Registered No 902205

Deloitte & Touche

HUBER AND SUHNER (UK) LIMITED

Report and Financial Statements

31 December 2001

Deloitte & Touche
Verulam Point
Station Way
St Albans AL1 5HE
United Kingdom

Registered No. 902205

DIRECTORS

M Cappis	Chairman (Swiss)
P Harris	Managing Director
P N Taylor	

SECRETARY

C Bygrave

AUDITORS

Deloitte & Touche
Verulam Point
Station Way
St Albans
AL1 5HE

BANKERS

Lloyds Bank Plc
56 High Street
Marlow
Buckinghamshire
SL7 1AJ

SOLICITORS

Bristows Coke & Carpmael
10 Lincoln's Inn Fields
London

REGISTERED OFFICE

Telford Road
Bicester
Oxfordshire
OX6 0LA

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to (£3,403,000) (2000 – profit £2,200,000). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be that of importing, manufacturing and selling of components and accessories for the electronics and telecommunications industry with an increase in activity in the network services and installation market. Total turnover in the year decreased significantly from 2000 reflecting the overall market downturn in the telecommunications industry. However, this is seen as an unusual year in the company's history, with a return to breakeven expected in 2002.

DIRECTORS AND THEIR INTERESTS

The directors, all of whom served throughout the year, are as follows:

M Cappis
P Harris
P N Taylor

There are no interests of directors requiring disclosure under the Companies Act 1985.

DISABLED EMPLOYEES

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person.
Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

During the year, the policy of providing employees with information about the company has been continued through the newsletter "Teamtalk" in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

AUDITORS

A resolution to re-appoint Deloitte & Touche as auditors will be put to the members at the Annual General Meeting.

By order of the Board.

Clifford Bygrave

Secretary

9 July 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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; and
- prepare the accounts 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 accounts 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.

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Deloitte & Touche

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HUBER + SUHNER (UK) LIMITED

We have audited the financial statements for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheet and the related notes 1 to 22. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of director's responsibilities, the company's director is responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and 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 if, in our opinion, the director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

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 director 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 as at 31 December 2001 and of its loss for the year ended 31 December 2001 and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors

Verulam Point
Station Way
St Albans
Herts, AL1 5HE

15 August 2002

Deloitte
Touche
Tohmatsu

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Notes	2001 £000	2000 £000
TURNOVER	2	33,865	56,896
Cost of sales		31,841	45,939
GROSS PROFIT		2,024	10,957
Distribution costs		455	744
Administrative expenses		5,676	6,324
		6,131	7,068
OPERATING (LOSS)/PROFIT	3	(4,107)	3,889
Interest receivable		(4)	(5)
Interest payable	6	630	587
		626	582
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		(4,733)	3,307
Tax on (loss)/profit on ordinary activities	7	(1,330)	1,107
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(3,403)	2,200
Retained profit brought forward		8,436	6,236
RETAINED PROFIT CARRIED FORWARD		5,033	8,436

There are no recognised gains or losses other than the loss for the year.
Accordingly no Statement of Total Recognised Gains and Losses has been prepared.
All operations are continuing.

BALANCE SHEET
at 31 December 2001

	Notes	2001 £000	2000 £000
FIXED ASSETS			
Tangible assets	8	8,044	8,505
CURRENT ASSETS			
Stocks	9	7,434	9,937
Debtors	10	7,761	11,594
		15,195	21,531
CREDITORS: amounts falling due within one year	11	9,247	12,286
NET CURRENT ASSETS		5,948	9,245
TOTAL ASSETS LESS CURRENT LIABILITIES		13,992	17,750
CREDITORS: amounts falling due after more than one year	12	4,944	5,192
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	15	122
		9,033	12,436
CAPITAL AND RESERVES			
Called up share capital	16	4,000	4,000
Profit and loss account	17	5,033	8,436
EQUITY SHAREHOLDERS' FUNDS		9,033	12,436

These accounts were approved on behalf of the Board on
And signed by

P Harris
Director

9 July 2002

NOTES TO THE ACCOUNTS
at 31 December 2001

1 ACCOUNTING POLICIES

Accounting convention
The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation
Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	2%
Plant and equipment	-	10% - 20%
Motor vehicles	-	25%

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation
Deferred taxation is provided on the liability method on all timing differences expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

Foreign currencies
Monetary assets and liabilities denominated in foreign currencies are translated at the rate 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 the profit and loss account.

