HUBER + SUHNER (UK) LIMITED

Registered Number: 902205

Annual report and financial statements

for the year ended 31 December 2009

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ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The directors submit their annual report and the audited financial statements for the year ended 31 December 2009

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company's principal activities during the year continue to be that of importing, manufacturing and selling electrical and optical connectivity components and accessories related to the three key markets of Transportation, Communications and Industrial

The turnover for 2009 was up 20% relative to the prior year and gross margins increased slightly to 26 9% (2008 26 3%) Third Party sales increased by 5 8% to £17,684,000 in 2009 (2008 £16,715,000) and inter-group sales increased to £3,143,000 in 2009 (2008 £635,000) Inter-group sales were largely due to a one-off rail project completed in May 2009 This is an excellent result considering the difficult economic trading conditions Additionally, as a result of cost savings and improvements in efficiencies, the net profit before taxation rose to 12 7% (2008 9 5%) of turnover

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,146,000 (2008 £1,300,000) No dividend was paid to the parent company in 2009 (2008 £2,200,000)

STRATEGY

The company is a part of the Huber+Suhner group whose main objectives are to continue growing in the markets that we operate in, to be in the top position in the three core technologies – Fibre Optics, Cable and Radio Frequency and to introduce new innovative products that assist growth in those markets and in our core technologies

In the UK the company supports the Group strategy by operating in the same markets and introducing, promoting and selling the new products and services in the country The UK has also successfully positioned itself to offer greater total solution packages to all strategic markets thereby differentiating itself from traditional component competitors

RESEARCH AND DEVELOPMENT

New product research and development is only carried out by our parent company The Huber+Suhner group is committed to introducing new products and continues to invest in research and development

FUTURE OUTLOOK

We expect conditions in all markets to be remain tough due to the global economic situation but with some potential improvements from the second quarter of 2010 onwards Competition is very tough and with the weak UK economy, we expect to have a single digit percentage growth in our sales in 2010 Profitability is expected to remain stable

PRINCIPAL RISKS AND UNCERTAINTIES

The key business risks and uncertainties affecting the company relate to the global economic situation as well as changes in product technology and the negative fluctuation in the key exchange rates versus sterling

FINANCIAL RISK MANAGEMENT POLICY

In the ordinary course of business, the company is exposed to a variety of financial risks that include price risk, credit risk, exchange rate risk and liquidity risk Company management monitors these risks regularly and makes every effort to minimise negative influences on the company's financial results

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

FINANCIAL RISK MANAGEMENT POLICY (continued)

Price risk

The company monitors the market prices and takes action to adjust prices where there are movements in commodity prices Large material purchases are selectively hedged by the parent company at a group level

Credit risk

The credit risk for sales debtors from trading is limited by the market spread of customers In addition, this risk is reduced by regular checks of creditworthiness, withdrawing credit for slow payers and requesting cash with the order

Exchange rate risk

The company is exposed directly to two currencies, the Euro and the US Dollar, from sales to customers and a limited amount of local purchases The risk is minimised by including currency fluctuation clauses in contracts The parent company uses foreign exchange forward contracts and options to control foreign currency risks for incoming and outgoing payments at a group level

Liquidity risk

Where necessary the company negotiates local facilities with UK financial institutions In addition, the group will give liquidity support if required

KEY PERFORMANCE INDICATORS ("KPIs")

Given the straightforward trading nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company

DIRECTORS

The directors, who served throughout the year and up to the date of signing the financial statements, are as follows

P Harris
U Kaufmann
B Schwarzer retired 31 March 2010

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' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each person who is a director at the date of approval of this report confirms that

- So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- Each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

By order of the board

P Harris
Director

19 May 2010

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

We have audited the financial statements of Huber+Suhner (UK) Ltd for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Stephen Hale (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes
19 May 2010

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2009

	Notes	*2009* *£000*	*2008* *£000*
TURNOVER	3	**20,827**	17,350
Cost of sales		**(15,229)**	(12,781)
GROSS PROFIT		**5,598**	4,569
Distribution costs		**(338)**	(324)
Administrative expenses		**(2,615)**	(2,767)
		(2,953)	(3,091)
OPERATING PROFIT	4	**2,645**	1,478
Interest receivable and similar income	8	**13**	172
		13	172
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**2,658**	1,650
Tax on profit on ordinary activities	9	**(512)**	(350)
PROFIT FOR THE FINANCIAL YEAR	18	**2,146**	1,300

