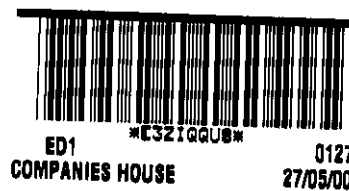
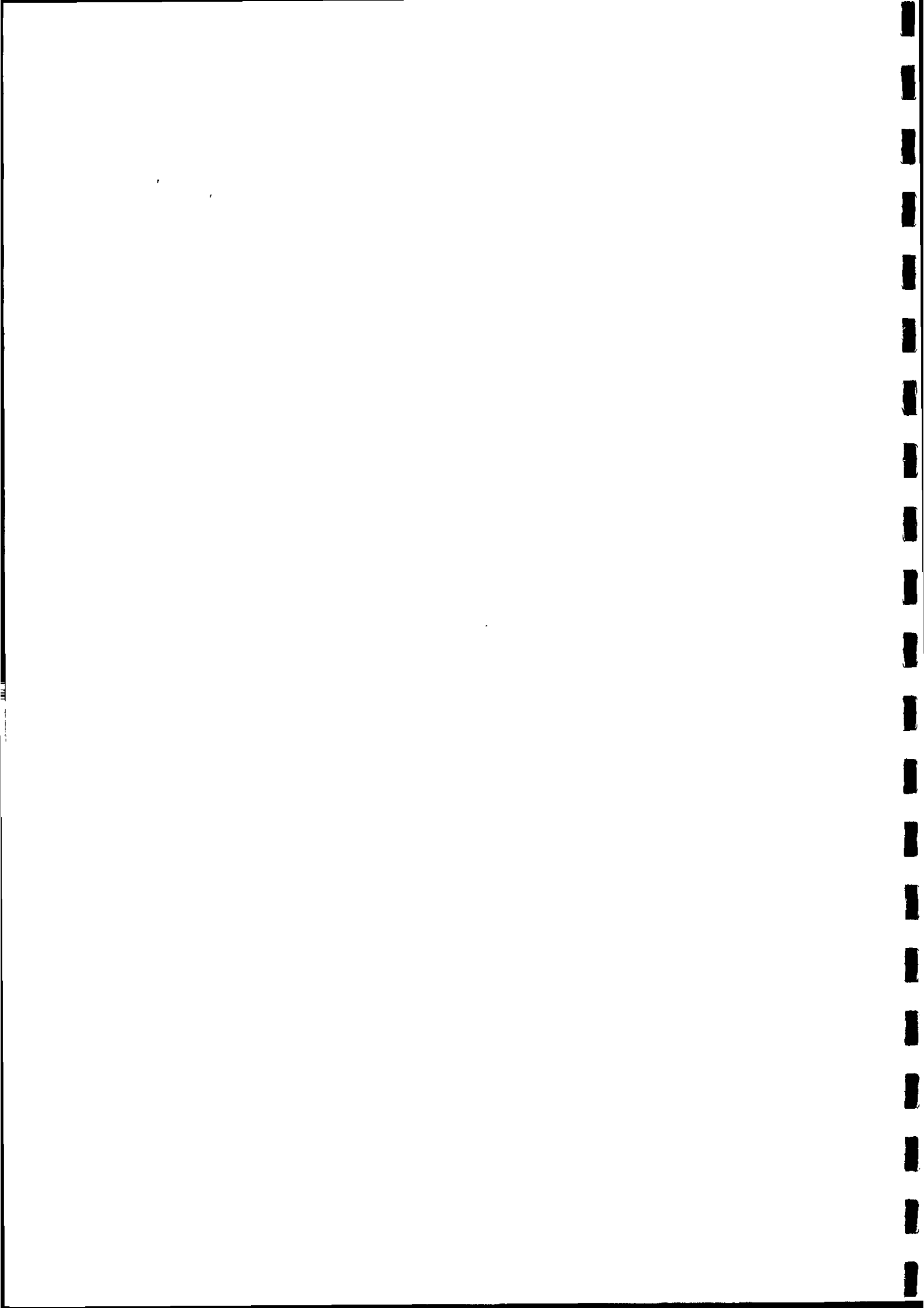


Huber + Suhner (UK) Limited  
Report and Financial Statements

31 December 1999





## **OFFICERS AND PROFESSIONAL ADVISERS**

Registered No. 902205

### **DIRECTORS**

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

### **SECRETARY**

C Bygrave

### **AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Verulam Point  
Station Way  
St Albans  
Hertfordshire  
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 financial statements for the year ended 31 December 1999.

## **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £1,648,000 (1998 - £1,429,000). The directors do not recommend the payment of a dividend.

## **PRINCIPAL ACTIVITY**

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.

## **REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

Total turnover in the year increased by 28% reflecting expansion in the business. In addition to the increase in UK sales of 35%, it is particularly pleasing that export sales also showed an increase of 12 %. Further profitable growth for 2000 is anticipated as the company continues to increase its manufacturing facilities as well as diversifying out into different markets.

## **DIRECTORS AND THEIR INTERESTS**

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

M Capps  
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. Employees participate directly in the success of the business through the company's profit related pay scheme.

