

**SIMRAD OPTRONICS LIMITED**

**Report and Financial Statements**

**31 December 2001**



**Deloitte & Touche  
Crawley**

**REPORT AND FINANCIAL STATEMENTS 2001**

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**REPORT AND FINANCIAL STATEMENTS 2001**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

Tore Amundsen	(Chairman)	Norwegian
Roger Cross	(Managing Director)	(resigned 17 July 2001)
Peter Gick		(appointed 1 September 2001)

**SECRETARY**

Magnar Oanes	(resigned 15 August 2001)
Erik Tomas Ellingsaeter	(appointed 15 August 2001)

**REGISTERED OFFICE**

3 Meadowbrook Industrial Estate  
Maxwell Way  
Crawley  
West Sussex RH10 9SA

**PARENT COMPANY**

Simrad Optronics ASA  
P O Box 6114  
Etterstad  
0602 Oslo  
Norway

**ULTIMATE PARENT COMPANY**

Technor ASA  
Dusavikvn 39  
P O Box 658  
N-4003 Stavanger  
Norway

**BANKERS**

Nordea Bank Finland Plc  
London Branch  
8<sup>th</sup> Floor, City Place House  
55 Basinghall Street  
London EC2V 5NB

**SOLICITORS**

Stevens Drake

**INDEPENDENT AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Crawley

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2001.

### **ACTIVITIES**

The company sells electro-optical equipment primarily for military purposes which is manufactured by Simrad Optronics ASA, the company's parent company.

### **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

This year, the company has achieved an increase in turnover from £1,510,301 to £1,924,362.

Sales and marketing efforts are now concentrating on the promotion of the recently developed LP10 and IS2000 product range. The directors have confidence in the future prospects of the company.

### **DIVIDENDS**

The directors do not recommend the payment of a dividend (2000 - £nil).

### **DIRECTORS AND THEIR INTERESTS**

The names of the directors who served during the year are as detailed on page 1.

All directors served throughout the year, except where noted.

None of the directors has a beneficial interest in the shares of Simrad Optronics Limited.

As the company is a wholly owned subsidiary of a body incorporated outside the UK, the directors are not required to disclose their interests in that or any other body incorporated outside the UK.

There are no contracts of any significance in which any director of the company had a material interest.

### **AUDITORS**

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



P Gick  
Director

*18 December* 2002

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 as at the end of the financial year 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SIMRAD OPTRONICS LIMITED**

We have audited the financial statements of Simrad Optronics Limited for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet, the combined reconciliation of movements in shareholders' funds and statement of movements on reserves, and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

**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 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

**Deloitte & Touche**  
Chartered Accountants and Registered Auditors  
Crawley

*19 December* 2002

**PROFIT AND LOSS ACCOUNT**

Year ended 31 December 2001

	Note	2001 £	2000 £
<b>TURNOVER</b>	6	1,924,362	1,510,301
Cost of sales		<u>(1,211,492)</u>	<u>(1,136,334)</u>
Gross profit		712,870	373,967
Administrative expenses		<u>(658,772)</u>	<u>(631,553)</u>
<b>OPERATING PROFIT/(LOSS)</b>		54,098	(257,586)
Interest receivable and similar income	3	588	4,446
Interest payable and similar charges	4	<u>(9,130)</u>	<u>(15,959)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	5	45,556	(269,099)
Tax on profit/(loss) on ordinary activities	7	<u>176</u>	<u>-</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u><u>45,380</u></u>	<u><u>(269,099)</u></u>

All the results derive from continuing operations.

There are no further recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account, accordingly a statement of total recognised gains and losses is not presented.

**COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS  
AND STATEMENT OF MOVEMENTS ON RESERVES**  
**Year ended 31 December 2001**

	Share capital £	Profit and loss account £	2001 Total £	2000 Total £
At beginning of the year	10,000	(3,405)	6,595	275,694
Retained profit/(loss) for the financial year	-	45,380	45,380	(269,099)
At end of the year	<u>10,000</u>	<u>41,975</u>	<u>51,975</u>	<u>6,595</u>



