

AMENDED

Toshiba Medical Systems Limited
(Registered Number: 983579)

Directors' Report and Financial Statements

Year ended 31 March 2003



Toshiba Medical Systems Limited

Company Information

Directors

K P Weinand
Y Sakai
K Damgaard-Iversen

Registered office

Unit C
Manor Court
Manor Royal
Crawley
West Sussex RH10 9PY

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Barclays Bank Plc
54 Lombard Street
London
EC3V 9EX

Solicitors

BP Collins
Collins House
32-38 Station Road
Gerrards Cross
Bucks
SL9 8EL

Toshiba Medical Systems Limited

Director's Report for the Year Ended 31 March 2003

The directors present their report and the audited financial statements for the year ended 31 March 2003.

Principal activity

The company supplies and maintains electrical, electronic and mechanical products and services in the medical field.

Review of results and future prospects

The results for the year are set out in the profit and loss account, which show a decrease in turnover from £23,034,000 in the year ended 31 March 2002 to £22,668,000 this year. The net loss before tax amounted to £399,000 compared to a profit of £350,000 in the previous year.

The Directors consider that the state of affairs of the company to be satisfactory and that the level of activity will be maintained.

Dividends and reserves

The directors do not recommend the payment of a dividend (2002: £nil). The retained loss for the year of £369,000 (2002 profit: £209,000) has been transferred from/to the profit and loss reserve.

Directors and their interests

The directors who held office during the year are given on page 1.

No directors had any interest in the shares of the company during the year, nor of any other group company.

Fixed assets

Movements in tangible fixed assets during the year are included in Note 8 to the financial statements.

Toshiba Medical Systems Limited

Director's Report for the Year Ended 31 March 2003 (Continued)

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:

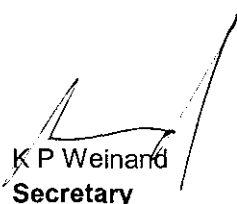
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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

The auditors, PricewaterhouseCoopers LLP, has indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

On Behalf Of The Board


K P Weinand
Secretary

23 January 2004

Independent auditors' report to the members of Toshiba Medical Systems Limited

We have audited the financial statements, which comprise the profit and loss account, the balance sheet, and the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

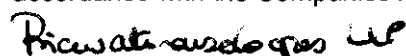
Basis of audit opinion

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 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 at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

22 January 2004

Toshiba Medical Systems Limited

Profit and Loss Account for the Year Ended 31 March 2003

		2003	2002
	<i>Note</i>	£'000	£'000
Turnover	2	22,668	23,034
Cost of sales		(16,936)	(17,216)
Gross profit		5,732	5,818
Distribution costs		(4,273)	(3,640)
Administrative expenses		(1,935)	(1,979)
Operating (loss)/profit	3	(476)	199
Net Interest receivable	6	77	151
(Loss)/profit on ordinary activities before taxation	2	(399)	350
Taxation on ordinary activities	7	30	(141)
Retained (loss)/profit for the financial year	16	(369)	209
transferred from/ to reserves			

The loss for the year is wholly attributable to the continuing operations of the company.

The company had no recognised gains or losses during the year other than those reflected in the profit and loss account above.

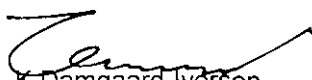
The notes on pages 7 to 18 form an integral part of these financial statements.

Toshiba Medical Systems Limited

Balance Sheet - 31 March 2003

		2003	2002
	Note	£'000	£'000
Fixed assets			
Tangible assets	8	137	163
Current assets			
Stocks	9	4,499	2,958
Debtors	10	11,384	7,698
Cash at bank and in hand		1,556	5,580
		17,439	16,236
Creditors: amounts falling due within one year	12	(15,080)	(13,669)
Net current assets		2,359	2,567
Total assets less current liabilities		2,496	2,730
Creditors: amounts falling due after more than one year	13	(243)	(197)
Provision for liabilities and charges	14	(89)	-
Net assets		2,164	2,533
Capital and reserves			
Called up share capital	15	2,130	2,130
Profit and loss account	16	34	403
Total shareholders' funds – equity interests	17	2,164	2,533

Approved by the board on


K. Damgaard-Iversen
Director

23 January 2004

The notes on pages 7 to 18 form an integral part of these financial statements.

