
A Chapman			
I H Standing			Resigned 20 th November 2000.
M Gorfung			
D Weeks			

Directors' interests in the shares of the company

The interests of Mr M Gorfung in the ultimate parent company Tedeia Limited are shown in that company's directors' report.

Mr A Chapman and Mr D Weeks retain the rights to 12,500 and 5,000 share options respectively in Tedeia Ltd, granted in previous years. There are no further interests requiring disclosure.

Auditors

Pursuant to Section 386 of the Companies Act 1985, the company has elected to dispense with the obligations to appoint auditors annually.

 22.03.01

David Weeks
Managing Director

TEDEA-HUNTLEIGH EUROPE LIMITED

Auditors' report to the members of Tedeia Huntleigh Europe Limited

We have audited the financial statements on pages 4 to 16.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 1, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.


Basis of audit 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 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Cardiff

22 March 2001

TEDEA-HUNTLEIGH EUROPE LIMITED

Profit and loss account for the year ended 31st December 2000

	Note	2000 £	1999 £
Turnover	2	9,048,607	9,499,235
Cost of sales		7,279,057	7,581,548
Gross profit		<u>1,769,550</u>	<u>1,917,687</u>
Distribution costs		418,774	464,626
Administration expenses		850,486	869,065
Operating profit		<u>500,290</u>	<u>583,996</u>
Interest receivable		16,490	12,595
		<u>516,780</u>	<u>596,591</u>
Interest payable	3	44,635	21,182
Profit on ordinary activities before taxation	4	<u>472,145</u>	<u>575,409</u>
Tax charge on profit on ordinary activities	7	142,542	77,485
Profit on ordinary activities after taxation		<u>329,603</u>	<u>397,924</u>
Dividend paid at £2.60 per share (1999:£nil)		2,730,000	-
Retained (loss)/profit transferred to reserves		(2,400,397)	397,924
Balance brought forward		<u>2,731,746</u>	<u>2,333,822</u>
Balance carried forward		<u><u>331,349</u></u>	<u><u>2,731,746</u></u>

All operations relate to continuing activities.

There were no other recognised gains or losses other than the loss for the year.
The accompanying notes are an integral part of this profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

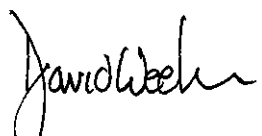
TEDEA-HUNTLEIGH EUROPE LIMITED

Balance sheet at 31st December 2000

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	8	532,967	637,034
Intangible assets	9	61,235	122,471
		<u>594,202</u>	<u>759,505</u>
Current assets			
Stocks	10	1,425,558	1,354,935
Debtors	11	2,437,638	2,572,853
Cash at bank and in hand		655,049	238,428
		<u>4,518,245</u>	<u>4,166,216</u>
Creditors: amounts falling due within one year	12	874,438	1,102,700
Net current assets		<u>3,643,807</u>	<u>3,063,516</u>
Total assets less current liabilities		<u>4,238,009</u>	<u>3,823,021</u>
Creditors: amounts falling due after more than one year	13	2,844,500	24,154
Provision for liabilities and charges	15	11,660	16,621
		<u>1,381,849</u>	<u>3,782,246</u>
Capital and reserves			
Called up and share capital	16	1,050,500	1,050,500
Profit and loss account		331,349	2,731,746
Equity shareholders' funds	17	<u>1,381,849</u>	<u>3,782,246</u>

The accompanying notes are an integral part of this balance sheet.

The financial statements on pages 4 to 16 were approved by the Board on

 22.03.01
David Weeks
Managing Director

TEDEA - HUNTLEIGH EUROPE LTD

Notes to the financial statements for the year ended 31st December 2000

1. Accounting Policies

Accounting convention

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts. The financial statements were prepared under the historical cost convention.

Compliance with accounting standards

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

Cash flow statement

The company is a wholly owned subsidiary of Tedeas - Huntleigh BV and the cash flows of the company are included in the consolidated financial statements of that company.