BALANCE SHEET  
31 December 2001

	Note	£	2001 £	£	2000 £
<b>FIXED ASSETS</b>					
Tangible assets	8		129,850		150,659
<b>CURRENT ASSETS</b>					
Stocks	9	-		315,948	
Debtors	10	817,023		829,327	
Cash at bank and in hand		163		3,434	
			<u>817,186</u>	<u>1,148,709</u>	
<b>CREDITORS: amounts falling due</b>					
Within one year	11	(879,152)		(1,266,669)	
<b>NET CURRENT (LIABILITIES)</b>			<u>(61,966)</u>		<u>(117,960)</u>
<b>TOTAL ASSETS LESS CURRENT</b>					
<b>    LIABILITIES</b>			67,884		32,699
<b>CREDITORS: amounts falling due after</b>					
<b>    more than one year</b>	12		<u>(15,909)</u>		<u>(26,104)</u>
			<u>51,975</u>		<u>6,595</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		10,000		10,000
Profit and loss account			41,975		(3,405)
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>			<u>51,975</u>		<u>6,595</u>

These financial statements were approved by the Board of Directors on *18 December* 2002.

Signed on behalf of the Board of Directors



P Gick  
Director

**NOTES TO THE ACCOUNTS****Year ended 31 December 2001****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	- 10%
Motor vehicles	- 25% - 33 1/3%
Office equipment, fixtures & fittings	- 10%
Computer equipment	- 33 1/3%
Other equipment (including demonstration stock)	- 20%

A full year's charge is made in the year of acquisition and no charge is made in the year of disposal.

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and appropriate production overheads.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Leases and hire purchase contracts**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at dates of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates at that date. These differences on foreign exchange, realised and unrealised are dealt with in the profit and loss account.

**Pension costs**

Retirement benefits are funded by contributions from the company and its employees. These payments are made to an independent insurance company on a defined contribution basis. Pension contributions are charged to the profit and loss account in the year to which they relate.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2001 £	2000 £
<b>Directors' emoluments:</b>		
Aggregate directors' emoluments	44,087	66,214
Compensation for loss of office	51,332	-
	<u>          </u>	<u>          </u>
Aggregate of contributions paid to money purchase pension scheme	14,666	5,258
	<u>          </u>	<u>          </u>
	No.	No.
Number of directors who are members of a money purchase pension scheme	1	1
	<u>          </u>	<u>          </u>
<b>Employees:</b>		
Average number of persons employed:		
Selling, marketing and technical	3	5
Administration	3	3
	<u>          </u>	<u>          </u>
	6	8
	<u>          </u>	<u>          </u>
	£	£
<b>Staff costs incurred during the year in respect of these employees (including directors) were:</b>		
Wages and salaries	168,156	232,164
Compensation for loss of office	51,332	-
Social security costs	21,050	27,924
Pension costs	14,666	15,596
	<u>          </u>	<u>          </u>
	255,204	275,684
	<u>          </u>	<u>          </u>

There were no material amounts outstanding in respect of the pension fund as at the year end or last year end.

## 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2001 £	2000 £
Bank deposit interest	588	4,446
	<u>          </u>	<u>          </u>

**Year ended 31 December 2001**

	2001 £	2000 £
Bank interest and charges	7,600	14,408
Interest on finance leases	1,530	1,551
	<u>9,130</u>	<u>15,959</u>

	<b>2001</b>	<b>2000</b>
	£	£
Profit/(loss) on ordinary activities before taxation is after charging/(crediting):		
Rentals under operating leases - other	3,588	53,482
Depreciation of tangible fixed assets:		
Owned assets	41,213	40,734
Assets held under finance leases	11,122	17,301
Auditors' remuneration - audit services	13,600	11,800
- other	7,450	-
Bad debt recovered	-	(80,750)

The directors determine that no part of the company's world-wide market is substantially different from any other and therefore are making no disclosure under this heading.

The company has unutilised tax losses carried forward of approximately £483,000 (2000 - £568,000), subject to agreement with Inland Revenue, that can be offset against future profits from the same trade.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 8. TANGIBLE FIXED ASSETS

