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HUBER + SUHNER (UK) LIMITED

Report and Financial Statements

31 December 2004

PricewaterhouseCoopers LLP
Milton Keynes

Registered No. 902205

OFFICERS & PROFESSIONAL ADVISERS

DIRECTORS

P Harris	Chairman
U Kaufmann	
P N Taylor	Resigned 6th May 2004
B Schwarzer	Appointed 6th May 2004

SECRETARY
C Bygrave

AUDITORS
PricewaterhouseCoopers LLP
Central Business Exchange
Midsummer Boulevard
Central Milton Keynes
MK9 2DF

BANKERS
Lloyds Bank Plc
56 High Street
Marlow
Buckinghamshire
SL7 1AJ

SOLICITORS
DLA
Victoria Square House
Victoria Square
Birmingham B2 4DL

REGISTERED OFFICE
Telford Road
Bicester
Oxfordshire
OX26 4LA

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 December 2004.

RESULTS AND DIVIDENDS
The profit for the year, after taxation, amounted to £2,161,000 (2003 – loss £3,564,000). The directors do not recommend the payment of a dividend (2003 - £nil).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS
The company's principal activity during the year continues to be that of importing, manufacturing and selling components and accessories related to the electronics and telecommunications industry.

The turnover for the year increased by 3%, which resulted in a much improved trading result and a stronger balance sheet at the year end.

The claim made against the Company and referred to in last year's accounts remains unresolved. No provision has been made in these accounts for any loss arising, as it is contended that no liability will fall upon the company in respect of it.

DIRECTORS AND THEIR INTERESTS
The directors who served through the year, are as follows:

P Harris
U Kaufmann
B Schwarzer (Appointed 6/5/04)
P N Taylor (Resigned 6/5/04)

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
Regular meetings are held between local management and employees to allow a free flow of information and ideas.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company, 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

Deloitte & Touche LLP resigned as auditors to the Company during the year and confirmed that there were no matters that were required to bring to the attention of the members of the Company or of the creditors. PricewaterhouseCoopers LLP were appointed in their place.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

By order of the Board.

Clifford Bygrave

C Bygrave
Secretary

31 March 2005

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

We have audited the financial statements, which comprise the profit and loss account, the balance sheet and the related notes.

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 opinion has been prepared for and only for the company's members 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 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Milton Keynes

31 March 2005

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2004

	Notes	2004 £000	2003 £000
TURNOVER	3	17,286	16,826
Cost of sales		13,110	14,831
GROSS PROFIT		4,176	1,995
Distribution costs		561	849
Administrative expenses		2,877	4,434
		3,438	5,283
OPERATING PROFIT	4	738	(3,288)
Interest payable and similar charges	7	(33)	(276)
Interest receivable and similar income	8	1,456	-
		1,423	(276)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,161	(3,564)
Tax on profit/(loss) on ordinary activities	9	-	-
RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,161	(3,564)
Retained (Loss)/profit brought forward		(2,798)	766
RETAINED LOSS CARRIED FORWARD		(637)	(2,798)

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses have been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents.

All operations are continuing.

BALANCE SHEET
at 31 December 2004

	Notes	*2004* *£000*	*2003* *£000*
FIXED ASSETS			
Tangible assets	*11*	2,153	4,700
CURRENT ASSETS			
Stocks	*12*	1,089	1,185
Debtors	*13*	3,385	3,695
Cash		474	
		4,948	4,880
CREDITORS: amounts falling due within one year	*14*	2,438	4,878
NET CURRENT ASSETS		2,510	2
TOTAL ASSETS LESS CURRENT LIABILITIES		4,663	4,702
CREDITORS: amounts falling due after more than one year	*15*	1,300	3,500
		3,363	1,202
CAPITAL AND RESERVES			
Called up share capital	*18*	4,000	4,000
Profit and loss account		(637)	(2,798)
EQUITY SHAREHOLDERS' FUNDS	*19*	3,363	1,202

The financial statements on pages 6 to 15 were approved by the board of directors on 31 March 2005 and were signed on its behalf by:

P Harris
Director
31/3/05

NOTES TO THE ACCOUNTS
at 31 December 2004

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%
Computer equipment	-	33%

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 in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.
Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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

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 2004

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.

2 CASHFLOW STATEMENT AND RELATED PARTY DISCLOSURES
The company is a wholly owned subsidiary of Huber + Suhner AG and is included in the consolidated financial statements of Huber + Suhner AG, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow 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 the related party transactions with entities that are part of the Huber + Suhner AG group or investees of the Huber + Suhner AG group.

3 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:

	2004 *£000*	*2003* *£000*
United Kingdom	16,590	15,573
Switzerland	236	821
Rest of the World	460	432
	17,286	16,826

4 OPERATING PROFIT/LOSS

	2004 *£000*	*2003* *£000*
This is stated after charging:		
Auditors' remuneration - audit services	25	32
- non audit services	10	62
Depreciation of owned tangible fixed assets (note 11)	246	553
Exchange loss	9	63
Operating lease rentals - Land and buildings	25	50
Operating lease rentals – other	149	-

NOTES TO THE ACCOUNTS
at 31 December 2004

5 DIRECTORS' EMOLUMENTS

	2004	*2003*
	£000	*£000*
Emoluments	-	113
Pension contributions in respect of one director (2003 : 1)	-	10
	-	123

The highest paid director received £nil (2003:£112,031) and accrued pension contributions of £nil (2003: £10,400).

