

IMD Solutions Limited

Report and Financial Statements

31 December 2003



Registered No: 1338677

Directors

J C Silver
D J L Hudson
P J Hill

Secretary

A M Downie

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

HSBC Bank plc
58 High Street
Winchester
SO23 9BZ

Solicitors

Ashurst
Broadwalk House
5 Appold Street
London
EC2A 2HA

Registered office

3 St James's Square
London
SW1Y 4JU

Directors' report

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

Results and dividends

The loss for the year after tax amounted to £5,000. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

Previously, the principal activity of the company was the design, manufacture and distribution of bespoke membrane switches, laminated products, nameplates and labels.

On 31st July 2002, the business of IMD Solutions Limited was sold as a going concern to the management team. As a result of this transaction, the company ceased to trade from this date.

Directors

The directors who served the company during the year were as follows:

J C Silver
D J L Hudson
P J Hill

Directors' Interest in Shares

According to the register maintained under Section 325 of the Companies Act 1985, the Directors at 31 December 2003 had the following interests in the shares of The Laird Group Public Limited Company:

| | 25p Ordinary Shares | |
|--------------|---------------------|------------------|
| | 1 January 2003 | 31 December 2003 |
| P J Hill | 3,500 | 20,000 |
| J C Silver | 56,751 | 56,751 |
| D J L Hudson | 12,221 | — |

Rights to subscribe for 25p ordinary shares in The Laird Group Public Limited Company were granted to, or exercised by, the Directors during the financial year as follows:

| | Granted under the 2003 Option Scheme | Granted under the Long-Term Incentive Plan | Exercised/Lapsed |
|--------------|---|--|------------------|
| P J Hill | 145,000 | 145,000 | — |
| J C Silver | 96,000 | 96,000 | — |
| D J L Hudson | 55,000 | 55,000 | — |

During the financial year none of the Directors had any interest in shares or debentures of the Company or any other subsidiary undertaking of the Company's ultimate parent undertaking, The Laird Group Public Limited Company.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the board

A. M. Downie

A M Downie
Secretary

28 February 2005

Statement of directors' responsibilities in respect of the financial statements

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 year. 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; and
- 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 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.

Independent auditors' report

to the members of IMD Solutions Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are 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 legal and regulatory requirements and United Kingdom 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 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

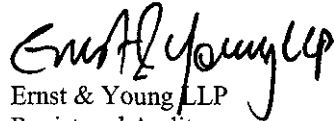
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the 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.

Independent auditors' report to the members of IMD Solutions Limited (continued)

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



Ernst & Young LLP
Registered Auditor
London

28 Feb 2005

Profit and loss account

for the year ended 31 December 2003

| | Notes | 2003 £000 | 2002 £000 |
|---|-------|--------------|--------------|
| Turnover – Discontinued operations | 2 | – | 1,645 |
| Cost of sales | | – | 1,249 |
| Gross profit – Discontinued operations | | – | 396 |
| Administrative expenses | | (48) | (1,460) |
| Other operating income | | 51 | – |
| | | 3 | (1,460) |
| Operating profit/(loss) – Discontinued operations | 3 | 3 | (1,064) |
| Loss on disposal of tangible fixed assets | | – | (1,896) |
| Loss on disposal of business | 4 | – | (5,549) |
| | | – | (7,445) |
| Profit/(loss) before interest – Discontinued operations | | 3 | (8,509) |
| Interest receivable and similar income | 7 | – | 30 |
| Interest payable | 8 | – | (7) |
| | | 3 | 23 |
| Profit/(loss) on ordinary activities before taxation – Discontinued operations | | 3 | (8,486) |
| Tax charge/(credit) on profit/(loss) on ordinary activities | 9 | 8 | (981) |
| Loss for the financial year | | (5) | (7,505) |

Balance Sheet

at 31 December 2003

| | Notes | 2003 £000 | 2002 £000 |
|--|-------|----------------|----------------|
| Fixed assets | | | |
| Investments | 10 | — | — |
| | | <u>—</u> | <u>—</u> |
| Current assets | | | |
| Debtors | 11 | 2,000 | 2,494 |
| | | <u>2,000</u> | <u>2,494</u> |
| Creditors: amounts falling due within one year | 12 | 223 | 252 |
| | | <u>223</u> | <u>252</u> |
| Net current assets | | 1,777 | 2,242 |
| | | <u>1,777</u> | <u>2,242</u> |
| Total assets less current liabilities | | 1,777 | 2,242 |
| | | <u>1,777</u> | <u>2,242</u> |
| Creditors: amounts falling due after more than one year | 13 | 8,133 | 8,557 |
| | | <u>8,133</u> | <u>8,557</u> |
| Provisions for liabilities and charges | | | |
| Deferred taxation | 9 | — | 36 |
| | | <u>(6,356)</u> | <u>(6,351)</u> |
| Capital and reserves | | | |
| Called up share capital | 16 | 42 | 42 |
| Share premium account | 17 | 897 | 897 |
| Revaluation reserve | 17 | — | 410 |
| Profit and loss account | 17 | (7,295) | (7,700) |
| | | <u>(6,356)</u> | <u>(7,700)</u> |
| Equity shareholder's deficit | 17 | (6,356) | (6,351) |
| | | <u>(6,356)</u> | <u>(6,351)</u> |