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

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

NOTES TO THE ACCOUNTS
at 31 December 2001

1 **ACCOUNTING POLICIES (continued)**

Pensions

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.

Cashflow statement

The company has taken advantage of the exemption not to prepare a cashflow statement under FRS1 (Revised).

2 **TURNOVER**

Turnover, which is stated net of Value Added Tax, represents amounts invoiced to third parties.

The turnover and pre-tax profits are attributable to one continuing activity, the importing, manufacturing and selling of components and accessories for the electronics and telecommunications industry.

An analysis of turnover by destination is as follows:

	2001	*2000*
	£000	*£000*
United Kingdom	23,594	40,341
Switzerland	6,353	10,535
Rest of the World	3.918	6,020
	33,865	56,896

3 **OPERATING (LOSS)/PROFIT**

	2001	*2000*
	£000	*£000*
This is stated after charging / (crediting):		
Auditors' remuneration - audit services	26	26
- non audit services	43	18
Depreciation of owned tangible fixed assets	1,210	1,420
Depreciation of fixed assets held under finance leases	189	241
Exchange (gain)/loss	(84)	(100)
Operating lease rentals -		
Land and buildings	50	50

NOTES TO THE ACCOUNTS
at 31 December 2001

4 DIRECTORS' EMOLUMENTS

	2001 *£000*	*2000* *£000*
Emoluments	212	177
Pension contributions in respect of one director (2001 : 1)	14	12
	226	189

The highest paid director received £211,000 (2000:£177,000) and accrued pension contributions of £14,000 (2000: £12,000).

5 STAFF COSTS

	2001 *£000*	*2000* *£000*
Wages and salaries	9,221	10,153
Social security costs	889	916
Other pension costs	279	227
	10,389	11,296

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

	2001 *No.*	*2000* *No.*
Manufacturing	406	489
Office and management	110	125
	516	614

6 INTEREST PAYABLE

	2001 *£000*	*2000* *£000*
Bank loans and overdraft	394	316
Interest charged by parent company	214	245
Finance charges payable under finance leases	22	26
	630	587

NOTES TO THE ACCOUNTS
at 31 December 2001

7 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	2001 *£000*	*2000* *£000*
Based on the (loss)/profit for the year:		
Corporation tax at 28.1% (2000:33.5%)	(1,217)	1,204
Corporation tax provided in respect of prior year	(6)	21
Deferred taxation	(107)	(118)
	(1,330)	1107

8 TANGIBLE FIXED ASSETS

	Land *£000*	*Freehold buildings* *£000*	*Plant and equipment* *£000*	*Motor vehicles* *£000*	*Total* *£000*
Cost:					
At 1 January 2001	398	5,475	8,285	1,013	15,171
Additions	-	222	742	-	964
Disposals	-	-	(14)	(274)	(288)
At 31 December 2001	398	5,697	9,013	739	15,847
Depreciation:					
At 1 January 2001	-	564	5,469	633	6,666
Provided during the year	-	113	1,102	184	1,399
Disposals	-	-	(6)	(256)	(262)
At 31 December 2001	-	677	6,565	561	7,803
Net book value:					
At 31 December 2001	398	5,020	2,448	178	8,044
At 31 December 2000	398	4,911	2,816	380	8,505

At 31 December 2001 motor vehicles with a net book value of £178,000 (2000 : £380,000) were held under finance leases.

