REGISTRAR'S COPY

COMPANY NUMBER 998521

Tinius Olsen Limited

(formerly Hounsfield Test Equipment Limited)

Abbreviated Financial Statements

Year Ended

31 December 2003



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BDO Stoy Hayward
Chartered Accountants

Tinius Olsen Limited

Abbreviated financial statements for the year ended 31 December 2003

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Directors

M R C Hounsfield (Chairman)
J C Ivory (Managing Director)
P M O Woolford
M J Wheeler
D G Wheeler
J P Loftus (American)
J A Millane (American)
C R Tait (American)
C R Tait III (American)

Secretary and registered office

P M O Woolford, 6 Perrywood Business Park, Honeycrock Lane, Salfords, Surrey RH1 5DZ

Company number

998521

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

Tinius Olsen Limited

Report of the directors for the year ended 31 December 2003

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activities, review of business and future developments

The principal activity of the company during the year was that of producers of load test equipment.

Whilst maintaining our policy of continued new investment, 2003 was a mixed year with the benefits of our Far Eastern Markets being balanced by the disappointing European economic climate.

Change of name

On 5 January 2004, the company passed a special resolution changing its name from Hounsfield Test Equipment Limited to Tinius Olsen Limited.

Research and development activities

The company continues to run an extensive research and development programme which, in the opinion of the directors, is essential for the growth of the business.

Directors

The directors of the company during the year were:

M R C Hounsfield (Chairman)
J C Ivory (Managing Director)
P M O Woolford
M J Wheeler
D G Wheeler (appointed 20 January 2003)
J P Loftus (American)
J A Millane (American)
C R Tait (American)
C R Tait III (American)

No director had any beneficial interest in the ordinary share capital of the company.

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 year. 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; and
- 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

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the board

P M O Woolford

Secretary

15 March 2004

Independent auditors' report to Tinius Olsen Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages 4 to 22 together with the financial statements of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated financial statements on pages 4 to 22 are properly prepared in accordance with that provision.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

15 March 2004

Tinius Olsen Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £	2002 £
Gross profit		**2,858,703**	2,843,010
Distribution costs		**720,908**	634,378
Administrative expenses		**1,962,829**	1,950,512
Operating profit	4	**174,966**	258,120
Other interest receivable and similar income		**32,809**	26,982
Interest payable and similar charges	5	**(24,353)**	(31,216)
Profit on ordinary activities before taxation		**183,422**	253,886
Taxation on profit on ordinary activities	6	**53,535**	77,613
Profit on ordinary activities after taxation	15	**129,887**	176,273

All amounts relate to continuing activities.
All recognised gains and losses in the current and prior year are included in the profit and loss account.
There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 8 to 22 form part of these financial statements.

Tinius Olsen Limited

Balance sheet at 31 December 2003

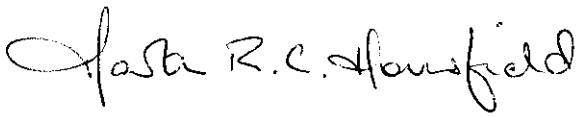
	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	7		**1,441,003**		1,382,319
Fixed asset investments	8		**15,095**		15,095
			1,456,098		1,397,414
Current assets					
Stocks	9	**834,063**		740,080	
Debtors	10	**920,556**		1,037,290	
Cash at bank and in hand		**1,041,789**		1,170,266	
		2,796,408		2,947,636	
Creditors: amounts falling due within one year	11	**695,427**		823,555	
Net current assets			**2,100,981**		2,124,081
Total assets less current liabilities			**3,557,079**		3,521,495
Creditors: amounts falling due after more than one year	12	**462,000**		565,334	
Provision for liabilities and charges	13	**25,435**		16,404	
			487,435		581,738
			3,069,644		2,939,757
Capital and reserves					
Called up share capital	14		**18,000**		18,000
Share premium account	15		**558,000**		558,000
Profit and loss account	15		**2,493,644**		2,363,757
Equity shareholders' funds	16		**3,069,644**		2,939,757

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The notes on pages 8 to 22 form part of these financial statements.

