Registered No: 1406067

Teledyne TSS Limited

Report and Accounts

31 December 2008

Directors
H Barnshaw
A Pichelli
J Davis
D Schnittjer

Secretary
H Barnshaw

Auditors
Ernst & Young LLP
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Bankers
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Directors' report

The directors present their report and accounts for the nine months ended 31 December 2008.

Principal activity and review of the business

The company's principal activity during the period was the design, manufacture and distribution of marine survey instruments and provision of related services

Results and dividends

The profit for the period, after taxation, amounted to £2,013,000. An ordinary dividend of £750,000 has been paid in the year.

Future developments

The company's strategy is to consolidate and grow its presence in the niche markets within which the company operates.

Key performance indicators

The company reports on a number of key performance indicators on a quarterly basis.

The company measures sales per employee and operating profit per employee. In the nine months to 31 December 2008 these metrics were £163,080 (year to 31 March 2008: £218,820) and £39,171 (31 March 2008: £48,973) respectively

Directors

The directors of the company at 31 December 2008 were as follows:

H Barnshaw
J Davis
A Pichelli
D Schnittjer

Directors' statement as to disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to made himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Financial risk management policy

The company's principal financial instruments comprise cash, cash equivalents and loans. Other financial assets and liabilities, such as trade debtors and trade creditors, arise directly from operating activities.

The main risks associated with the company's financial assets and liabilities are set out below:

Credit risk: The company's principal financial assets are cash and trade debtors. The principal credit risk is associated with trade debtors. In order to manage credit risk a credit limit is set for each customer based on a combination of payment history and third party credit references. In accordance with Corporate requirements, credit limits and overdue amounts are reviewed regularly by management.

Exchange rate risk: The company's foreign trading exposes it to foreign exchange risk, predominately translation risk. Translation exposures are hedged when known, principally using forward exchange contracts.

Directors' report

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

H Barnshaw
Secretary
21/10/ 2009

Statement of directors' responsibilities in respect of the accounts

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Independent auditors' report
to the members of Teledyne TSS Limited

We have audited the company's financial statements for the period ended 31 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 19. These financial statements have been prepared under 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report 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 International Standards on Auditing (UK and Ireland) 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.

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Glasgow

26/10/ 2009

Profit and Loss Account

for the period ended 31 December 2008

	Notes	*9 months to 31 December 2008 £'000*	*Year end 31 March 2008 £'000*
Turnover	2	11,416	16,412
Cost of sales		(7,107)	(9,597)
Gross profit		4,309	6,815
Administrative expenses		(617)	(1,693)
Selling and distribution expenses		(907)	(1,449)
Operating profit before exceptional items	3	2,785	3,673
Profit on sale of assets of US office		-	537
Operating profit after exceptional items		2,785	4,210
Interest receivable	4	15	20
Interest payable	5	(5)	(1)
Profit on ordinary activities before taxation		2,795	4,229
Tax on profit on ordinary activities	7(a)	(782)	(1,258)
Profit retained for the financial period	15	2,013	2,971

Statement of total recognised gains and losses

for the period ended 31 December 2008

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £2,013,000 in the period ended 31 December 2008 and of £2,971,000 in the year ended 31 March 2008.

Balance Sheet
at 31 December 2008

	Notes	31 December 2008 £'000	31 March 2008 £'000
Fixed assets			
Tangible assets	9	271	289
Current assets			
Stocks	10	3,550	2,591
Debtors	11	4,705	4,148
Cash at bank and in hand		1,007	1,577
		9,262	8,316
Creditors: amounts falling due within one year	12	(2,586)	(2,904)
Net current assets		6,676	5,412
Total assets less current liabilities		6,947	5,701
Provisions for liabilities and charges	13	(260)	(277)
Net assets		6,687	5,424
Capital and reserves			
Called up share capital	14/15	102	102
Profit and loss account	15	6,585	5,322
Equity shareholders' funds		6,687	5,424

These financial statements were approved by the directors and authorised for issue on 21 October 2009, and are signed on their behalf by:

H Barnshaw
Director

Notes to the accounts

at 31 December 2008

1. Accounting policies

Basis of preparation

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

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Leasehold land and buildings	-	over the term of the lease
Plant and machinery	-	over 2 to 10 years
Fixtures and fittings	-	over 4 to 10 years
Motor vehicles	-	over 4 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Research and Development

Expenditure on research and development is written off against profits in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the exception of deferred tax assets which are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash flow statement

The company has taken advantage of the exemption allowed by FRS 1 (revised) for wholly owned subsidiary undertakings and has not prepared a cash flow statement.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

The exchange differences arising from the retranslation of the opening investment in the US branch are taken directly to reserves. All other differences are taken to the profit and loss account.