J C Silver
Director

28 February 2005

Statement of Total Recognised Gains and Losses

at 31 December 2003

| | <i>Notes</i> | <i>2003</i> <i>£000</i> | <i>2002</i> <i>£000</i> |
|---|--------------|----------------------------|----------------------------|
| Loss for the financial year | | (5) | (7,505) |
| Realisation of property revaluation surplus | | 410 | - |
| <i>Total gains and losses recognised during the year</i> | | <u>405</u> | <u>(7,505)</u> |

Notes to the financial statements

at 31 December 2003

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The financial statements are prepared under the going concern concept on the basis that the company's ultimate parent undertaking has agreed to continue to make available financial support for the foreseeable future.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Notes to the financial statements

at 31 December 2003

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

The turnover and pre-tax profit is attributable to one discontinued activity, the design and manufacture of instrument panels, membrane switches, nameplates and labels.

An analysis of turnover by geographical market is given below:

| | 2003 £000 | 2002 £000 |
|----------------|--------------|--------------|
| United Kingdom | — | 1,190 |
| Rest of Europe | — | 455 |
| | <u>—</u> | <u>1,645</u> |

3. Operating loss

This is stated after charging/(crediting):

| | 2003 £000 | 2002 £000 |
|--|--------------|--------------|
| Auditors' remuneration - audit services | — | 6 |
| - non-audit services | 9 | 7 |
| | <u>9</u> | <u>13</u> |
| Depreciation of owned fixed assets | <u>—</u> | <u>177</u> |
| Operating lease rentals - land and buildings | 57 | 49 |
| - plant and machinery | 6 | 151 |
| | <u>63</u> | <u>200</u> |

Notes to the financial statements

at 31 December 2003

4. Loss on disposal of business

| | 2003 £000 | 2002 £000 |
|--|--------------|----------------|
| Loss before goodwill reinstatement | — | (1,454) |
| Goodwill previously set off against reserves | — | (4,095) |
| | <u>—</u> | <u>(5,549)</u> |

5. Staff costs

| | 2003 £000 | 2002 £000 |
|-----------------------|--------------|--------------|
| Wages and salaries | — | 812 |
| Social security costs | — | 67 |
| Other pension costs | — | 51 |
| | <u>—</u> | <u>930</u> |

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

| | 2003 No. | 2002 No. |
|----------------------|-------------|-------------|
| Production staff | — | 18 |
| Administrative staff | — | 17 |
| | <u>—</u> | <u>35</u> |

6. Directors' emoluments

| | 2003 £000 | 2002 £000 |
|--|--------------|--------------|
| Emoluments | <u>—</u> | <u>215</u> |
| Value of company pension contributions to money purchase schemes | <u>—</u> | <u>46</u> |

| | 2003 No. | 2002 No. |
|---|-------------|-------------|
| Members of money purchase pension schemes | <u>—</u> | <u>6</u> |

The amounts in respect of the highest paid director are as follows:

| | 2003 £000 | 2002 £000 |
|--|--------------|--------------|
| Emoluments | <u>—</u> | <u>66</u> |
| Value of company pension contributions to money purchase schemes | <u>—</u> | <u>18</u> |

Notes to the financial statements

at 31 December 2003

7. Interest receivable and similar income

| | 2003 £000 | 2002 £000 |
|---------------------------------|--------------|--------------|
| Other similar income receivable | — | 30 |

8. Interest payable

| | 2003 £000 | 2002 £000 |
|-----------------------|--------------|--------------|
| Bank interest payable | — | 7 |

9. Tax

(a) Tax charge/(credit) on profit/(loss) on ordinary activities

The tax charge/(credit) is made up as follows:

| | 2003 £000 | 2002 £000 |
|---|--------------|--------------|
| <i>Current tax:</i> | | |
| UK corporation tax | 44 | (1,017) |
| Total current tax (note 9(b)) | 44 | (1,017) |
| <i>Deferred tax:</i> | | |
| Origination and reversal of timing differences | (36) | 36 |
| Tax charge/(credit) arising on profit/(loss) on ordinary activities | 8 | (981) |