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

1 Accounting policies

(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.

(2) New accounting standards and changes in accounting policies

FRS 17 - The Company has applied the transitional arrangements for adoption of the FRS. Accordingly no change has been made to the accounting policy but included in these financial statements are the disclosures required by FRS 17 (see Note 19).

(3) Turnover

Turnover represents the invoiced value of sales of goods accepted by the customer and excludes VAT.

(4) Stocks

All stocks are stated at the lower of cost and net realisable value.

(5) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated to write off the cost of tangible fixed assets in equal annual instalments over their estimated useful lives as follows:

Motor vehicles	3 years
Plant	5 years
Furniture, fixtures, fittings and office machines	5 years
Computer equipment	3 years

(6) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been expressed in sterling at rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies have been translated into sterling at the average rate ruling during the year. All exchange gains and losses are dealt with in the profit and loss account.

(7) Operating leases

The rentals payable under operating lease agreements are charged to the profit and loss account on a straight-line basis, over the lease term.

(8) Pension contributions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the expected working lives of the pension scheme members currently in service. Any differences between the actuarial valuation of the scheme and the value of assets in the scheme

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

Accounting policies (Continued)

are charged or credited to the profit and loss account over the expected working lives of the scheme members. Differences and payments to the scheme are treated as assets or liabilities in the balance sheet.

(8) Deferred taxation

Deferred taxation is provided in full in respect of timing differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets in respect of trading tax losses are only recognised where the tax losses are expected to be recovered. Deferred taxation provisions have not been discounted.

2 Turnover and profit before taxation

The turnover and (loss)/profit before taxation is wholly attributable to the one principal activity of the company: the sale of electrical, electronic and mechanical products and services in the medical field. Turnover and the profit before taxation arose wholly in the United Kingdom.

3 Operating profit

	2003 £'000	2002 £'000
Operating profit is stated after charging/(crediting):		
Depreciation	103	98
Auditors' remuneration		
– Audit fees	32	27
– Non-audit fees	30	84
Operating lease rentals		
– Plant and machinery	1,870	1,001
– Other	125	129
Foreign exchange gain	-	(4)

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

4 Staff costs

	2003 £'000	2002 £'000
Wages and salaries	2,966	2,757
Social security costs	397	337
Other pension costs	369	186
	3,732	3,280

The average number of employees during the year was as follows:

	Number	Number
Sales, distribution and service	61	52
Administration	16	13
	77	65

5 Directors and emoluments

	2003 £'000	2002 £'000
Directors' emoluments (excluding pension contributions)	180	131

Retirement benefits are accruing to two Directors (2001: one) under a defined benefit pension scheme.

In addition, payments have been made to a former director (Note 21).

6 Net interest receivable

	2003 £'000	2002 £'000
Interest Income		
From group undertakings	80	118
From third parties	14	33
Interest Expense		
From group undertakings	(8)	-
From third parties	(9)	-
	77	151

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

7 Taxation on ordinary activities

The taxation charge based on the profit for the year is made up as follows:

	2003	2002
	£'000	£'000
Corporation tax at 30% (2001: 30%)	-	124
Overpayment of tax in prior years	(21)	-
Deferred taxation	(9)	17
	(30)	141

The tax assessed for the period is higher than the United Kingdom standard rate of corporation tax of 30% (2001: 30%). The differences are explained below:

	2003	2002
	£'000	£'000
(Loss)/Profit on ordinary activities before taxation	(399)	350
Tax charge based on UK tax rate	(119)	105
Tax effect of the following items:		
Expenses not deductible for tax purposes	46	47
Capital allowances for period	(25)	(28)
Losses carried forward	98	-
Corporation tax charge for the period	-	124

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

8 Tangible fixed assets

Cost	Plant and motor vehicles £'000	Fixtures and fittings £'000	Computer Equipment £'000	Total £'000
At 1 April 2002	278	165	520	963
Additions	8	8	73	89
Disposals	(36)	-	-	(36)
At 31 March 2003	250	173	593	1,016
Depreciation				
At 1 April 2002	221	158	421	800
Charge for the year	24	9	70	103
Disposals	(24)	-	-	(24)
At 31 March 2003	221	167	491	879
Net book amount				
At 31 March 2003	29	6	102	137
At 1 April 2002	57	7	99	163

9 Stocks

Stocks represent finished goods held for resale and items used for demonstration purposes. The demonstration equipment totalling £997,000 (2002: £383,000) of finished goods is temporarily held at client sites but this is also held at the lower of cost and net realisable value.

