Registered number: 00871221

R. D. P. GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2004



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DIRECTORS' REPORT
For the year ended 30 June 2004

The directors present their report and the financial statements for the year ended 30 June 2004.

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 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company continues to be the provision of management services and the principal activities of its subsidiary undertakings are set out in note 9 to the accounts.

The company and its subsidiary undertakings were profitable during the year under review. The directors consider that the company remains in a good position to take advantage of opportunities that may arise

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £386,914 *(2003 - £297,296)* .

A dividend of £320,000 *(2003 : £320,000)* was paid during the year.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	'A' Ordinary shares of £1 each		Ordinary shares of £1 each	
	30/6/04	*1/7/03*	**30/6/04**	*1/7/03*
P. J. Smith	**-**	*-*	**375**	*375*
R. D. Garbett	**-**	*-*	**375**	*375*
Mrs P. A. Garbett	**500**	*500*	**-**	*-*
Mrs E. C. Smith	**500**	*500*	**-**	*-*

P. J. Smith and R. D. Garbett hold 5% each of the issued share capital of RDP-Electrosense of Pennsylvania, Inc., a subsidiary undertaking.
Mrs E. C. Smith retires by rotation and, being eligible, offers herself for re-election.

LAND AND BUILDINGS

The directors are of the opinion that the current market value of the freehold land and buildings is in excess of cost.

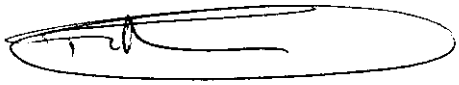
DIRECTORS' REPORT
For the year ended 30 June 2004

AUDITORS

Following the transfer of substantially all of the business of Horwath Clark Whitehill to a limited liability partnership on 1 April 2004, Horwath Clark Whitehill resigned and the directors appointed their successor, Horwath Clark Whitehill LLP, as auditors.

Horwath Clark Whitehill LLP have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the forthcoming Annual General Meeting.

This report was approved by the board on 30 November 2004 and signed on its behalf.



R. D. Garbett
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF R. D. P. GROUP LIMITED

We have audited the financial statements of R. D. P. Group Limited for the year ended 30 June 2004 set out on pages 4 to 16. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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 law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 with the company 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 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.

UNQUALIFIED OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP

Chartered Accountants
Registered Auditors

Foley House
123 Stourport Road
Kidderminster
DY11 7BW

30 November 2004

PROFIT AND LOSS ACCOUNT
For the year ended 30 June 2004

	Note	2004 £	*2003 £*
TURNOVER	1, 2	**648,000**	*648,000*
Administrative expenses		**(521,579)**	*(579,142)*
OPERATING PROFIT	3	**126,421**	*68,858*
Income from investments in group undertakings		**200,000**	*190,000*
Interest receivable		**71,527**	*75,730*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**397,948**	*334,588*
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	**(11,034)**	*(37,292)*
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**386,914**	*297,296*
DIVIDENDS - On equity shares	7	**(160,000)**	*(160,000)*
- On non-equity shares	7	**(160,000)**	*(160,000)*
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	**66,914**	*(22,704)*

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 other than those included in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

BALANCE SHEET
As at 30 June 2004

	Note	2004 £	2004 £	2003 £	2003 £
FIXED ASSETS					
Tangible fixed assets	8		**176,159**		*149,082*
Investments	9		**16,253**		*16,253*
			192,412		*165,335*
CURRENT ASSETS					
Debtors	10	**273,803**		*167,279*	
Cash at bank		**2,173,706**		*2,304,034*	
		2,447,509		*2,471,313*	
CREDITORS: amounts falling due within one year	11	**(469,215)**		*(536,619)*	
NET CURRENT ASSETS			**1,978,294**		*1,934,694*
TOTAL ASSETS LESS CURRENT LIABILITIES			**2,170,706**		*2,100,029*
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	12		**(6,757)**		*(2,994)*
NET ASSETS			**2,163,949**		*2,097,035*
CAPITAL AND RESERVES					
Called up share capital	13		**2,000**		*2,000*
Profit and loss account	14		**2,161,949**		*2,095,035*
SHAREHOLDERS' FUNDS	15		**2,163,949**		*2,097,035*

Shareholders' funds include non-equity interests.

The financial statements were approved by the board on 30 November 2004 and signed on its behalf.

P. J. Smith
Director

R. D. Garbett
Director

The notes on pages 7 to 16 form part of these financial statements.

CASH FLOW STATEMENT
For the year ended 30 June 2004

	Note	2004 £	*2003 £*
Net cash flow from operating activities	16	**12,975**	*(33,302)*
Returns on investments and servicing of finance	17	**271,527**	*265,730*
Taxation		**(36,316)**	*(51,123)*
Capital expenditure and financial investment	17	**(58,514)**	*-*
Dividends paid		**(320,000)**	*(320,000)*
DECREASE IN CASH IN THE YEAR		**(130,328)**	*(138,695)*

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (NOTE 18)
For the year ended 30 June 2004

	2004 £	*2003 £*
Decrease in cash in the year	**(130,328)**	*(138,695)*
MOVEMENT IN NET FUNDS IN THE YEAR	**(130,328)**	*(138,695)*
Net funds at 1 July 2003	**2,304,034**	*2,442,729*
NET FUNDS AT 30 JUNE 2004	**2,173,706**	*2,304,034*

The notes on pages 7 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of both Value Added Tax and sales of fixed assets.