6 STAFF COSTS

	2004	*2003*
	£000	*£000*
Wages and salaries	2,535	3,454
Social security costs	303	453
Other pension costs	100	131
	2,938	4,038

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

	2004	*2003*
	No.	*No.*
Manufacturing	33	54
Office and management	62	88
	95	142

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2004	*2003*
	£000	*£000*
Bank loans and overdraft	33	107
Interest charged by parent company	-	169
	33	276

NOTES TO THE ACCOUNTS
at 31 December 2004

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2004 *£000*	*2003* *£000*
Other interest	6	-
Loan waived	1,450	-
	1,456	-

During the year £1,450,000 of the group loan was waived.

9 TAX ON LOSS ON ORDINARY ACTIVITIES

	2004 *£000*	*2003* *£000*
UK Corporation tax at 30% on profits for the period	-	-
Total current tax (note 10)	-	-
Deferred tax (credit) for the period (note 17)	-	-
	-	-

10 FACTORS AFFECTING TAX CHARGE FOR THE PERIOD

	2004 *£000*	*2003* *£000*
Profit/(loss) on ordinary activities before tax	2,161	(3,564)
Tax at 30% thereon:	(648)	1,069
Effects of:		
Income not chargeable/(expenses not deductible) for tax purposes	348	(44)
Capital allowances in excess of depreciation	55	(229)
Decrease/(increase) in tax losses	162	(856)
Movement in short term timing differences	83	(43)
Chargeable gains	-	119
Profit on disposal of non-qualifying assets	-	(16)
Total current tax	-	-

NOTES TO THE ACCOUNTS
at 31 December 2004

11 TANGIBLE FIXED ASSETS

	Land *£000*	*Freehold buildings* *£000*	*Plant and equipment* *£000*	*Motor vehicles* *£000*	*Total* *£000*
Cost:					
At 1 January 2004	298	3,917	3,208	51	7,474
Additions	-	-	47	-	47
Disposals	-	(1,837)	(2,507)	(16)	(4,360)
Transfer	(100)	100	-	-	-
At 31 December 2004	198	2,180	748	35	3,161
Depreciation:					
At 1 January 2004	-	659	2,064	51	2,774
Provided during the year	-	44	202	-	246
Disposals	-	(148)	(1,848)	(16)	(2,012)
At 31 December 2004	-	555	418	35	1,008
Net book value:					
At 31 December 2004	198	1,625	330	-	2,153
At 31 December 2003	298	3,258	1,144	-	4,700

The transfer relates to a misclassification between Land and Freehold Buildings in a prior year.

12 STOCKS

	2004 *£000*	*2003* *£000*
Raw materials and work in progress	407	387
Finished goods	682	798
	1,089	1,185

13 DEBTORS

	2004 *£000*	*2003* *£000*
Trade debtors	3,124	3,240
Amounts owed by parent and fellow subsidiary undertakings	208	419
Other debtors	-	2
Prepayments and accrued income	53	34
	3,385	3,695

NOTES TO THE ACCOUNTS
at 31 December 2004

14 CREDITORS: amounts falling due within one year

	2004 *£000*	*2003* *£000*
Bank overdraft	-	2,377
Trade creditors	159	172
Amounts owed to parent and fellow subsidiary undertakings	1,365	1,303
Other taxes and social security costs	266	320
Other creditors	14	303
Obligations under finance leases and hire purchase contracts (note 16)	-	1
Accruals	634	402
	2,438	4,878

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

15 CREDITORS: amounts falling due after more than one year

	2004 *£000*	*2003* *£000*
Amounts owed to parent and fellow subsidiary undertakings	1,300	3,500

16 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2004 *£000*	*2003* *£000*
Amounts payable:		
Within one year	-	1
	-	1

Finance leases and hire purchase contracts are analysed as follows:

	2004 *£000*	*2003* *£000*
Current obligations	-	1
	-	1

NOTES TO THE ACCOUNTS
at 31 December 2004

17 DEFERRED TAXATION

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances, revenue and capital losses and short term timing differences as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £1,877,382 (2003: £2,115,980). The asset would be recovered if the company made sufficient suitable taxable profits and with respect to capital losses if suitable chargeable gains are made.

18 SHARE CAPITAL

	Authorised, allotted, called up and fully paid	
	2004	*2003*
	£000	*£000*
4,000,000 Ordinary shares of £1 each	4,000	4,000

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Share capital £000	*Profit & loss £000*	*Total £000*
Balance as at 1 January 2004	4,000	(2,798)	1,202
Profit for the year	-	2,161	2,161
Balance at 31 December 2004	4,000	(637)	3,363

20 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**	
	2004	**2003**	**2004**	**2003**
	£000	***£000***	***£000***	***£000***
Operating leases which expire:				
Within one year	-	-	65	-
Within two to five years	-	33	34	136

NOTES TO THE ACCOUNTS
at 31 December 2004

21 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.

	2004	***2003***
	£000	***£000***
Premiums paid to this scheme amounted to	100	131

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 Tumbelenstrasse 20, CH-8330 Pfäffikon ZH, Switzerland. The largest and smallest group of undertakings for which group financial statements have been drawn up is that headed by Huber + Suhner AG.