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

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

All operations relate to continuing activities

REGISTERED NUMBER: 902205

BALANCE SHEET
as at 31 December 2009

	Notes	*2009* *£000*	*2008* *£000*
FIXED ASSETS			
Tangible assets	*12*	**1,896**	2,010
CURRENT ASSETS			
Stocks	*13*	**1,821**	2,382
Debtors	*14*	**2,869**	4,697
Cash at bank and in hand		**4,386**	1,143
		9,076	8,222
CREDITORS: amounts falling due within one year	*15*	**(2,768)**	(3,968)
NET CURRENT ASSETS		**6,308**	4,254
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,204**	6,264
CREDITORS: amounts falling due after more than one year	*16*	**-**	(206)
NET ASSETS		**8,204**	6,058
CAPITAL AND RESERVES			
Called up share capital	*17*	**4,000**	4,000
Profit and loss reserve	*18*	**4,204**	2,058
TOTAL SHAREHOLDERS' FUNDS	*19*	**8,204**	6,058

The financial statements on pages 6 to 15 were approved by the board of directors on 19 May 2010 and were signed on its behalf by

P Harris
Director

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied on a consistent basis, are set out below

Turnover

Turnover, which is stated net of value added tax, represents the invoiced value of goods and services supplied Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer which is usually on despatch of goods and on completion of services

Long term contracts

Turnover and a prudent estimate of the profit attributable to work completed on long term contracts is recognised once the outcome of the contract can be recognised with reasonable certainty which is normally based on sign offs received from the customer The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses are shown in stocks as long term contract balances Long term contract costs to be received are shown in accruals

Tangible fixed assets and depreciation

Fixed assets are valued at cost less accumulated depreciation Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use 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 Provision has been made, if necessary, for slow moving, obsolete and defective stock

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 (continued)

1 ACCOUNTING POLICIES (continued)

Deferred taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is measured on an undiscounted basis

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

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 CASH FLOW 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 has taken advantage of the exemption under Financial Reporting Standard 8 "Related Party Disclosures" and has not disclosed details of transactions with other undertakings included within the published financial statements of Huber+Suhner AG, the ultimate parent undertaking

3 TURNOVER

An analysis of turnover by destination is as follows

	2009	*2008*
	£000	*£000*
United Kingdom	**17,169**	16,510
Switzerland	**65**	80
Rest of the World	**3,593**	760
	20,827	17,350

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 (continued)

3 TURNOVER (continued)

An analysis of turnover by the three core technologies is as follows

	2009	*2008*
	£000	*£000*
Radio Frequency	**4,965**	5,687
Fibre Optics	**5,817**	5,361
Cable	**10,045**	6,302
	20,827	17,350

A financial analysis by market segment (i e Transportation, Communications and Industrial) is not performed

4 OPERATING PROFIT

	2009	*2008*
	£000	*£000*
This is stated after charging		
Services provided by the company's auditor		
- Fees payable for the audit	**30**	31
Depreciation of owned tangible fixed assets (Note 12)	**190**	155
Exchange loss	**3**	35
Operating lease charges - plant and machinery	**7**	7
- other	**53**	64

5 DIRECTORS' EMOLUMENTS

There were no directors' emoluments paid during the year in respect of their services to the company, as these are borne by the parent undertaking (2008 £nil)

6 STAFF COSTS

	2009	*2008*
	£000	*£000*
Wages and salaries	**3,892**	3,317
Social security costs	**347**	320
Other pension costs (Note 21)	**108**	103
	4,347	3,740

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

	2009	*2008*
	Number	*Number*
Manufacturing	**66**	51
Office and management	**59**	62
	125	113

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 (continued)

7 INTEREST PAYABLE AND SIMILAR CHARGES

No interest was payable in 2009 (2008 £Nil)

8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 *£000*	*2008* *£000*
Bank interest received	**13**	172

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2009 *£000*	*2008* *£000*
Current tax:		
UK corporation tax on profits for the year	**510**	15
Total current tax (Note 10)	**510**	15
Deferred tax:		
Deferred tax asset - charge for the year (Note 16)	**208**	129
Deferred tax liability – adjustment in respect of prior year (Note 16)	**(206)**	206
Total deferred tax	**2**	335
Tax on profit on ordinary activities	**512**	350