9 STOCKS

	2001 *£000*	*2000* *£000*
Raw materials and work in progress	3,166	5,384
Finished goods	4,268	4,553
	7,434	9,937

NOTES TO THE ACCOUNTS
at 31 December 2001

10 DEBTORS

	2001 *£000*	*2000* *£000*
Trade debtors	4,465	8,532
Amounts owed by parent and fellow subsidiary undertakings	1,834	2,673
Corporation tax repayment	1,255	-
Other debtors	5	12
Prepayments and accrued income	202	377
	7,761	11,594

11 CREDITORS: amounts falling due within one year

	2001 *£000*	*2000* *£000*
Bank overdraft	5,281	4,602
Current instalments due on bank loans (note 13)	1,578	1,078
Obligations under finance leases and hire purchase contracts (note 14)	54	166
Trade creditors	363	1,479
Amounts owed to parent and fellow subsidiary undertakings	1,094	2,432
Loan from parent company falling due within one year	-	-
Current corporation tax	-	1017
Other taxes and social security costs	206	291
Other creditors	122	8
Accruals	549	1,213
	9,247	12,286

The bank overdraft is secured by a legal charge over the land and buildings.

12 CREDITORS: amounts falling due after more than one year

	2001 *£000*	*2000* *£000*
Bank loans (note 13)	1,443	1,641
Obligations under finance leases and hire purchase contracts (note 14)	1	51
Amounts owed to parent and fellow subsidiary undertakings	3,500	3,500
	4,944	5,192

NOTES TO THE ACCOUNTS
at 31 December 2001

13 LOANS

	2001 £000	2000 £000
Bank loans not wholly repayable within five years	841	1,381
Other loans wholly repayable within five years	2,180	1,338
	3,021	2,719

Amounts repayable by instalments:

	2001 £000	2000 £000
Within one year	1,578	1,078
Within one and two years	180	156
Within two to five years	602	404
In more than five years	661	1081
	3,021	2,719

The bank loan is secured by a legal charge over the land and buildings.
The loan is repayable by monthly instalments and carries interest at 1.0% above Lloyds Bank Plc base rate.

14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2001 £000	2000 £000
Amounts payable:		
Within one year	62	185
Within one and two years	1	61
Within two to five years	-	1
	63	247
Less: finance charges allocated to future periods	8	30
	55	217

Finance leases and hire purchase contracts are analysed as follows:

	2001 £000	2000 £000
Current obligations	54	166
Non-current obligations	1	51
	55	217

NOTES TO THE ACCOUNTS
at 31 December 2001

15 DEFERRED TAXATION

Deferred taxation has been fully provided for as follows:

	2001 *£000*	*2000* *£000*
Capital allowances in advance of depreciation	15	122

16 SHARE CAPITAL

	Authorised		*Allotted, called up and fully paid*	
	2001 *No. (000)*	*2000* *No. (000)*	*2001* *£000*	*2000* *£000*
4,000,000 Ordinary shares of £1 each	4,000	4,000	4,000	4,000

17 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital *£000*	*Profit & loss* *£000*	*Total* *£000*
Balance at 31 December 1999	4,000	6,236	10,236
Profit for the year	-	2,200	2,200
Balance at 31 December 2000	4,000	8,436	12,436
Loss for the year	-	(3,403)	(3,403)
Balance at 31 December 2001	4,000	5,033	9,033

18 CAPITAL COMMITMENTS

	2001 *£000*	*2000* *£000*
Contracted	-	721

NOTES TO THE ACCOUNTS
at 31 December 2001

19 **OTHER FINANCIAL COMMITMENTS**

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings		*Plant and Machinery*	
	2001	*2000*	*2001*	*2000*
	£000	*£000*	*£000*	*£000*
Operating leases which expire:	-	-	-	-
Within two to five years	-	-	-	-
Within more than five years	50	50	-	-

20 **PENSION COMMITMENTS**

The company operates a defined contribution pension scheme for its employees.
The assets of the scheme are held separately from those of the company in an independently administered fund.

	2001	*2000*
	£000	*£000*
Premiums paid to this scheme amounted to	279	227

21 **RELATED PARTY TRANSACTIONS**

In accordance with the exemption permitted by FRS8, the company does not report details of transactions with other group companies.

22 **PARENT UNDERTAKING**

The parent undertaking and controlling entity of the group of undertakings for which group accounts are drawn up and of which the company is a member is Huber + Suhner AG, a company incorporated in Switzerland. Copies of Huber + Suhner AG's accounts can be obtained from CH.9100 Herisau, Switzerland.