Consequently the company is exempt under the terms of Financial Reporting Standard No 1(revised) from publishing a cash flow statement.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at their purchase cost less provision for accumulated depreciation. Depreciation is calculated so as to write off the cost of tangible fixed assets in equal annual instalments over the following estimated lives:

Leasehold property	-	period of leases
Plant and equipment	-	up to a maximum of 10 years
Motor vehicles	-	3 years

Research and development expenditure

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred, except for expenditure on related fixed assets and licensed-in technology which is capitalised as an intangible fixed asset and written off over its expected useful life.

TEDEA - HUNTLEIGH EUROPE LTD

Notes to the financial statements for the year ended 31st December 2000 (continued)

Stocks and work in progress

Stocks and work in progress are valued on a first in first out basis at the lower of cost and estimated net realisable value. Cost represents the direct cost of labour and materials plus an allocation of appropriate overheads. The company holds stocks on consignment from its parent undertaking, which are not included in the company's stock balances. The terms of consignment provide that the consignor retains title to the stocks and the company has the right to return the stocks without penalty.

Deferred taxation

Provision is made for deferred taxation, using the liability method, where it is probable that a taxation liability will arise.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction, or at an average transaction rate during the year in the case of turnover. The monetary assets and liabilities are retranslated into sterling at rates of exchange applicable at the year-end.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of VAT.

Government grants

Non-capital grants are dealt with in the profit and loss account in the period to which they relate.

Capital grants are deferred and credited to the profit and loss account over the expected useful economic lives of the related assets.

TEDEA - HUNTLEIGH EUROPE LTD

Notes to the financial statements for the year ended 31st December 2000 (continued)

Leases and hire purchase obligations

Assets under hire and lease purchase agreements are included under tangible fixed assets and depreciated over their estimated useful lives or the length of their leases, whichever is the shorter.

Obligations under such agreements are stated in the balance sheet net of finance charges allocated to future periods. The finance element is charged to the profit and loss account and is calculated in order that the annual rate of charge on the capital element outstanding approximates to a constant rate.

The rentals payable for assets held under operating leases are charged to the profit and loss account as they are incurred.

Pension costs

This company and other United Kingdom undertakings within the Huntleigh Technology PLC Group make contributions to a defined benefit scheme. The cost is charged against profits on a systematic basis over the expected service lives of employees. The funds of that scheme are administered by trustees and are separate from the Group.

TEDEA-HUNTLEIGH EUROPE LIMITED

Notes to the financial statements for the year ended 31st December 2000 (continued)

2. Segment information

In the opinion of the directors, disclosure of turnover by geographical markets would be seriously prejudicial to the interests of the company, and accordingly has not been made.

3. Interest payable:	2000	1999
	£	£
On bank loans and overdrafts	24,512	2,889
On loans from related parties	2,528	-
On loans from associated undertakings	17,595	8,293
	<u>44,635</u>	<u>1,182</u>

4. Profit on ordinary activities before taxation is stated after charging or (crediting)

	2000	1999
	£	£
Research and development costs	225,916	234,097
Depreciation - owned fixed assets	197,832	237,953
Amortisation of Intangible assets	61,236	61,236
Operating lease rentals:		
Land and building	125,250	125,250
Other	6,448	5,633
Auditors' remuneration - audit services	13,300	12,000
- other services	12,200	9,065
Amortisation of capital based government grants	(17,651)	(17,651)
Profits on disposal of fixed assets	(12,151)	(55,581)

5. Directors' emoluments

Directors' emoluments amounted to:	2000	1999
	£	£
Emoluments as executives	<u>117,189</u>	<u>118,763</u>

Pension benefits are accruing to 2(1999:2) directors in respect of qualifying services under a defined benefit arrangement.

TEDEA-HUNTLEIGH EUROPE LIMITED

Notes to the financial statements for the year ended 31st December 2000 (continued)

6. Particulars of employees

The average number of employees employed by the company (including directors) during the year was:

	2000	1999
Category:		
Production	36	38
Sales and Administration	42	48
	<u>78</u>	<u>86</u>

Their total remuneration was:	£	£
Wages and salaries	1,393,110	1,423,919
Social Security costs	111,220	115,126
Other pension costs	68,432	78,720
	<u>1,572,762</u>	<u>1,617,765</u>

During the year, the company has participated in a funded defined benefit scheme in the United Kingdom, operated by the Huntleigh Technology PLC Group.