The financial statements were approved by the Board on 15 March 2004.

M R C Hounsfield
Director



Tinius Olsen Limited

Cash flow statement for the year ended 31 December 2003

	Note	2003 £	2002 £
Net cash inflow from operating activities	17	**245,379**	559,987
Returns on investments and servicing of finance	18	**8,456**	(4,234)
Taxation	18	**(78,599)**	(89,133)
Capital expenditure and financial investment	18	**(210,016)**	(121,373)
Cash (outflow)/inflow before use of liquid resources and financing		**(34,780)**	345,247
Management of liquid resources	18	**175,000**	(375,000)
Financing	18	**(93,697)**	(94,046)
Increase/(decrease) in cash	19	**46,523**	(123,799)

The notes on pages 8 to 22 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	-	over 50 years
Plant and machinery etc	-	over 7 years
Motor vehicles	-	over 3 to 4 years
Fixtures, fittings and equipment	-	over 3 to 7 years

Valuation of investments

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

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials	cost of purchase on a first in, first out basis.
Work in progress and finished goods	cost of raw materials and labour together with attributable overheads appropriate to the stage of manufacture.

Foreign currency

Foreign currencies transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Research and development

Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance, and is to be amortised in line with sales from the related product. All research and other development costs are written off as incurred.

1 Accounting policies *(continued)*

Deferred taxation

Deferred tax balances are recognised in respect of all material timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Employees

Staff costs (including directors) consist of:

	2003 £	2002 £
Wages and salaries	**1,947,189**	1,725,904
Social security costs	**205,697**	174,527
Other pension costs	**149,422**	114,262
	2,302,308	2,014,693

The average number of employees (including directors) during the year was as follows:

	2003 Number	2002 Number
Office and management	**14**	13
Manufacturing	**24**	23
Sales and design	**26**	25
	64	61

3 Directors' remuneration

	2003 £	2002 £
Remuneration as executives	**378,142**	268,588
Company contributions to money purchase pension schemes	**47,561**	33,456

There were 5 directors in the company's defined contribution pension scheme during the year (2002 - 4).

The total amount payable to the highest paid director in respect of emoluments was £103,499 (2002 - £83,207). Company pension contributions of £12,750 (2002 - £10,500) were made to a money purchase scheme on their behalf.

A pension of £15,000 (2002: £15,000) was paid to a former director.

4 Operating profit

	2003 £	2002 £
This is arrived at after charging/(crediting):		
Research and development - current year's expenditure	**214,633**	229,005
Depreciation of tangible fixed assets	**158,887**	159,904
Hire of other assets - operating leases	**39,920**	40,781
Exchange differences	**(10,917)**	(12,057)
Profit on sale of fixed assets	**(7,554)**	(690)
Auditors' remuneration - audit services	**17,500**	15,000

5 Interest payable and similar charges

	2003 £	2002 £
Other loans (see note 12)	**16,380**	17,675
Mortgage interest (see note 12)	**7,973**	13,541
	24,353	31,216

6 Taxation on profit on ordinary activities

	2003 £	2002 £
UK Corporation tax		
Current tax on profits of the year	**52,795**	86,890
Adjustment in respect of previous years	**(8,291)**	1,267
Total current tax	**44,504**	88,157
Deferred tax		
Origination and reversal of timing differences	**4,531**	(10,544)
Adjustment in respect of previous years	**4,500**	-
Movement in deferred tax provision	**9,031**	(10,544)
Taxation on profit on ordinary activities	**53,535**	77,613

The tax assessed for the year is lower (2002: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	**183,422**	253,886
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	**55,027**	76,166
Effect of:		
Expenses not deductible for tax purposes	**5,960**	5,371
Capital allowances for period in (excess)/deficit of depreciation	**(2,480)**	10,544
Adjustment to tax charge in respect of previous years	**(8,291)**	1,267
Marginal relief	**(8,162)**	(5,191)
Movements on provisions	**2,450**	-
Current tax charge for year	**44,504**	88,157