Notes to the accounts

at 31 December 2008

1. Accounting policies (continued)

Leasing commitments

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company operates a defined contribution group personal pension scheme. Contributions were charged to the profit and loss account as they became payable in accordance with the rules of the scheme.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts derived from the provision of goods and services to third parties and relates to the continuing activity of the design, manufacture and distribution of marine survey instruments and provision of related services. An analysis of turnover by geographical market is given below:

	9 months to 31 December 2008 £'000	*Year end 31 March 2008 £'000*
United Kingdom	3,856	7,140
Europe	1,472	3,447
Rest of the World	6,088	5,825
	11,416	16,412

3. Operating profit before exceptional items

This is stated after charging/(crediting):

	9 months to 31 December 2008 £'000	*Year end 31 March 2008 £'000*
Auditors' remuneration – audit	-	13
– tax	-	15
Depreciation of owned fixed assets	151	112
Research and development	802	964
Operating lease rentals - land and buildings	115	161
- other operating leases	40	49
Exchange gains	(135)	(69)

Auditors' remuneration is borne by the company's immediate parent undertaking.

Notes to the accounts

at 31 December 2008

4. Interest receivable

	9 months to 31 December 2008 £'000	Year end 31 March 2008 £'000
Bank interest	15	20

5. Interest payable

	9 months to 31 December 2008 £'000	Year end 31 March 2008 £'000
Bank interest	5	1

6. Directors' emoluments and staff costs

	9 months to 31 December 2008 £'000	Year end 31 March 2008 £'000
Directors' emoluments:		
Emoluments	-	450
Company contributions paid to money purchase pension scheme	-	14

During the period no directors (2008 – 4 directors) participated in a money purchase pension scheme

	9 months to 31 December 2008 £'000	Year end 31 March 2008 £'000
Staff costs:		
Wages and salaries	1,918	3,089
Social security costs	207	320
Other pension costs	87	73
	2,212	3,482

Notes to the accounts

at 31 December 2008

6. Directors' emoluments and staff costs (continued)

The average weekly number of employees during the period was as follows:

	9 months to 31 December 2008 No	*Year end 31 March 2008 No*
Selling and distribution	10	13
Administration	8	11
Production	52	51
	70	75

7. Taxation

(a) Tax on profit on ordinary activities

	Notes	*9 months to 31 December 2008 £'000*	*Year end 31 March 2008 £'000*
Current tax:			
UK corporation tax		788	1,234
Adjustments in respect of prior periods		(179)	-
		609	1,234
Foreign tax			
Adjustments in respect of prior periods		198	-
Total current tax	7(b)	807	1,234
Deferred tax:			
Origination and reversal of timing differences		(25)	24
Tax on profit on ordinary activities		782	1,258

Notes to the accounts

at 31 December 2008

7. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher (2008 – lower) than the standard rate of corporation tax in the UK of 28% (31 March 2008 - 30%). The differences are reconciled below:

	Notes	*9 months to 31 December 2008 £'000*	*Year end 31 March 2008 £'000*
Profit on ordinary activities before tax		2,795	4,229
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (31 March 2008 – 30%)		783	1,269
Expenses not deductible for tax purposes		-	5
Non taxable income		(11)	-
Accelerated capital allowances		25	1
Other timing differences		(8)	(23)
R&D tax credit		-	(18)
Tax over provided in previous periods		18	-
Total current tax	7(a)	807	1,234

(c) Factors that may affect future tax charges

At the balance sheet date, there are no future factors which may significantly affect future tax charges.