(b) Factors affecting current tax charge/(credit)

The tax assessed on profit/(loss) on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 30%. The differences are reconciled below:

| | 2003 £000 | 2002 £000 |
|--|--------------|--------------|
| Profit/(loss) on ordinary activities before taxation | 3 | (4,931) |
| Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% | 1 | (1,323) |
| Disallowed expenses and non-taxable income | (1) | 292 |
| Depreciation in excess of capital allowances | — | 36 |
| Other timing differences | — | (22) |
| Adjustment in respect of prior year UK tax | 44 | — |
| Total current tax charge/(credit) (note 9(a)) | 44 | (1,017) |

Notes to the financial statements

at 31 December 2003

9. Tax (continued)

(c) Deferred tax

Deferred taxation provided in the financial statements is as follows:

| | 2003 | | 2002 | |
|--|-------------------------|-----------------------------|-------------------------|-----------------------------|
| | <i>Provided</i> £000 | <i>Not provided</i> £000 | <i>Provided</i> £000 | <i>Not provided</i> £000 |
| Capital allowances in advance of depreciation | — | — | 36 | — |
| Provision deferred tax; other | — | — | — | — |
| Provision for deferred taxation | — | — | 36 | — |
| | | | | £000 |
| At 1 January 2003 | | | | 36 |
| Deferred tax credit in the profit and loss account | | | | (36) |
| At 31 December 2003 | | | | — |

10. Investments

| | <i>Shares in group companies</i> £000 |
|--------------------------------------|--|
| Cost: | |
| At 1 January 2003 & 31 December 2003 | 1,104 |
| Amounts provided: | |
| At 1 January 2003 & 31 December 2003 | 1,104 |
| Net book value | — |

The company owns the entire share capital of three dormant subsidiary undertakings: Winchester Label Company Limited, Star Systems (RHB) Limited and Monarch Coloursprays (RHB) Limited, all of which are registered in England.

11. Debtors

| | 2003 £000 | 2002 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 167 | 167 |
| Recoverable VAT | 30 | — |
| Other debtors | 13 | 43 |
| Assets held for resale | — | 450 |
| Group relief receivable | 1,790 | 1,834 |
| | 2,000 | 2,494 |

Notes to the financial statements

at 31 December 2003

12. Creditors: amounts falling due within one year

| | 2003 £000 | 2002 £000 |
|------------------------------|--------------|--------------|
| Bank loans and overdrafts | 193 | 169 |
| Trade creditors | — | 24 |
| Other creditors | 30 | 30 |
| Accruals and deferred income | — | 29 |
| | <u>223</u> | <u>252</u> |

13. Creditors: amounts falling due after more than one year

| | 2003 £000 | 2002 £000 |
|------------------------------------|--------------|--------------|
| Amounts owed to group undertakings | 8,133 | 8,557 |
| | <u>8,133</u> | <u>8,557</u> |

14. Related party transactions

The company has utilised the exemption provided under FRS8, Related Party Transactions, from disclosing transactions with related parties that are part of The Laird Group PLC.

15. Share capital

| | 2003 £000 | Authorised 2002 £000 |
|----------------------------|--------------|----------------------------|
| Ordinary shares of £1 each | <u>50</u> | <u>50</u> |

| | No. | 2003 £000 | No. | 2002 £000 |
|----------------------------|--------|--------------|--------|--------------|
| Ordinary shares of £1 each | 42,000 | <u>42</u> | 42,000 | <u>42</u> |

16. Reconciliation of shareholders' funds and movement on reserves

| | Share capital £000 | Share premium account £000 | Revaluation reserve £000 | Profit and loss account £000 | Total share- holders' funds £000 |
|---------------------|-----------------------|----------------------------------|--------------------------------|------------------------------------|--|
| At 31 December 2002 | 42 | 897 | 410 | (7,700) | (6,351) |
| Loss for the year | — | — | — | (5) | (5) |
| Reserve movement | — | — | (410) | 410 | — |
| At 31 December 2003 | <u>42</u> | <u>897</u> | <u>—</u> | <u>(7,295)</u> | <u>(6,356)</u> |

Notes to the financial statements

at 31 December 2003

17. Ultimate parent company

The immediate and ultimate parent undertaking and controlling party is The Laird Group PLC, a company registered in England and Wales. The consolidated financial statements of The Laird Group PLC, of which the company is a member, are available from its registered office at 3 St James Square, London, SW1Y 4JU.