## **YEAR 2000 COMPLIANCE**

In accordance with UITF Abstract 20, the board is required to comment on Year 2000. The company, where possible, followed all the necessary procedures to ensure year 2000 compliance. The procedures have proven successful, there have been no transitional problems. The directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report, the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however, the situation is still being monitored. Any future costs associated with this issue cannot be quantified but are not expected to be significant.

## **DIRECTORS' REPORT (CONTINUED)**

### **AUDITORS**

During the year Ernst & Young resigned as Auditors to the Company. Deloitte & Touche were appointed by the Board to take their place and a formal resolution for their appointment will be dealt with at the Annual General Meeting.

By order of the Board.



C Bygrave  
Secretary

25 March 2000

## 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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.

**REPORT OF THE AUDITORS**  
**to the members of Huber + Suhner (UK) Limited**

We have audited the financial statements on pages 7 to 16, which have been prepared under the historical cost convention, and on the basis of the accounting policies set out on page 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 5, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 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 affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Deloitte & Touche  
Chartered Accountants and Registered Auditors  
St Albans

16.5.00

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 1999


	Notes	1999 £000	1998 £000
<b>TURNOVER – continuing activities</b>	2	46,038	35,880
Cost of sales		<u>37,178</u>	<u>28,866</u>
<b>GROSS PROFIT</b>		<u>8,860</u>	<u>7,014</u>
Distribution costs		537	397
Administrative expenses		<u>5,424</u>	<u>4,061</u>
		<u>5,961</u>	<u>4,458</u>
<b>OPERATING PROFIT – continuing activities</b>	3	<u>2,899</u>	<u>2,556</u>
Interest receivable		-	(2)
Interest payable	6	451	457
		<u>451</u>	<u>455</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,448	2,101
Tax on profit on ordinary activities	7	<u>800</u>	<u>672</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		1,648	1,429
Retained profit brought forward		<u>4,588</u>	<u>3,159</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>	18	<u>6,236</u>	<u>4,588</u>

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

**BALANCE SHEET**  
at 31 December 1999

	Notes	1999 £000	1998 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	8,162	7,108
<b>CURRENT ASSETS</b>			
Stocks	9	7,518	7,428
Debtors	10	9,258	6,395
Cash at bank and in hand		-	90
		16,776	13,913
<b>CREDITORS: amounts falling due within one year</b>	11	13,842	7,094
<b>NET CURRENT ASSETS</b>		2,934	6,819
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		11,096	13,927
<b>CREDITORS: amounts falling due after more than one year</b>	12	620	4,960
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	15	240	379
		10,236	8,588
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	4,000	4,000
Profit and loss account	18	6,236	4,588
<b>EQUITY SHAREHOLDERS' FUNDS</b>		10,236	8,588

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



P Harris  
Director

28 March 2000



**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1999**

**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:

Land	-	Nil
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**  
for the year ended 31 December 1999

**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:

	1999 £000	1998 £000
United Kingdom	34,060	25,228
Switzerland	9,317	10,106
Rest of the World	2,661	546
	<u>46,038</u>	<u>35,880</u>

**3 OPERATING PROFIT**

	1999 £000	1998 £000
This is stated after charging / (crediting):		
Auditors' remuneration – audit services	25	26
– non audit services	18	8
Depreciation of owned tangible fixed assets	1,283	1,168
Depreciation of fixed assets held under finance leases	230	158
Exchange (gain)/loss	(4)	30
Operating lease rentals -		
Plant and machinery	-	32
Land and buildings	101	19

**NOTES TO THE ACCOUNTS**  
for the year ended 31 December 1999

**4 DIRECTORS' EMOLUMENTS**

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Emoluments	159	150
Pension contributions in respect of one director (1998 : 1)	12	10
	<u>171</u>	<u>160</u>

**5 STAFF COSTS**

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Wages and salaries	7,893	5,955
Social security costs	741	543
Other pension costs	198	119
	<u>8,832</u>	<u>6,617</u>

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

	<i>1999</i> <i>No.</i>	<i>1998</i> <i>No.</i>
Manufacturing	293	266
Office and management	173	157
	<u>466</u>	<u>423</u>

**6 INTEREST PAYABLE**

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Bank loans and overdraft	190	206
Interest charged by parent company	236	225
Finance charges payable under finance leases	25	26
	<u>451</u>	<u>457</u>

**NOTES TO THE ACCOUNTS**  
for the year ended 31 December 1999

**7 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1999 £000	1998 £000
Based on the profit for the year:		
Corporation tax at 30%/31% (1998:31%)	921	732
Corporation tax (over) / under provided in respect of prior year	18	(9)
Deferred taxation	(139)	(51)
	<u>800</u>	<u>672</u>

