



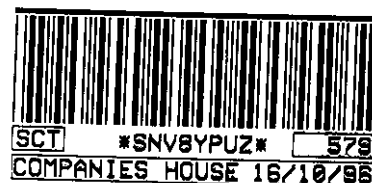
SIMRAD LIMITED

Report and Financial Statements

31 December 1995

Deloitte & Touche
Chartered Accountants
66 Queen's Road
Aberdeen
AB15 4YE

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**OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

K Hansen
O G Bogen
B T Frøshaug
D E Ireland
D J Stewart
A M Gardiner (Non Executive)

SECRETARY

D K Doane

REGISTERED OFFICE

Airport Industrial Estate
Wick
Caithness

BANKERS

Den Norske Bank A/S
London Branch
20 St Dunstons Hill
London

SOLICITORS

Maclay Murray & Spens
151 St Vincent Street
Glasgow

AUDITORS

Deloitte & Touche
Chartered Accountants
66 Queen's Road
Aberdeen

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES

The company's principal activities are the design, manufacture and supply of marine instrumentation products and systems for the offshore, oceanographic, naval fisheries markets.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On 1 January 1995, the trade assets and undertaking of Simrad Hydrospace Limited were transferred to Simrad Limited for a consideration equal to the net book value of the assets transferred.

Also on 1 January 1995, the company acquired 100% of the share capital of Shipmate Marine Electronics Limited for a consideration of £815,082.

On 1 November 1995, the trade assets and undertaking of Simrad Stowe Limited were transferred to Simrad Limited for a consideration of £1,237,096.

The board are pleased with the results for the year despite a major reorganisation. The improvements in the Offshore market and a reduction in costs were primarily behind the overall performance, and the board are confident that the hard work in 1995 can be carried forward into 1996.

DIVIDENDS, RESULTS AND TRANSFERS TO RESERVES

No dividend is proposed and the loss after taxation of £798,302 (1994: profit £460,298) has been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 1. The directors who served during the year were:

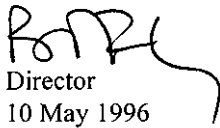
T Kildal	(resigned 30 May 1995)
K Hansen	
R A Manson	(resigned 8 May 1996)
D A Thomson	(resigned 30 May 1995)
D J Stewart	
B J McAulay	(resigned 30 May 1995)
A M Gardiner	
O G Bogen	(appointed 6 January 1995)
B T Frøshaug	(appointed 6 January 1995)
D E Ireland	(appointed 1 November 1995)

The directors had no disclosable interests in the share capital of the company or any UK group company at 31 December 1995 and 1 January 1995 or date of appointment.

**DIRECTORS' REPORT****AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. 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


Director
10 May 1996



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 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;
- state whether applicable accounting standards have been followed;
- 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. 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.



Chartered Accountants

Deloitte & Touche
66 Queen's Road
Aberdeen AB1 6YE

Telephone: National 01224 325375
International + 44 1224 325375
Telecopier (Gp. 3): 01224 313611

AUDITORS' REPORT TO THE MEMBERS OF SIMRAD LIMITED

We have audited the financial statements on pages 6 to 16 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 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 at 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors
6 June 1996

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	1995 £	1994 £
TURNOVER - continuing operations	2	17,694,706	8,933,533
Cost of sales		(9,295,462)	(4,961,470)
GROSS PROFIT		8,399,244	3,972,063
Net operating expenses	3	(7,735,136)	(5,781,088)
OPERATING PROFIT/(LOSS) - continuing operations	4	664,108	(1,809,025)
Investment income	6	8,747	2,649,078
Amounts written off investments	11	(1,237,096)	(513,505)
Interest payable and similar charges	7	(225,440)	(141,098)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(789,681)	185,450
Tax on (loss)/profit on ordinary activities	8	(8,621)	274,848
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND (LOSS)/PROFIT FOR THE FINANCIAL YEAR, TRANSFERRED (FROM)/TO RESERVES		(798,302)	460,298
			£
Balance at 1 January 1995			976,418
Loss for the year			(798,302)
Balance at 31 December 1995			178,116

A statement of total recognised gains or losses is not required as there are no recognised gains or losses other than the profit for the financial year, and for the preceding year.