An independent valuation of the new scheme was carried out as at 5th April 1997 taking into account the assets and liabilities transferred. The principal actuarial assumptions used to value the scheme were investment growth of 8 per cent per annum, salary increases of 6.25 per cent per annum and allowance for pension increases in accordance with guaranteed rates. The total market value of the scheme's assets as at the valuation date was £11,213,000. The actuarial value of those assets revealed a funding level of 91 per cent. The valuation took into account the changes to Advance Corporation Tax that were introduced in the July 1997 budget.

TEDEA-HUNTLEIGH EUROPE LIMITED

Notes to the financial statements for the year ended 31st December 2000 (continued)

7. Tax on profit on ordinary activities

	2000	1999
	£	£
UK corporation tax at 30 per cent (1999 30.25 per cent)	160,000	180,000
(Over)/Under provision for prior years:		
Deferred Tax	-	(54)
Corporation Tax	(12,497)	(10,703)
Deferred taxation	(4,961)	8,242
	<u>142,542</u>	<u>177,485</u>

8. Tangible fixed assets

	Short Term leasehold property	Plant & Machinery	Motor Vehicles	Total
Cost:	£	£	£	£
At 1 st January 2000	122,111	2,178,485	177,074	2,477,670
Additions	-	64,320	43,594	107,914
Disposals	-	-	86,795	86,795
At 31 st December 2000	<u>122,111</u>	<u>2,242,805</u>	<u>133,873</u>	<u>2,498,789</u>
Accumulated depreciation:				
At 1 st January 2000	67,418	1,676,151	97,067	1,840,636
Provision for the year	11,167	143,569	43,096	197,832
Disposals	-	-	72,646	72,646
At 31 st December 2000	<u>78,585</u>	<u>1,819,720</u>	<u>67,517</u>	<u>1,965,822</u>
Net book value:				
At 31 st December 2000	<u>43,526</u>	<u>423,085</u>	<u>66,356</u>	<u>532,967</u>
At 31 st December 1999	<u>54,693</u>	<u>502,334</u>	<u>80,007</u>	<u>637,034</u>

TEDEA-HUNTLEIGH EUROPE LIMITED

Notes to the financial statements for the year ended 31st December 2000 (continued)

8. Tangible fixed assets (continued)

Short-term leasehold property comprises tenant's improvements.

9. Intangible fixed assets	Development Expenditure £
Cost:	
As at 1 st January 2000 and 31 st December 2000	306,178
Amortisation:	
At 1 st January 2000	183,707
Amortisation for the year	61,236
At 31 st December 2000	244,943
Net book value:	
At 31 st December 2000	61,235
At 31 st December 1999	122,471

10. Stocks	2000 £	1999 £
Raw materials and consumables	602,393	668,966
Work in progress	160,689	124,991
Finished goods and goods for resale	662,476	560,978
	<u>1,425,558</u>	<u>1,354,935</u>

11. Debtors	2000 £	1999 £
Trade debtors	1,957,070	1,929,551
Amounts owed by fellow subsidiary undertakings:	149,360	398,197
Other debtors	230,942	170,688
Prepayments and accrued income	100,266	74,417
	<u>2,437,638</u>	<u>2,572,853</u>

TEDEA-HUNTLEIGH EUROPE LIMITED

Notes to the financial statements for the year ended 31st December 2000(continued)

12. Creditors: amounts falling due within one year

	2000	1999
	£	£
Loans (note 14)	-	309,176
Trade creditors	485,610	472,499
Amounts owed to parent undertakings and fellow subsidiary undertakings	120,450	19,278
Other creditors	54,299	103,727
United Kingdom corporation tax	64,000	70,779
Other taxes and social security costs	45,398	45,100
Accruals and deferred income	104,681	82,141
	<u>874,438</u>	<u>1,102,700</u>

The company has a bank facility (incorporating an overdraft and loan, see note 14), which is secured by a fixed and floating charge over the company's assets, together with a fixed charge over book debts.