10 Debtors

	2003 £'000	2002 £'000
Trade debtors	7,715	7,125
Amounts owed by group undertakings	2,548	73
Deferred tax asset (see Note 11)	35	26
Prepayments and accrued income	1,086	474
	11,384	7,698

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

11 Deferred tax asset

	£'000
At 1 April 2002	26
Provided in the year	9
Utilised in the year	-
At 31 March 2003	35

Deferred taxation

The deferred taxation asset together with the full potential asset for all timing differences is made up as follows:

	2003 £'000	2002 £'000
Accelerated capital allowances	35	26

12 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	317	711
Amounts owed to group undertaking	8,636	7,261
Other creditors	195	248
Corporation tax	(99)	59
Taxation and social security	1,891	1,917
Accruals and deferred income	4,140	3,473
	15,080	13,669

13 Creditors: amounts falling due after more than one year

	2003 £'000	2002 £'000
Other creditors	243	197

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

14 Provision for liabilities and charges

	2003 £'000	2002 £'000
Pension provision	89	-

15 Called up share capital

	2003 £'000	2002 £'000
Authorised:		
2,150,000 shares of £1 each	2,150	2,150
Allotted and fully paid:		
2,130,000 shares of £1 each	2,130	2,130

16 Reserves - profit and loss account

	£'000
At 1 April 2002	403
Retained loss for the year	(369)
At 31 March 2003	34

17 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
(Loss)/profit for the financial year	(369)	209
Opening shareholders' funds	2,533	2,324
Closing shareholders' funds	2,164	2,533

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

18 Operating lease commitments

At 31 March 2003 the company had the following annual commitments under non-cancellable operating leases:

	2003 £'000	2002 £'000
Land and buildings:		
Operating leases which expire		
Within one year	19	-
Within two to five years	-	19
After five years	94	98
	<hr/> 113	<hr/> 117
Other:		
Operating leases which expire		
Within one year	10	74
Within two to five years	301	312
After five years	1,572	1,358
	<hr/> 1,883	<hr/> 1,744

19 Pension commitments

The company operates a defined benefit pension scheme with assets held in a trustee-administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

19 Pension commitments (continued)

The company has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) below are those required by that standard. FRS 17 Retirement Benefits was issued in November 2000 and the information required under the transitional provisions of FRS 17 is set out in (b).

(a) Pension Scheme

The company operates a defined benefit occupational pension scheme. The assets of the scheme are held separately from the assets of the company and are administered by the trustees and managed professionally.

Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent actuarial valuation was carried out as at 1 April 2002 and assumed that investment returns would be 7% per annum up to retirement age and 5% per annum after retirement age, and that salaries would increase by 4.5% per annum. The valuation disclosed that the market value of the scheme's assets was £2,233,000 and that those assets represented 77% of the benefits that had accrued to members, after allowing for expected future increases in salaries. The company agreed to increase its contributions from the rate of 10.5% to 14.5% of pensionable earnings with effect from 1 April 2003, with the objective of eliminating the deficit over the average expected remaining lifetime of the current active membership. In addition, the company meets the cost of insuring the lump sum death in service benefit.

The pension cost for the year ended 31 March 2003 was £369,000 (2002: £186,000). The provision as at 31 March 2003 was £89,000. (2002: £nil).

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

19 Pension commitments (continued)

(b) FRS 17 disclosures

The information included in the accounts and in the above disclosure note follows the requirements of the existing standard for accounting for pension costs: SSAP24. However, a new accounting standard – has now been introduced and the information below is disclosed in accordance with the transitional provisions of FRS17.

