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Company Registration No. 2001521 (England and Wales)

CHAUVIN ARNOUX UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004



CHAUVIN ARNOUX UK LIMITED

COMPANY INFORMATION

Directors	D Arnoux A Arnoux
Secretary	A Arnoux
Company number	2001521
Registered office	Grenville Court, Britwell Road Burnham Buckinghamshire SL1 8DF
Auditors	Eacotts Ltd Grenville Court, Britwell Road Burnham Buckinghamshire SL1 8DF
Business address	Waldeck House, Waldeck Road Maidenhead Berkshire SL6 8BR

CHAUVIN ARNOUX UK LIMITED

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CHAUVIN ARNOUX UK LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

The directors present their report and financial statements for the year ended 31 December 2004.

Principal activities
The principal activity of the company during the year was the marketing of electronic testing equipment.

Directors
The following directors have held office since 1 January 2004:

D Arnoux
A Arnoux

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2004	1 January 2004
D Arnoux	-	-
A Arnoux	1	1

Auditors
Eacotts Ltd were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

.....
A Arnoux
Director
14/6/05

CHAUVIN ARNOUX UK LIMITED

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF CHAUVIN ARNOUX UK LIMITED

We have audited the financial statements of Chauvin Arnoux UK Limited on pages 4 to 9 for the year ended 31 December 2004. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF CHAUVIN ARNOUX UK LIMITED

Qualified opinion arising from disagreement about accounting treatment
The closing stock value shown in the balance sheet and included in the calculation of cost of sales in the profit and loss account is not valued in accordance with the companies accounting policy as it is not valued at the lower of cost and net reaslisable value.

There is a significant quantity of stock at the beginning and the end of the year which is regarded as being slow moving or obsolete in the markets in which the company operates. The net realisable value of this stock is likely to be less than the carrying value in the accounts.

In our opinion, estimates of the provisions required, to reduce the values of stock to the lower of cost and net realisable value would be £80,000 at 31 December 2003 and £30,000 at 31 December 2004. These estimates have not been included in the accounts and therefore in our opinion the assets are overstated by £30,000 as at December 2004 and the profit for the year is understated by £50,000.

Except for the absence of these provisions, in our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Eacotts Ltd 21/6/05

Grenville Court
Britwell Road
Burnham
Buckinghamshire
SL1 8DF

Eacotts Ltd
Chartered Accountants
Registered Auditor

CHAUVIN ARNOUX UK LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £	2003 £
Turnover		935,390	912,251
Cost of sales		(520,900)	(506,820)
Gross profit		414,490	405,431
Administrative expenses		(410,435)	(394,396)
Operating profit	**2**	4,055	11,035
Other interest receivable and similar income		1,440	1,812
Interest payable and similar charges		(2,608)	(2,035)
Profit on ordinary activities before taxation		2,887	10,812
Tax on profit on ordinary activities	**3**	(945)	(4,046)
Profit on ordinary activities after taxation	**8**	1,942	6,766

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CHAUVIN ARNOUX UK LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2004

	Notes	2004 £	£	2003 £	£
Fixed assets					
Tangible assets	4		8,270		9,836
Current assets					
Stocks		200,886		311,832	
Debtors	5	133,097		166,847	
Cash at bank and in hand		292,037		164,044	
		626,020		642,723	
Creditors: amounts falling due within one year	6	(235,933)		(256,144)	
Net current assets			390,087		386,579
Total assets less current liabilities			398,357		396,415
Capital and reserves					
Called up share capital	7		45,000		45,000
Profit and loss account	8		353,357		351,415
Shareholders' funds - equity interests	9		398,357		396,415

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

The financial statements were approved by the Board on 14/6/05

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P Arnoux
Director

CHAUVIN ARNOUX UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 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 less estimated residual value of each asset over its expected useful life, as follows:

Fixtures, fittings & equipment	20% straight line

1.4 Leasing

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

1.5 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct costs.

1.6 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.7 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	2,156	945
Loss on foreign exchange transactions	-	21,138
Operating lease rentals	20,555	21,189
Auditors' remuneration	9,024	8,339
and after crediting:		
Profit on foreign exchange transactions	(2,023)	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

3 Taxation	2004	2003
	£	£
Domestic current year tax		
U.K. corporation tax	945	1,957
Adjustment for prior years	-	2,089
Current tax charge	945	4,046
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	2,887	10,812
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2003: 19.00%)	549	2,054
Effects of:		
Non deductible expenses	452	270
Depreciation add back	410	180
Capital allowances	(466)	(547)
Adjustments to previous periods	-	2,089
	396	1,992
Current tax charge	945	4,046

4 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 January 2004	85,178
Additions	589
At 31 December 2004	85,767
Depreciation	
At 1 January 2004	75,341
Charge for the year	2,156
At 31 December 2004	77,497
Net book value	
At 31 December 2004	8,270
At 31 December 2003	9,836

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2004

5 Debtors	2004 £	2003 £
Trade debtors	114,001	150,661
Other debtors	19,096	16,186
	133,097	166,847

6 Creditors: amounts falling due within one year	2004 £	2003 £
Trade creditors	21,355	26,298
Amounts owed to group undertakings and undertakings in which the company has a participating interest	167,380	192,401
Taxation and social security	36,124	26,039
Other creditors	11,074	11,406
	235,933	256,144

7 Share capital	2004 £	2003 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
45,000 Ordinary shares of £1 each	45,000	45,000

8 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2004	351,415
Retained profit for the year	1,942
Balance at 31 December 2004	353,357

9 Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Profit for the financial year	1,942	6,766
Opening shareholders' funds	396,415	389,649
Closing shareholders' funds	398,357	396,415

10 Financial commitments

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiry date:				
Within one year	-	-	4,139	-
Between two and five years	15,435	15,435	9,032	2,309
	15,435	15,435	13,171	2,309

11 Control

The ultimate controlling party is Chauvin Arnoux Holdings Inc., a company incorporated in the United States of America. Consolidated financial statements are prepared by the parent incorporating the accounts of the reporting company. For details, contact Chauvin Arnoux Holdings Inc.,76 Main Street, Post Office Box 31, Littleton, New Hampshire, USA.

12 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.