**8 TANGIBLE FIXED ASSETS**

	Land £000	Freehold buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost:					
At 1 January 1999	398	3,463	6,119	793	10,773
Additions	-	1,325	886	391	2,602
Disposals	-	-	(16)	(153)	(169)
At 31 December 1999	<u>398</u>	<u>4,788</u>	<u>6,989</u>	<u>1,031</u>	<u>13,206</u>
Depreciation:					
At 1 January 1999	-	380	2,967	318	3,665
Provided during the year	-	81	1,196	236	1,513
Disposals	-	-	(9)	(125)	(134)
At 31 December 1999	<u>-</u>	<u>461</u>	<u>4,154</u>	<u>429</u>	<u>5,044</u>
Net book value:					
At 31 December 1999	<u>398</u>	<u>4,327</u>	<u>2,835</u>	<u>602</u>	<u>8,162</u>
At 31 December 1998	<u>398</u>	<u>3,083</u>	<u>3,152</u>	<u>475</u>	<u>7,108</u>

At 31 December 1999 motor vehicles with a net book value of £602,000 (1998 : £475,000) were held under finance leases.

**9 STOCKS**

	1999 £000	1998 £000
Raw materials and work in progress	3,045	3,655
Finished goods	<u>4,473</u>	<u>3,773</u>
	<u>7,518</u>	<u>7,428</u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1999**
**10 DEBTORS**

	<i>1999</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	7,996	5,414
Amounts owed by parent and fellow subsidiary undertakings	903	688
Other debtors	24	26
Prepayments and accrued income	335	267
	<u>9,258</u>	<u>6,395</u>

**11 CREDITORS: amounts falling due within one year**

	<i>1999</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Bank overdraft	2,150	-
Bank loans (note 13)	1,347	72
Obligations under finance leases and hire purchase contracts (note 14)	207	174
Trade creditors	1,044	1,046
Amounts owed to parent and fellow subsidiary undertakings	2,786	3,781
Loan from parent company	3,500	-
Current corporation tax	824	711
Other taxes and social security costs	275	215
Other creditors	317	218
Accruals	<u>1,392</u>	<u>877</u>
	<u>13,842</u>	<u>7,094</u>

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

**12 CREDITORS: amounts falling due after more than one year**

	<i>1999</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Bank loans (note 13)	410	1,297
Obligations under finance leases and hire purchase contracts (note 14)	210	163
Loan from parent company	-	3,500
	<u>620</u>	<u>4,960</u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1999**

**13 LOANS**

	<i>1999</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Amounts repayable by instalments:		
Within one year	4,847	72
Within one and two years	96	4,342
Within two to five years	288	216
In more than five years	26	239
	<u>5,257</u>	<u>4,869</u>

The bank loan is secured by a legal charge over the freehold factory and 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:

	<i>1999</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Amounts payable:		
Within one year	233	192
Within one and two years	181	121
Within two to five years	57	62
	<u>471</u>	<u>375</u>
Less: finance charges allocated to future periods	54	38
	<u>417</u>	<u>337</u>

Finance leases and hire purchase contracts are analysed as follows:

	<i>1999</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Current obligations	207	174
Non-current obligations	210	163
	<u>417</u>	<u>337</u>

**NOTES TO THE ACCOUNTS**  
**for the year ended 31 December 1999**
**15 PROVISIONS**  
 Deferred taxation

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Balance brought forward	379	431
Release to the profit and loss account	<u>(139)</u>	<u>(52)</u>
Balance carried forward	<u>240</u>	<u>379</u>

**16 DEFERRED TAXATION**  
 Deferred taxation has been fully provided for as follows:

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Capital allowances in advance of depreciation	<u>240</u>	<u>379</u>

**17 SHARE CAPITAL**

	<i>Authorised</i>	<i>Allotted, called up and fully paid</i>		
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>No. (000)</i>	<i>No. (000)</i>	<i>£000</i>	<i>£000</i>
4,000,000 Ordinary shares of £1 each	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>

**18 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<i>Share capital £000</i>	<i>Profit &amp; loss £000</i>	<i>Total £000</i>
Balance at 31 December 1997	4,000	3,159	7,159
Profit for the year	<u>-</u>	<u>1,429</u>	<u>1,429</u>
Balance at 31 December 1998	4,000	4,588	8,588
Profit for the year	<u>-</u>	<u>1,648</u>	<u>1,648</u>
Balance at 31 December 1999	<u>4,000</u>	<u>6,236</u>	<u>10,236</u>

**19 CAPITAL COMMITMENTS**

	<i>1999</i> <i>£000</i>	<i>1998</i> <i>£000</i>
Contracted	<u>-</u>	<u>27</u>

**NOTES TO THE ACCOUNTS**  
for the year ended 31 December 1999

**20 OTHER FINANCIAL COMMITMENTS**

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

	<i>Land and Buildings</i>	
	<i>1999</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Operating leases which expire:		
Within two to five years	76	-
More than five years	50	76

**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.

	<i>1999</i>	<i>1998</i>
	<i>£000</i>	<i>£000</i>
Premiums paid to this scheme amounted to	<u>198</u>	<u>119</u>

**22 RELATED PARTY TRANSACTIONS**

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

**23 PARENT UNDERTAKING**

The parent undertaking 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. This company is considered to be the controlling entity of Huber + Suhner (UK) Limited.