7 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2003	1,356,160	402,678	183,592	527,603	2,470,033
Additions	-	50,637	57,912	120,762	229,311
Disposals	-	-	(44,649)	-	(44,649)
At 31 December 2003	**1,356,160**	**453,315**	**196,855**	**648,365**	**2,654,695**
Depreciation					
At 1 January 2003	250,006	335,615	74,260	427,833	1,087,714
Provided for the year	19,950	30,924	45,779	62,234	158,887
Disposals	-	-	(32,909)	-	(32,909)
At 31 December 2003	**269,956**	**366,539**	**87,130**	**490,067**	**1,213,692**
Net book value					
At 31 December 2003	**1,086,204**	**86,776**	**109,725**	**158,298**	**1,441,003**
At 31 December 2002	1,106,154	67,063	109,332	99,770	1,382,319

8 Fixed asset investments

	Unlisted £	Listed investments £	Total £
Cost			
At 1 January 2003 and 31 December 2003	**13,293**	**1,802**	**15,095**
Net book value			
At 31 December 2002 and 31 December 2003	**13,293**	**1,802**	**15,095**

	2003 £	2002 £
Listed investments:		
Market value	**1,951**	1,763

9 Stocks

	2003 £	2002 £
Raw materials and consumables	**32,428**	22,580
Work in progress	**471,270**	564,414
Finished goods and goods for resale	**330,365**	153,086
	834,063	740,080

There is no material difference between the replacement cost of stocks and the amounts stated above.

In the opinion of the directors there is no material difference between the replacement cost of stocks and the amounts stated above.

10 Debtors

	2003 £	2002 £
Trade debtors	**825,533**	919,887
Other debtors	**33,866**	76,650
Prepayments and accrued income	**61,157**	40,753
	920,556	1,037,290

All amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	2003 £	2002 £
Mortgage - parent undertaking (secured - see note 12)	**51,047**	50,152
Unsecured loan stock - parent undertaking (see note 12)	**42,000**	42,000
Payments received on account	**23,957**	22,210
Trade creditors	**303,336**	316,589
Corporation tax	**52,795**	86,890
Other taxation and social security	**8,006**	9,541
Accruals and deferred income	**214,286**	296,173
	695,427	823,555

Included within accruals is an amount of £14,000 (2002: £3,916) relating to outstanding contributions to the company's defined contribution scheme.

12 Creditors: amounts falling due after more than one year

	2003 £	2002 £
Mortgage - parent undertaking	-	61,334
Unsecured loan stock - parent undertaking	**462,000**	504,000
	462,000	565,334

Maturity of debt:

	Other debt 2003 £	Other debt 2002 £
In one year or less, or on demand	**93,047**	92,152
In more than one year but not more than two years	**42,000**	103,334
In more than two years but not more than five years	**126,000**	126,000
In more than five years	**294,000**	336,000
	462,000	565,334

(i) The mortgage on Unit 6, Perrywood Business Park, is secured by a legal charge over that freehold property. The mortgage is repayable by quarterly instalments for a further period of 1 year and bears interest at 9% per annum.

(ii) The loan stock is unsecured, attracts interest at 3% per annum, and is payable by equal annual installments commencing 1 January 1997. The redemption date is 2016.

13 Provision for liabilities and charges

	Deferred taxation £
At 1 January 2003	16,404
Charged to profit and loss account (see note 6)	9,031
At 31 December 2003	**25,435**

Deferred taxation

	2003 £	2002 £
Accelerated capital allowances	**28,585**	26,104
Sundry timing differences	**(3,150)**	(9,700)
	25,435	16,404

14 Share capital

	Authorised		Allotted, called up and fully paid	
	2003 £	2002 £	2003 £	2002 £
Equity share capital				
Ordinary shares of £1 each	**18,000**	18,000	**18,000**	18,000

15 Reserves

	Share premium account £	Profit and loss account £
At 1 January 2003	558,000	2,363,757
Profit for the year	-	129,887
At 31 December 2003	**558,000**	**2,493,644**