(d) Deferred tax

The deferred tax asset at 28% (31 March 2008: 28%) included in the balance sheet is as follows:

	Note	*31 December 2008 £'000*	*31 March 2008 £'000*
Accelerated capital allowances		(40)	(15)
Short term timing differences		(15)	(15)
Deferred tax asset	11	(55)	(30)

	£'000
At 31 March 2008	(30)
Profit and loss account	(17)
Adjustment in respect of prior periods	(8)
At 31 December 2008	(55)

Notes to the accounts

at 31 December 2008

8. Dividends

Equity dividends on ordinary shares paid during the period

	9 months to 31 December 2008 £'000	*Year end 31 March 2008* £'000
Dividends paid in the period at £7.35 per share (March 2008: £6.60 per share)	750	673

9. Tangible fixed assets

	Leasehold land and buildings *£'000*	*Plant and machinery* *£'000*	*Fixtures & fittings* *£'000*	*Motor vehicles* *£'000*	*Total* *£'000*
Cost:					
At 31 March 2008	285	1,231	348	6	1,870
Additions	16	117	-	-	133
Disposals	-	(16)	-	-	(16)
At 31 December 2008	301	1,332	348	6	1,987
Depreciation:					
At 31 March 2008	116	1,164	298	3	1,581
Provided during the period	43	81	26	1	151
Disposals	-	(16)	-	-	(16)
At 31 December 2008	159	1,229	324	4	1,716
Net book value:					
At 31 December 2008	142	103	24	2	271
At 31 March 2008	169	67	50	3	289

Notes to the accounts

at 31 December 2008

10. Stocks

	31 December 2008 £'000	*31 March 2008 £'000*
Raw materials	2,356	1,706
Work in progress	775	577
Finished goods and goods for resale	419	308
	3,550	2,591

11. Debtors

	Notes	*31 December 2008 £'000*	*31 March 2008 £'000*
Trade debtors		1,998	1,958
Amounts owed by group undertakings		1,742	1,732
Other debtors		6	-
Prepayments and accrued income		659	418
Other taxes		245	10
Deferred tax	7(d)	55	30
		4,705	4,148

Included within amounts owed by group undertakings is an amount of £1,431,000 (31 March 2008 - £1,431,000) which is due after one year.

12. Creditors: amounts falling due within one year

	31 December 2008 £'000	*31 March 2008 £'000*
Trade creditors	604	640
Amounts owed to group undertakings	54	105
Corporation tax	574	552
Other taxes and social security costs	74	79
Customer deposits	125	239
Other creditors	126	57
Accruals and deferred income	1,029	1,232
	2,586	2,904

Notes to the accounts

at 31 December 2008

13. Provisions for liabilities and charges

	Warranty & sales provisions £'000
At 31 March 2008	277
Released during period	(17)
At 31 December 2008	260

14. Equity share capital

	Authorised 31 December 2008 and 31 March 2008	*Allotted, called up and fully paid 31 December2008 and 31 March 2008*
	No	*No*
Ordinary shares of £1 each	500,000	101,816
	£'000	*£'000*
Ordinary shares of £1 each	500	102

15. Reconciliation of equity shareholders' funds and movements on reserves

	Share capital £'000	*Profit and loss account £'000*	*Total £'000*
At 31 March 2007	102	3,024	3,126
Profit for year	-	2,971	2,971
Equity dividends paid	-	(673)	(673)
At 31 March 2008	102	5,322	5,424
Profit for period	-	2,013	2,013
Equity dividends paid	-	(750)	(750)
At 31 December 2008	102	6,585	6,687

Notes to the accounts

at 31 December 2008

16. Pension commitments

The company operates defined contribution group personal pension schemes for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions outstanding at the balance sheet date and included in accruals were £9,000 (31 March 2008 - £11,000).

17. Other financial commitments

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	31 Dec 2008	*31 Dec 2008*	*31 Mar 2008*	*31 Mar 2008*
	Land and buildings	*Other operating leases*	*Land and buildings*	*Other operating leases*
	£'000	*£'000*	*£'000*	*£'000*
Operating leases which expire:				
Within one year	11	14	-	7
Within two to five years	22	37	33	30
Over five years	120	4	120	-
	153	55	153	37

18. Contingent liabilities

At 31 December 2008 forward exchange contracts amounting to £nil (31 Mar 2008 - £nil) were outstanding.

19. Ultimate parent undertaking and related parties

The company's immediate parent undertaking is SG Brown Limited. The company's ultimate parent undertaking and controlling party is Teledyne Technologies Incorporated. It has included the company's results in its group accounts, which is the smallest and largest group for which group accounts are available. Copies of the Teledyne Technologies Incorporated, a company incorporated in the United States of America, accounts are available from its registered office: 1049 Camino Dos Rios, Thousand Oaks, CA 91360.

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 from disclosing transactions with related parties that are part of the Teledyne group or investees of the group.