10 FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28 5%) The differences are explained below

	2009 *£000*	*2008* *£000*
Profit on ordinary activities before tax	**2658**	1650
Profit on ordinary activities multiplied by standard rate in the United Kingdom at 28% (2008 28 5%)	**744**	470
Effects of		
Expenses not deductible for tax purposes	**24**	11
Capital allowances in excess of depreciation	**(44)**	(72)
Decrease in tax losses	**(208)**	(394)
Movement in short term timing differences	**(6)**	-
Total current tax	**510**	15

11 DIVIDENDS

No dividend was paid to the parent company in 2009 (2008 £2,200,000 at 0 55p per share)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 (continued)

12 TANGIBLE ASSETS

	Freehold land £000	*Freehold buildings £000*	*Plant and equipment £000*	*Motor vehicles £000*	*Total £000*
Cost:					
At 1 January 2009	198	2,180	1,199	12	3,589
Additions	-	-	76	-	76
At 31 December 2009	**198**	**2,180**	**1,275**	**12**	**3,665**
Depreciation:					
At 1 January 2009	-	803	771	5	1,579
Provided during the year	-	42	145	3	190
At 31 December 2009	**-**	**845**	**916**	**8**	**1,769**
Net book amount:					
At 31 December 2009	**198**	**1,335**	**359**	**4**	**1,896**
At 31 December 2008	198	1,377	428	7	2,010

Computer equipment is analysed within Plant and Equipment

13 STOCKS

	2009 £000	*2008 £000*
Raw materials	**251**	530
Work in progress	**359**	454
Finished goods	**1,011**	1,398
Long term contract balances	**200**	-
	1,821	2,382

14 DEBTORS

Amounts falling due within one year	*2009 £000*	*2008 £000*
Trade debtors	**2,743**	4,088
Amounts owed by group undertakings	**22**	286
Other debtors	**3**	-
Prepayments and accrued income	**101**	115
Deferred tax (Note 16)	**-**	208
	2,869	4,697

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 (continued)

15 CREDITORS

Amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**189**	1,047
Amounts owed to group undertakings	**1,037**	1,856
Taxation and social security	**664**	307
Other creditors	**402**	215
Accruals and deferred income	**476**	543
	2,768	3,968

16 DEFERRED TAX

Treatment of deferred tax asset arising from timing differences is as follows

	2009 £000 Recognised in Accounts	2009 £000 Unrecognised	2008 £000 Recognised in Accounts	2008 £000 Unrecognised
Accelerated capital allowances	**-**	**18**	-	54
Capital losses	**-**	**194**	-	194
Other losses	**-**	-	208	-
Total deferred tax asset	**-**	**212**	208	248

A deferred tax asset has not been recognised in respect of timing differences relating to accelerated capital allowances and capital losses The asset in respect of capital losses would be recovered if the company made sufficient suitable chargeable gains are made The above amounts have been calculated at a tax rate of 28% (2008 28%)

The movement in the deferred tax asset balance in the year can be summarised as follows

	2009 £000	2008 £000
Balance at 1 January	**208**	337
(Charged) to the profit and loss account (Note 9)	**(208)**	(129)
Balance at 31 December	**-**	208

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 (continued)

16 DEFERRED TAX (continued)

The movement in the deferred tax liability balance in the year can be summarised as follows

	2009	*2008*
	£000	*£000*
Balance at 1 January	**(206)**	-
Credited/(charged) to the profit and loss account – adjustment in respect of prior year (Note 9)	**206**	(206)
Balance at 31 December	**-**	(206)

17 CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid	***2009***	*2008*
	£000	*£000*
4,000,000 Ordinary shares of £1 each	**4,000**	4,000

18 PROFIT AND LOSS RESERVE

	2009
	£000
At 1 January 2009	2,058
Profit for the financial year	2,146
At 31 December 2009	**4,204**

19 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2009	*2008*
	£000	*£000*
Profit for the financial year	2,146	1,300
Dividends	-	2,200
Net increase/(decrease) to shareholders' funds	2,146	(900)
Opening shareholders' funds	6,058	6,958
Closing shareholders' funds	**8,204**	**6,058**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009 (continued)

20 FINANCIAL COMMITMENTS

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

	Land and buildings		Other	
	2009	2008	**2009**	2008
	£000	*£000*	***£000***	*£000*
Operating leases which expire				
Within one year	**27**	-	**3**	7
Within two to five years	**-**	43	**2**	7
	27	43	**5**	14

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

	2009	*2008*
	£000	*£000*
Pension costs	**108**	103

There are no accrued or prepaid pension costs at the year end (2008 £Nil)

22 IMMEDIATE AND ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate 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 Pfaffikon 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