A reconciliation of movements in shareholders' funds is not required as there are no movements in shareholders' funds other than the profit for the financial year, and for the preceding year.

The trade of Shipmate Marine Electronics Limited was amalgamated with that of Simrad Limited, such that we are unable to separately identify the contribution to group activities due to the acquisition of that company.


BALANCE SHEET
As at 31 December 1995

	Note	£	1995 £	1994 £
FIXED ASSETS				
Intangible assets	9		55,841	-
Tangible assets	10		3,088,479	1,718,610
Investments	11		2,102,306	1,255,550
			<u>5,246,626</u>	<u>2,974,160</u>
CURRENT ASSETS				
Stocks	12	4,107,424		2,965,756
Debtors	13	5,988,940		3,175,233
Cash at bank and in hand		47,070		91,722
		<u>10,143,434</u>		<u>6,232,711</u>
CREDITORS: amounts falling due within one year				
Bank overdrafts	16	521,922		2,260,307
Bank loans	16	45,000		-
Trade creditors		615,376		359,765
Amounts owed to group undertakings - parent				
company and fellow subsidiary undertakings		6,237,081		2,163,452
subsidiary undertaking		2,150,887		1,424,733
Obligations under finance leases and hire purchase contracts		5,078		40,002
Other creditors including taxation and social security	14	122,002		98,262
Accruals and deferred income		133,406		54,455
		<u>9,830,752</u>		<u>6,400,976</u>
NET CURRENT ASSETS/(LIABILITIES)			312,682	(168,265)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,559,308</u>	<u>2,805,895</u>
CREDITORS: amounts falling due after more than one year				
	15		3,748,480	196,765
PROVISIONS FOR LIABILITIES AND CHARGES				
	17		-	-
			<u>1,810,828</u>	<u>2,609,130</u>
CAPITAL AND RESERVES				
Called up share capital	18		1,632,712	1,632,712
Profit and loss account			178,116	976,418
			<u>1,810,828</u>	<u>2,609,130</u>
Attributable to equity shareholders			1,810,828	2,609,130

These financial statements were approved by the Board of Directors on 10 May 1996.

Signed on behalf of the Board of Directors

 Director

NOTES TO THE ACCOUNTS

Year ended 31 December 1995

1. ACCOUNTING POLICIES

The financial statements have been 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.

Consolidation

As permitted by S.228 of the Companies Act 1985 group accounts for the company and its subsidiaries are not presented. The company and its subsidiaries are included in the consolidated financial statements of Simrad UK Limited, a company registered in England.

Intangible Fixed Assets

Goodwill is amortised over a period of up to twenty years.

Tangible Fixed Assets

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

Freehold buildings	2% per annum
Tenant's improvements	4% per annum
Motor vehicles	25% per annum
Plant and machinery	10% - 33% per annum
Office fittings	20% per annum

Investments

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

Stocks

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

Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date.

These translation differences are dealt with in the profit and loss account.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.



NOTES TO THE ACCOUNTS **Year ended 31 December 1995**

1. ACCOUNTING POLICIES (CONTINUED)

Research and Development

Research and development expenditure is written off as incurred.

Pension Costs

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

2. TURNOVER

Turnover represents the sale of goods and services invoiced excluding value added tax.