	2003 £'000	2002 £'000
Total market value of assets	2,066	2,233
Present value of the scheme's liabilities	(3,516)	(2,956)
Deficit in the scheme	(1,450)	(723)
Related deferred tax asset	435	217
Net pension liability	(1,015)	(506)

The value of the scheme's liabilities has been determined by a qualified actuary based on the results of the actuarial valuation and FRS17 calculations as at 31 March 2002 updated to the balance sheet date and using the following assumptions:

	2003	2002
Rate of increase in salaries	4.00%	4.50%
Rate of increase in pensions in payment	2.25%	2.50%
Rate of revaluation of pensions in deferment	2.25%	2.75%
Discount rate	5.75%	6.00%
Rate of price inflation	2.25%	2.75%

The assets of the scheme and the expected rates of return were:

	2003		2002	
	Expected long term return	Value at 31 March £'000	Expected long term return	Value at 31 March £'000
Cost				
Equities	8.50%	1,593	8.00%	1,722
Bonds	5.75%	351	6.00%	335
Other (Cash)	4.00%	122	5.00%	176
Total market value of assets		2,066		2,233

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

19 Pension commitments (continued)

	Year end 31 March 2003
Amount Charged to Operating Profit	
Current Service	255
Past Service cost	-
Settlements and curtailments	-
Total Operating Charge	<u>255</u>
Amount charged to other finance income	
Expected return on assets	180
Interest on scheme liabilities	<u>(189)</u>
Net return/(charge)	<u>(9)</u>
Amount recognised in the Statement of Total Recognised Gains and Losses	
Actual less expected return on asserts	(691)
Experience gains/(losses) on liabilities	(16)
Effect of change in assumptions on liabilities	<u>19</u>
	<u>(688)</u>
Movement in surplus during year	
Deficit in scheme at 1 April 2002	(723)
Current service cost	(255)
Cash contribution	225
Past service costs	-
Other finance income	(9)
Actuarial gain	<u>(688)</u>
Deficit in scheme at 31 March 2003	<u>(1,450)</u>
History of experience gains and losses	
Difference between expected and actual returns on scheme assets:	
amount	(691)
% of assets at 31 March 2003	(33.45%)
Experience gains/(losses) on scheme liabilities	
amount	(16)
% of liabilities at 31 March 2003	(0.46%)
Total actuarial gain/(loss)	
amount	(688)
% of assets at 31 March 2003	(19.57%)

Toshiba Medical Systems Limited

Notes to the Financial Statements for the Year Ended 31 March 2003

19 Pension commitments (continued)

If the net pension liability had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 March 2003 would be as follows:

	£'000
Net assets excluding pension liability	2,164
Net pension liability	<u>(1,015)</u>
Net assets including pension liability	<u>1,149</u>
Profit and loss reserve excluding pension liability	34
Net pension liability	<u>(1,149)</u>
Profit and loss reserve including pension liability	<u>(1,115)</u>

20 Contingent liabilities

The company holds a £20,000 guarantee with HM Customs and Excise in respect of VAT deferred on imports.

21 Cash flow statement and related party transactions

The company is a wholly owned subsidiary of Toshiba Medical Systems Europe BV and is included in the consolidated financial statements of Toshiba Medical Systems Europe BV, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The Company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Toshiba Medical Systems Europe BV group.

On 10 January 2002 M.Naylor resigned from the board of directors. From that date until 31 March 2002, M.Naylor continued to provide advisory services to the company as a consultant. The fees paid during this period were £8,046. During the period 1 April 2002 to 31 April 2003, fees paid were £25,997.

22 Ultimate parent undertaking

The immediate parent undertaking is Toshiba Medical Systems Europe BV which is the smallest group to consolidate the results of the Company. Toshiba Medical Systems Europe BV financial statements can be obtained from Zilverstraat 1, 2718 RP, Zoetermeer, Netherlands.

The largest group to consolidate the results of the Company is Toshiba Corporation. Toshiba Corporation financial statements can be obtained from 1-1 Shibaura, 1 Chome, Minato-Ku, Japan.

The ultimate parent undertaking is Toshiba Corporation a company registered in Japan.