	Leasehold improve- ments £	Motor vehicles £	Office equipment, fixtures & fittings £	Computer equipment £	Other equipment £	Total £
<b>Cost</b>						
At 1 January 2001	189,995	135,023	92,557	98,776	159,363	675,714
Brought forward adjustment	-	(81,114)	-	-	-	(81,114)
Additions	-	-	-	6,095	-	6,095
Transfers in	-	-	-	-	68,646	68,646
Disposals	-	(18,104)	-	-	-	(18,104)
At 31 December 2001	<u>189,995</u>	<u>35,805</u>	<u>92,557</u>	<u>104,871</u>	<u>228,009</u>	<u>651,237</u>
<b>Accumulated depreciation</b>						
At 1 January 2001	75,998	112,630	80,395	97,046	158,986	525,055
Brought forward adjustment	-	(81,114)	-	-	-	(81,114)
Charge for the year	19,000	11,122	2,142	2,694	17,377	52,335
Transfers in	-	-	-	-	43,215	43,215
Disposals	-	(18,104)	-	-	-	(18,104)
At 31 December 2001	<u>94,998</u>	<u>24,534</u>	<u>82,537</u>	<u>99,740</u>	<u>219,578</u>	<u>521,387</u>
<b>Net book value</b>						
At 31 December 2001	<u>94,997</u>	<u>11,271</u>	<u>10,020</u>	<u>5,131</u>	<u>8,431</u>	<u>129,850</u>
At 31 December 2000	<u>113,997</u>	<u>22,393</u>	<u>12,162</u>	<u>1,730</u>	<u>377</u>	<u>150,659</u>

Included within motor vehicles, the net book value of assets held under finance leases is £11,271 (2000 - £22,393).

## 9. STOCKS

	2001 £	2000 £
Finished goods for resale:		
UK origin	-	8,177
Norway origin	-	307,771
	<u>-</u>	<u>315,948</u>

All stock is now held in Norway and owned by the parent company.

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 10. DEBTORS

	2001 £	2000 £
Trade debtors	752,793	712,733
Prepayments and accrued income	64,230	116,594
	<u>817,023</u>	<u>829,327</u>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank overdraft	1,983	48,191
Obligations under finance leases	7,088	5,644
Trade creditors	776,557	1,159,717
Corporation tax	176	-
Other taxes and social security	22,288	7,266
Accruals and deferred income	71,060	45,851
	<u>879,152</u>	<u>1,266,669</u>

Trade creditors include £689,806 owed to the immediate parent company (2000 - £979,605).

## 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Obligations under finance leases		
Due within 1 – 2 years	15,909	6,335
Due within 2 – 5 years	-	19,769
	<u>15,909</u>	<u>26,104</u>

## 13. PROVISIONS FOR LIABILITIES AND CHARGES

## Deferred taxation

The amount of deferred tax provided in the financial statements and the potential amounts not provided are:

	Provided 2001 £	Provided 2000 £	Not Provided 2001 £	Not Provided 2000 £
Capital allowances in excess of depreciation	-	-	-	-

## NOTES TO THE ACCOUNTS

Year ended 31 December 2001

## 14. CALLED UP SHARE CAPITAL

	2001 £	2000 £
<b>Authorised</b>		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
<b>Allotted, called up, and fully paid</b>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

## 15. OPERATING LEASE COMMITMENTS

At 31 December 2001 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings			
	2001	2000	2001	Other 2000
	£	£	£	£
<b>Leases which expire:</b>				
Within one year	-	-	1,288	-
Within two to five years	-	-	2,521	4,212
After five years	<u>53,100</u>	<u>53,100</u>	<u>245</u>	<u>-</u>
	<u>53,100</u>	<u>53,100</u>	<u>4,054</u>	<u>4,212</u>

## 16. CONTINGENT LIABILITIES

	2001 £	2000 £
Performance bond guarantees	159,727	142,920
HMCE guarantee	<u>200,000</u>	<u>200,000</u>
	<u>359,727</u>	<u>342,920</u>

## 17. PARENT COMPANY, ULTIMATE PARENT COMPANY AND CONTROLLING ENTITY

Simrad Optronics Limited is registered in England and Wales and is a wholly owned subsidiary of a Norwegian company, Simrad Optronics ASA. Simrad Optronics ASA is owned by Technor ASA another Norwegian company, which is therefore the ultimate parent company and controlling entity of both Simrad Companies. Consolidated accounts are available at Companies House, Norway at Brønnøysund.

## 18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 extended to subsidiary undertakings 90% or more of whose voting rights are controlled within a group, where the consolidated financial statements of the group are publicly available. Accordingly no disclosure has been made of transactions with entities that are part of the group, or investees, or investees of the group qualifying as related parties.

An amount of £7,250 is included within Prepayments and Accrued Income in 2000, which was owed by the Managing Director of the ultimate parent company Technor ASA. This represented the deposit on a UK property which was paid by Simrad Optronics Limited and which was reimbursed in June 2001.