16 Reconciliation of movements in shareholder's funds

	2003 £	2002 £
Profit for the year	**129,887**	176,273
Opening shareholder's funds	**2,939,757**	2,763,484
Closing shareholder's funds	**3,069,644**	2,939,757

17 Reconciliation of operating profit before exceptional items to net cash inflow from operating activities

	2003 £	2002 £
Operating profit	**174,966**	258,120
Depreciation of tangible fixed assets	**158,887**	159,904
Profit on sale of tangible fixed assets	**(7,554)**	(690)
(Increase)/decrease in stocks	**(93,983)**	145,548
Decrease in debtors	**116,734**	43,152
Decrease in creditors	**(94,929)**	(33,990)
Exchange movements	**(8,742)**	(12,057)
Net cash inflow from operating activities	**245,379**	559,987

18 Analysis of cash flows for headings netted in the cash flow statement

	2003 £	2002 £
Returns on investment and servicing of finance		
Interest received	**32,809**	26,982
Interest paid: other	**(24,353)**	(31,216)
	8,456	(4,234)
Taxation		
Corporation tax paid	**(78,599)**	(89,133)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	**(229,311)**	(127,623)
Receipts from sale of tangible fixed assets	**19,295**	6,250
	(210,016)	(121,373)
Management of liquid resources		
Treasury deposit	**175,000**	(375,000)
Financing		
Debt due within 1 year: decrease in short term borrowings	**(93,697)**	(94,046)

19 Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
Increase / (decrease) in cash	**46,523**	(123,799)
Cash inflow from management of liquid resources	**(175,000)**	375,000
Cash outflow from changes in debt	**93,697**	94,046
Movement in net funds resulting from cash flows	**(34,780)**	345,247
Translation differences	**8,742**	12,057
Movement in net funds	**(26,038)**	357,304
Opening net funds	**512,780**	155,476
Opening net funds	**486,742**	512,780

20 Analysis of net funds

	At 1 January 2003 £	Cash flow £	Other non-cash items £	Exchange adjustments £	At 31 December 2003 £
Cash at bank and in hand	145,266	46,523	-	-	**191,789**
Liquid resources	1,025,000	(175,000)	-	-	**850,000**
	1,170,266	(128,477)			**1,041,789**
Debt due within one year	(92,152)	83,410	(93,047)	8,742	**(93,047)**
Debt due after one year	(565,334)	10,287	93,047	-	**(462,000)**
		93,697			
Total	512,780	(34,780)	-	8,742	**486,742**

21 Pensions

Until June 1997 the company operated a defined contribution pension scheme. The assets of the scheme were held separately from those of the company in an independantly administered fund. The pension cost charge includes contributions payable by the company to this fund. The company currently contributes to a group personal pension plan.

The assets of the plan are held separately from those of the company in an independently administered fund. The pension cost charge also includes contributions payable by the company to this fund.

22 Ultimate parent company and parent undertaking of larger group

At the 31 December 2003, the company's ultimate parent undertaking is Tinius Olsen Testing Machine Co Inc, a company incorporated in the United States of America.

23 Related party disclosures

Related party transactions and balances

During the year ended 31 December 2003, the company made sales of £687,084 (2002 - £658,141) to Tinius Olsen Testing Machine Co. Inc. at arms length. Trade debtors include £111,692 (2002 - £115,489) due from Tinius Olsen Testing Machine Co. Inc.

The company also made purchases of £386,167 (2002 - £27,741) from its parent company during the year. Trade creditors include £53,573 (2002 - £39,919) due to the parent company.

The company received research and development recharges and commissions amounting to £57,842 from its parent company during the year (2002: £40,000 management charge was payable by the company to its parent company).

Details of the company's indebtedness to its parent and ultimate parent undertakings are set out in note 12. The related interest charges are also disclosed in note 5.

24 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2003	2002
	Other	**Other**
	£	**£**
Operating leases which expire:		
Within one year	**2,934**	28,222
In two to five years	**38,475**	18,323
	41,409	46,545