	1995 £	1994 £
Geographical analysis of turnover:		
United Kingdom	11,784,834	7,854,415
Rest of world	5,909,872	1,079,118
	<u>17,694,706</u>	<u>8,933,533</u>

3. NET OPERATING EXPENSES

	£	£
Net operating expenses:		
Administrative expenses	6,170,735	4,185,297
Distribution costs	1,564,401	1,595,791
	<u>7,735,136</u>	<u>5,781,088</u>

4. OPERATING PROFIT/(LOSS) - CONTINUING OPERATIONS

	£	£
Operating profit/(loss) is stated after charging:		
Hire of equipment	7,633	8,997
Rentals under operating leases:		
Land and buildings	147,504	261,862
Other	102,048	63,107
Depreciation of tangible fixed assets	339,992	301,343
Auditors' remuneration	15,000	12,000
Exceptional group distribution charge	-	336,082
	<u>-</u>	<u>336,082</u>

On 1 January 1995, the company purchased 100% of the share capital of Shipmate Marine Electronics Limited. Also, on that date, the trade, assets and undertaking of Simrad Hydrospace Limited were acquired. On 1 November 1995, the trade assets, liabilities and undertaking of Simrad Stowe Limited were acquired.

These trades were amalgamated with that of Simrad Limited and it is not possible to separately identify the contribution to the company's results arising from these acquisitions.


NOTES TO THE ACCOUNTS
Year ended 31 December 1995
5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995 £	1994 £
Director's emoluments		
Fees	-	12,500
Remuneration:		
Salaries and taxable benefits	230,823	174,460
Compensation for loss of office	51,660	-
	<u>282,483</u>	<u>186,960</u>
Pension scheme contributions	28,872	36,800
	<u>311,355</u>	<u>223,760</u>
Emoluments of highest paid director		
Fees	-	2,500
Remuneration:		
Salaries and taxable benefits	61,868	65,448
Compensation for loss of office	29,660	-
	<u>91,528</u>	<u>67,948</u>
Emoluments of the directors, excluding pension contributions, were within the following scales:		
£0 - £5,000	6	2
£55,001 - £60,000	2	2
£70,001 - £75,000	1	-

All directors who performed their duties wholly or mainly outside the UK were not included in the above ranking. This also applies to the Chairman.

	No	No
Employees		
Average number of persons employed by the company in the year:		
Management	20	13
Administration	60	39
Technical	91	88
	<u>171</u>	<u>140</u>
	£	£
Staff costs incurred during the year in respect of these employees were:		
Wages and salaries	2,895,841	2,401,238
Social security costs	279,762	234,404
Other pension costs	123,252	107,188
	<u>3,298,855</u>	<u>2,742,830</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

6. INVESTMENT INCOME

	1995 £	1994 £
Income from interests in subsidiary companies	-	2,638,365
Other interest receivable and similar income	8,747	10,713
	<u>8,747</u>	<u>2,649,078</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
Bank overdraft and loans wholly repayable within five years	152,793	108,860
Other loans	11,879	21,291
Interest payable to group companies	60,768	10,947
	<u>225,440</u>	<u>141,098</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£	£
Current year		
United Kingdom corporation tax based on profits for the year at 33% (1994: 33%)	-	(156,118)
Group relief	(6,731)	(5,381)
Deferred taxation at 33% (1994: 33%) (Note 17)	(3,350)	(107,528)
	<u>(10,081)</u>	<u>(269,027)</u>
Prior year:		
Corporation tax	18,702	(3,986)
Deferred taxation (Note 17)	-	(1,835)
	<u>18,702</u>	<u>(5,821)</u>
	<u>8,621</u>	<u>(274,848)</u>

The tax credit is disproportionate to pre tax income principally due to carry forward of tax losses not previously recognised.

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

9. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
Transferred in	64,723
As at 31 December 1995	64,723
Amortisation	
Transferred in	8,882
At 31 December 1995	8,882
Net Book Value	
At 31 December 1995	55,841

Goodwill transferred-in was from a fellow subsidiary, Simrad Stowe Limited, as part of the transfer of that company's trade, assets and liabilities to Simrad Limited.