1.3 Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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:

Freehold property	-	2% straight line
Motor vehicles	-	25% reducing balance

1.5 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.6 Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction. Exchange differences arising in the ordinary course of business are taken into account in arriving at the operating profit.

1.7 Pensions

The company operates a defined contribution scheme. The scheme is funded by contributions from the company which are invested separately from the company's assets and are charged to the profit and loss account as payable.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

2. TURNOVER

The whole of the turnover is attributable to management activities provided to group undertakings.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	**29,095**	*18,865*
Auditors' remuneration	**3,300**	*3,200*
Loss/(profit) on foreign exchange	**293**	*119*
Loss/(profit) on disposal of fixed assets	**2,342**	*-*

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2004	2003
	£	£
Wages and salaries	**371,916**	*416,188*
Social security costs	**45,637**	*50,984*
Other pension costs	**20,985**	*40,699*
	438,538	*507,871*

The average monthly number of employees, including directors, during the year was as follows:

	2004	2003
Office and management	**11**	*12*
Sales and distribution	**3**	*3*
	14	*15*

5. DIRECTORS' REMUNERATION

	2004	2003
	£	£
Emoluments	**180,100**	*195,995*
Company pension contributions to money purchase pension schemes	**10,000**	*30,000*

During the year retirement benefits were accruing to 1 director *(2003 - 1)* in respect of money purchase pension schemes.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

6. TAXATION

	2004 £	2003 £
Analysis of tax charge in year		
Current tax (see note below)		
UK corporation tax on profits of the year	**47,917**	*33,483*
Overprovision in earlier years	**(43,479)**	*-*
Group relief at 30% *(2002: 30%)*	**2,833**	*669*
Total current tax	**7,271**	*34,152*
Deferred tax		
Origination and reversal of timing differences	**3,763**	*3,140*
Total deferred tax (see note 12)	**3,763**	*3,140*
Tax on profit on ordinary activities	**11,034**	*37,292*

Factors affecting tax charge for year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	**397,948**	*334,588*
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% *(2003 - 30%)*	**119,384**	*100,376*
Effects of:		
Group income	**(60,000)**	*(57,000)*
Marginal relief	**(5,423)**	*(6,635)*
Deferred capital allowances	**(4,212)**	*1,480*
Deferred pension contributions	**-**	*(3,900)*
Release of capital gains tax over provision	**(43,479)**	*-*
Other differences	**551**	*551*
Provision for bonus on retirement	**450**	*(720)*
Current tax charge for year (see note above)	**7,271**	*34,152*

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

7. DIVIDENDS

	2004 £	*2003 £*
On equity shares		
Total dividends paid	**160,000**	*160,000*
On non-equity shares		
Total dividends paid	**160,000**	*160,000*
	320,000	*320,000*

8. TANGIBLE FIXED ASSETS

	Freehold property £	Motor vehicles £	Total £
Cost			
At 1 July 2003	**189,226**	**124,353**	**313,579**
Additions	**-**	**90,214**	**90,214**
Disposals	**-**	**(96,562)**	**(96,562)**
At 30 June 2004	**189,226**	**118,005**	**307,231**
Depreciation			
At 1 July 2003	**85,910**	**78,587**	**164,497**
Charge for the year	**3,610**	**25,485**	**29,095**
On disposals	**-**	**(62,520)**	**(62,520)**
At 30 June 2004	**89,520**	**41,552**	**131,072**
Net book value			
At 30 June 2004	**99,706**	**76,453**	**176,159**
At 30 June 2003	*103,316*	*45,766*	*149,082*

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

9. FIXED ASSET INVESTMENTS

	Shares in group under-takings £
Cost	
At 1 July 2003 and 30 June 2004	**17,013**
Provisions	
At 1 July 2003 and 30 June 2004	**760**
Net book value	
At 30 June 2004	**16,253**
At 30 June 2003	*16,253*

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

9. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:	Portion of ordinary shares held
R. D. P. Electronics Limited	100%
R. D. P. Howden Limited	76%
Croft Control Systems Limited (*)	76%
T. C. Howden & Company Limited (*)	100%
Rootavon Limited	100%
R. D. P. Photonics Limited	100%
Incorporated and operational in United States of America:	
RDP-Electrosense of Pennsylvania Inc.	90%

The aggregate of the share capital and reserves as at 30 June 2004 and the profit or loss for the year ended on that date for the above subsidiary undertakings were as follows:

	Aggregate of share capital and reserves	Profit/(loss) for the year
	£	£
R. D. P. Electronics Limited (Production and development of electronic instrumentation for data handling and control)	**415,604**	**213,254**
R. D. P. Howden Limited (Manufacture and distribution of hydraulic and mechanical materials testing equipment)	**135,995**	**(5,923)**
Croft Control Systems Limited (*) (Dormant)	**(4,858)**	**-**
T. C. Howden & Company Limited (*) (Dormant)	**25,658**	**-**
Rootavon Limited (Dormant)	**5,322**	**-**
R. D. P. Photonics Limited (Dormant)	**2**	**-**
Incorporated and operational in United States of America:		
RDP-Electrosense of Pennsylvania Inc.	**373,405**	**42,687**

With the exception of companies marked with an *, all shareholdings are in the name of R. D. P. Group Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

10. DEBTORS

	2004 £	2003 £
Due within one year		
Amounts owed by group undertakings	**272,956**	*166,351*
Other debtors	**847**	*928*
	273,803	*167,279*

11. CREDITORS:
Amounts falling due within one year

	2004 £	2003 £
Trade creditors	**360**	*360*
Amounts owed to group undertakings	**281,253**	*299,684*
Corporation tax	**47,917**	*76,962*
Social security and other taxes	**55,436**	*53,313*
Directors' current accounts	**54,241**	*77,441*
Accruals	**30,008**	*28,859*
	469,215	*536,619*

12. DEFERRED TAXATION

	2004 £	2003 £
At 1 July 2003	**2,994**	*(146)*
Charge for the year	**3,763**	*3,140*
At 30 June 2004	**6,757**	*2,994*

The deferred tax provision is made up as follows:

	2004 £	2003 £
Deferred capital allowances	**(4,263)**	*(8,924)*
Industrial buildings allowance	**14,695**	*15,143*
Deferred pension contributions	**(3,675)**	*(3,225)*
	6,757	*2,994*

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

13. SHARE CAPITAL

	2004	2003
	£	£
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	**1,000**	*1,000*
1,000 'A' Ordinary shares of £1 each	**1,000**	*1,000*
	2,000	*2,000*

The 'A' Ordinary Shares shall carry equal rights to participate in the profits of the company, which the directors shall from time to time determine to distribute by way of a dividend.

On a return of assets on a winding up or otherwise, the 'A' Ordinary Shares shall receive the nominal amounts paid up on such shares.

The 'A' Ordinary Shares shall have no voting rights except at a general meeting called for the 'A' Ordinary Shareholders.

14. RESERVES

Profit and loss account	£
At 1 July 2003	**2,097,035**
Profit retained for the year	**66,914**
At 30 June 2004	**2,163,949**

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004	2003
	£	£
Profit for the year	**386,914**	*297,296*
Dividends	**(320,000)**	*(320,000)*
	66,914	*(22,704)*
Opening shareholders' funds	**2,097,035**	*2,119,739*
Closing shareholders' funds	**2,163,949**	*2,097,035*
Analysis of shareholders' funds		
Non-equity interests	**1,000**	*1,000*
Equity interests	**2,162,949**	*2,096,035*
	2,163,949	*2,097,035*

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	126,421	68,858
Depreciation of tangible fixed assets	29,095	18,865
Loss on disposal of tangible fixed assets	2,342	-
Decrease/(increase) in debtors	81	(33)
Increase in amounts owed by group undertakings	(106,605)	(72,410)
Decrease in creditors	(19,928)	(31,580)
Decrease in amounts owed to group undertakings	(18,431)	(17,002)
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	12,975	(33,302)

17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	71,527	75,730
Income from investments in group undertakings	200,000	190,000
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	271,527	265,730

	2004 £	2003 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(90,214)	-
Sale of tangible fixed assets	31,700	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(58,514)	-

18. ANALYSIS OF CHANGES IN NET FUNDS

	1 July 2003 £	Cash flow £	Other non-cash changes £	30 June 2004 £
Cash at bank and in hand:	2,304,034	(130,328)	-	2,173,706
NET FUNDS	2,304,034	(130,328)	-	2,173,706

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2004

19. CONTINGENT LIABILITIES

The company has given an unlimited guarantee to Lloyds Bank Plc in respect of any overdrafts that may arise in the group companies. At 30 June 2004 this amounted to £Nil *(2003 : £Nil)*.

20. CONTROLLING PARTY

Throughout the year, the company was controlled by P. J. Smith, R. D. Garbett, directors, and members of their close families. Details of the directors' interests in the company's share capital are set out in the Directors' Report.

21. RELATED PARTY TRANSACTIONS

During the year, the company entered into transactions with its subsidiary companies, details of which are set out in note 9, as follows:

	2004	*2003*
	£	*£*
R. D. P. Electronics Limited		
Management charge	**645,000**	*645,000*
Recharges	**7,123**	*26,579*
Balance at the year end	**242,278**	*135,673*
R. D. P. - Howden Limited		
Management charge	**3,000**	*3,000*
Group relief	**(2,833)**	*(669)*
Recharges	**(321)**	*2,049*
Balance at the year end	**(222,106)**	*(240,537)*