13. Creditors: amounts falling due after more than one year

	2000	1999
	£	£
Deferred income: Capital grants	6,500	24,154
Loans (note 14)	2,838,000	-
	<u>2,844,500</u>	<u>24,154</u>

14. Loans

	2000	1999
	£	£
Loans are repayable as follows:		
within one year	-	309,176
between two and five years.	(1) 338,000	-
Greater than five years.	(2) 2,500,000	-
Total	<u>2,838,000</u>	<u>309,176</u>

The loans comprise amounts as follows

(1) £338,000 from a related party Tedeia Huntleigh International. The loan bears interest at the bank base rate plus 1% and is unsecured.

(2) £2,500,000 from the Bank Of Wales. This loan bears interest at base rate plus 1.25%.

TEDEA-HUNTLEIGH EUROPE LIMITED

Notes to the financial statements for the year ended 31st December 2000 (continued)

15. Provision for liabilities and charges

The full potential liability for deferred tax has been provided in the accounts as follows:

	Deferred Taxation £	
At 1 st January 2000	16,621	
Profit and loss account	(4,961)	
At 31 st December 2000	<u>11,660</u>	
The deferred taxation provision at 31 st December comprises:	2000 £	1999 £
Accelerated capital allowances	19,785	33,276
Short term timing differences	(8,125)	(16,655)
	<u>11,660</u>	<u>16,621</u>
16. Called up share capital	2000 £	1999 £
Authorised, allotted and fully paid 1,050,500 ordinary shares of £1 each.	<u>1,050,500</u>	<u>1,050,500</u>
17. Equity shareholders' funds	2000 £	1999 £
At 1 st January	3,782,246	3,384,322
Retained (loss)/profit for the year	(2,400,398)	397,924
At 31 st December	<u>1,381,848</u>	<u>3,782,246</u>

TEDEA-HUNTLEIGH EUROPE LIMITED

Notes to the financial statements for the year ended 31st December 2000 (continued)

18. Financial commitments

At 31st December 2000, the company had annual commitments under non-cancellable operating leases as set out below:

	2000		1999	
	Buildings £	Others £	Buildings £	Others £
Operating lease which expire:				
within one year	-	-	-	-
within two to five years	19,000	6,448	19,000	5,633
over five years	106,250	-	106,250	-
	<u>125,250</u>	<u>6,448</u>	<u>125,250</u>	<u>5,633</u>

19. Capital Commitments

	2000 £	1999 £
Contracted but not provided for in the accounts.	-	-

20. Other related party transactions

Other related party transactions for the year comprised:

Related Party:	Sales to £	Purchases from £	Other charges to £	Other charges from £
Parent and fellow subsidiary undertakings	1,222,878	3,796,874	111,626	289,785
Associated undertakings	-	-	27,813	39,055

Parent and fellow subsidiary undertakings include, Tedeia-Huntleigh International Limited, Tedeia Huntleigh Inc., Tedeia Huntleigh GmbH and Beijing Tedeia Huntleigh Electronics Co. Limited. Associated undertakings during the year included Huntleigh Technology plc and Huntleigh Diagnostics Limited.

Other charges principally comprise of interest, commissions and recharges of common expenses.

During the year the company's ultimate parent undertaking acquired the minority interest of Huntleigh Technology Plc in Tedeia Huntleigh BV.

TEDEA-HUNTLEIGH EUROPE LIMITED

Notes to the financial statements for the year ended 31st December 2000 (continued)

21. Parent undertakings

The directors regard Tede Limited, a company incorporated in Israel, as the company's ultimate parent undertaking and controlling party.

Tede Limited is the parent undertaking of the largest group of which Tede-Huntleigh Europe Limited is a member and for which group financial statements are drawn up. Copies of those group financial statements are available from the Israeli head office of Tede Limited at 5 Hazoran Street, New Industrial Zone, PO Box 8381, Netanya, Israel.

Tede-Huntleigh BV, a company incorporated in the Netherlands, is the parent undertaking of the smallest group of which Tede-Huntleigh Europe Limited is a member and for which group financial statements are drawn up. Copies of these group financial statements are available from Tede-Huntleigh BV, Westblaak 6, KK Rotterdam.