10. TANGIBLE FIXED ASSETS

	Freehold Land and Buildings £	Tenant's Improve- ments £	Motor Vehicles £	Plant and Equipment £	Total £
Cost					
As at 1 January 1995	6,275	47,388	80,483	3,303,978	3,438,124
Additions	24,932	2,191	104,925	412,927	544,975
Transfers	974,806	-	30,954	625,412	1,631,172
Disposals	-	-	(85,280)	(70,021)	(155,301)
As at 31 December 1995	1,006,013	49,579	131,082	4,272,296	5,458,970
Accumulated Depreciation					
As at 1 January 1995	-	13,365	49,099	1,657,050	1,719,514
Charge for year	23,050	1,946	21,067	293,929	339,992
Transfers	55,700	-	19,959	326,263	401,922
Disposals	-	-	(61,326)	(29,611)	(90,937)
As at 31 December 1995	78,750	15,311	28,799	2,247,631	2,370,491
Net Book Value					
As at 31 December 1995	927,263	34,268	102,283	2,024,665	3,088,479
As at 31 December 1994	6,275	34,023	31,384	1,646,628	1,718,610

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

11. INVESTMENTS HELD AS FIXED ASSETS

	Associated Under- takings £	Shares in Subsidiary Under- takings £	Other Invest- ments £	Total £
Cost				
At 1 January 1995	-	1,768,562	493	1,769,055
Additions	31,674	815,082	-	846,756
	<u>31,674</u>	<u>2,583,644</u>	<u>493</u>	<u>2,615,811</u>
At 31 December 1995				
	<u>31,674</u>	<u>2,583,644</u>	<u>493</u>	<u>2,615,811</u>
Provisions				
At 1 January and 31 December 1995	-	(513,505)	-	(513,505)
	<u>-</u>	<u>(513,505)</u>	<u>-</u>	<u>(513,505)</u>
Net Book Value				
At 31 December 1995	31,674	2,070,139	493	2,102,306
	<u>31,674</u>	<u>2,070,139</u>	<u>493</u>	<u>2,102,306</u>
At 31 December 1994	-	1,255,057	493	1,255,550
	<u>-</u>	<u>1,255,057</u>	<u>493</u>	<u>1,255,550</u>

On 1 January 1995, the company purchased the trade, assets and liabilities of Shipmate Marine Electronics Limited. These included its subsidiary Shipmate Navigator Limited, and its associate, Shipmate Leasing Limited. Details of the assets and liabilities acquired are shown in the accounts of the parent company, Simrad UK Limited.

Goodwill arising on the acquisition of the trade, assets, liabilities and undertaking of Simrad Stowe Limited amounting to £1,237,096 has been expensed.

The prior year figure represents a provision for diminution in value of subsidiaries..

Subsidiary Undertakings	Country of incorporation, registration and operation	Activity	Proportion of ordinary shares held %
Osprey Sub-Sea Systems Inc	USA	Dormant	100
Osprey Leasing Limited	Scotland	Equipment leasing	100
Osprey Electronics Limited	Scotland	Dormant	100
Osprey Electronics Inc	USA	Dormant	100
Osprey Overseas Limited	Scotland	Holding company	100
Sub-Sea Systems UK Limited	Scotland	Dormant	100
Sim (1995) Limited	Scotland	Dormant	100
Shipmate Marine Electronics Limited	England	Dormant	100
Shipmate Navigator Limited	England	Dormant	100
Associated Undertaking			
Shipmate Leasing Limited	England	Equipment Leasing	50

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

12. STOCKS

	1995	1994
	£	£
Raw materials	2,403,247	854,033
Work in progress	858,153	375,872
Finished goods	846,024	1,735,851
	<u>4,107,424</u>	<u>2,965,756</u>

13. DEBTORS

	1995	1994
	£	£
Trade debtors	4,231,942	2,076,848
Amounts owed by group undertakings -		
parent and fellow subsidiary undertakings	2,159,296	152,415
subsidiary undertakings	219,308	398,897
associate undertaking	213,829	-
Other debtors	274,539	436,045
Prepayments and accrued income	127,122	111,028
	<u>7,226,036</u>	<u>3,175,233</u>

14. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	£	£
This heading includes:		
Taxation and social security	<u>119,200</u>	<u>75,715</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	£	£
Bank loan	405,000	-
Amounts owed to group undertakings -		
parent and fellow subsidiary undertakings	3,343,480	187,201
Obligations under finance leases and hire purchase contracts	-	9,564
	<u>3,748,480</u>	<u>196,765</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

16. BORROWINGS

	1995 £	1994 £
Analysis of borrowings		
Bank overdraft	521,922	2,260,307
Bank loan	450,000	-
Amounts owed to group undertakings		
Parent	843,480	187,201
Ultimate parent	2,500,000	-
Obligations under finance leases and hire purchase contracts	5,078	49,566
	<u>4,320,480</u>	<u>2,497,074</u>
Due within one year	572,000	2,300,309
Due after more than one year	3,748,480	196,765
	<u>4,320,480</u>	<u>2,497,074</u>
Analysis of total loan repayments		
Within one year or on demand	572,000	2,300,309
Between one year and two years	45,000	9,564
Between two and five years	135,000	-
Due after more than five years	225,000	-
No fixed terms of repayment	3,343,480	187,201
	<u>4,320,480</u>	<u>2,497,074</u>

The Simrad UK Limited group has entered into an arrangement with the group's bankers whereby cross-guarantees have been granted to enable balances in credit to be offset against overdrawn balances. Any resulting overdraft is secured by a floating charge over the whole of the group's assets. The company's contingent liability at 31 December 1995 under this arrangement amounted to £Nil (1994: £Nil).

Obligations under finance leases and hire purchase contracts are secured over the related leased assets.

There are no fixed terms of repayment for the amounts payable to parent and ultimate parent. The amount outstanding to the parent company is interest free. The amount outstanding to the ultimate parent company bears interest at 8% per annum.

NOTES TO THE ACCOUNTS
Year ended 31 December 1995

17. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 January 1995 £	Acquired £	Credited to Profit and Loss Account £	Balance at 31 December 1995 £
Deferred taxation	-	3,350	(3,350)	-

The amounts of deferred taxation provided and unprovided in the accounts at 33% are:

	Provided		Unprovided	
	1995 £	1994 £	1995 £	1994 £
Capital allowances in excess of depreciation	234,542	136,340	100,000	100,000
Other timing differences	(15,250)	4,628	-	-
Losses	(219,292)	(140,968)	(100,000)	(100,000)
	-	-	-	-

In addition to the above, tax losses of approximately £1,974,000 are available for offset against future profits arising from the same trade.

18. CALLED UP SHARE CAPITAL

	Authorised 1995 No	Allotted and fully paid 1995 £	Authorised 1994 No	Allotted and fully paid 1994 £
Ordinary shares of £1 each	1,661,848	1,632,712	1,661,848	1,632,712

19. OPERATING LEASE COMMITMENTS

At 31 December 1995 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and Buildings £	Other £
Leases which expire:		
Within one year	40,000	118,272
Within 2 to 5 years	160,000	197,351
	200,000	315,623

**NOTES TO THE ACCOUNTS**
Year ended 31 December 1995**20. ULTIMATE PARENT COMPANY**

The smallest group which prepares consolidated financial statements (including those of the company) in the UK is Simrad UK Limited. Copies of these financial statements can be obtained from Simrad UK Limited, Woolmer Way, Bordon, Hampshire.

At 31 December 1995 the ultimate parent company is Simrad A/S, a company registered in Norway. The financial statements of the parent company can be obtained from Simrad A/S, Strandpromenaden 50, PO Box 111, 3191 Horten, Norway.