

31-10-03

**REGISTRAR OF
COMPANIES**

Intec Distribution Limited

Report and Financial Statements

Year Ended

30 September 2004



BDO
BDO Stoy Hayward
Chartered Accountants

REGISTER OF
COMPANIES

Intec Distribution Limited

Annual report and financial statements for the year ended 30 September 2004

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Directors

H Ramis
A Bryant

Secretary and registered office

K Chalk, Intec House, 50 Moxon Street, Barnet, Hertfordshire, EN5 5TS

Company number

03314092

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL

Intec Distribution Limited

Report of the directors for the year ended 30 September 2004

The directors present their report together with the audited financial statements for the year ended 30 September 2004.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not recommend the payment of a dividend (2003: Nil).

Principal activities, review of business and future developments

The principal activity of the company is the distribution of cellular telephone equipment.

The directors are satisfied with the development of the business and expect this to continue for the foreseeable future.

Charitable and political contributions

During the year the company made charitable contributions of £750, (2003 - Nil). There were no political contributions.

Directors

The directors of the company during the year were:

H Ramis
A Bryant

No director had any beneficial interest in the share capital of the company.

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 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 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.

Intec Distribution Limited

Report of the directors for the year ended 30 September 2004 (Continued)

Auditors

A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the board

K. CHALK

Secretary

A handwritten signature in black ink, appearing to read 'K. Chalk', written over a horizontal line.

Date: 28 July 2005

Intec Distribution Limited

Report of the independent auditors

To the shareholders of Intec Distribution Limited

We have audited the financial statements of Intec Distribution Limited for the year ended 30 September 2004 on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward LLP', is written over a horizontal line.

BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
London

28 July 2005

Intec Distribution Limited**Profit and loss account for the year ended 30 September 2004**

| | Note | 2004 £ | 2003 £ |
|--|------|------------------|----------------|
| Turnover | 2 | 6,787,637 | 6,227,222 |
| Cost of sales | | 5,672,820 | 5,753,405 |
| Gross profit | | 1,114,817 | 473,817 |
| Administrative expenses | | 594,053 | 451,801 |
| Operating profit | 3 | 520,764 | 22,016 |
| Other interest receivable and similar income | | 3,450 | 918 |
| Interest payable and similar charges | 6 | (778) | (13,155) |
| Profit on ordinary activities before taxation | | 523,436 | 9,779 |
| Taxation on profit on ordinary activities | 7 | (150,200) | 15,000 |
| Profit on ordinary activities after taxation | | 373,236 | 24,779 |

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 7 to 12 form part of these financial statements.

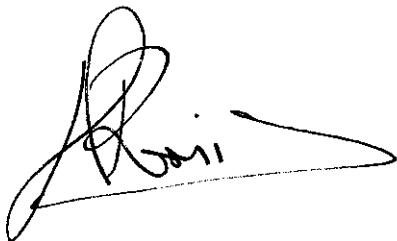
Intec Distribution Limited

Balance sheet at 30 September 2004

| | Note | 2004 £ | 2004 £ | 2003 £ | 2003 £ |
|---|------|------------------|----------------|----------------|---------------|
| Current assets | | | | | |
| Stocks | 8 | 318,427 | | 264,857 | |
| Debtors | | 667,618 | | 479,889 | |
| Cash at bank and in hand | | 406,547 | | 54,510 | |
| | | <u>1,392,592</u> | | <u>799,256</u> | |
| Creditors: amounts falling due within one year | 10 | <u>923,617</u> | | <u>703,517</u> | |
| Total assets less current liabilities | | | <u>468,975</u> | | <u>95,739</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | 50,352 | | 50,352 |
| Profit and loss account | 12 | | 418,623 | | 45,387 |
| Equity shareholders' funds | | | <u>468,975</u> | | <u>95,739</u> |

The financial statements were approved by the Board on 28 July 2005

H Ramis
Director



A Bryant
Director



The notes on pages 7 to 12 form part of these financial statements.

Intec Distribution Limited

Notes forming part of the financial statements for the year ended 30 September 2004

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

The following principal accounting policies have been applied:

Turnover

Turnover represents the value of sales, excluding VAT, to third parties.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

| | 2004 £ | 2003 £ |
|------------------------------------|-----------|-----------|
| This is arrived at after charging: | | |
| Audit services | 6,500 | 5,400 |

Intec Distribution Limited**Notes forming part of the financial statements for the year ended 30 September 2004 (Continued)****4 Employees**

Staff costs (including directors) consist of:

| | 2004 £ | 2003 £ |
|-----------------------|----------------|----------------|
| Wages and salaries | 375,135 | 291,502 |
| Social security costs | 37,170 | 25,850 |
| Other pension costs | 1,786 | 3,896 |
| | <u>414,091</u> | <u>321,248</u> |

The average number of employees (including directors) during the year was as follows:

| | 2004 Number | 2003 Number |
|----------------|----------------|----------------|
| Administration | 3 | 4 |
| Warehouse | 9 | 5 |
| Sales | 4 | 5 |
| | <u>16</u> | <u>14</u> |

5 Directors' remuneration

| | 2004 £ | 2003 £ |
|-----------------------|-----------|-----------|
| Directors' emoluments | 31,667 | - |

6 Interest payable and similar charges

| | 2004 £ | 2003 £ |
|----------------|------------|---------------|
| Bank interest | 202 | 138 |
| Other interest | 576 | 13,017 |
| | <u>778</u> | <u>13,155</u> |

Intec Distribution Limited

Notes forming part of the financial statements for the year ended 30 September 2004 (*Continued*)

7 Taxation on profit on ordinary activities

| | 2004 £ | 2003 £ |
|--|----------------|-----------------|
| <i>UK Corporation tax</i> | | |
| Current tax on profits of the year | 135,200 | - |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 15,000 | (15,000) |
| | <u>150,200</u> | <u>(15,000)</u> |
| Taxation on profit on ordinary activities | <u>150,200</u> | <u>(15,000)</u> |

The tax charge for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

| | 2004 £ | 2003 £ |
|---|----------------|-----------|
| Profit on ordinary activities before tax | 523,436 | 9,779 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 - 30%) | 157,031 | 2,934 |
| Effect of: | | |
| Expenses not deductible for tax purposes | 9,796 | (156) |
| Tax losses | (24,093) | (2,503) |
| Small companies' rate | (7,534) | (275) |
| Current tax charge for period | <u>135,200</u> | <u>-</u> |

8 Stocks

| | 2004 £ | 2003 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 318,427 | 264,857 |

There is no material difference between the replacement cost of stocks and the amounts stated above.

Intec Distribution Limited

Notes forming part of the financial statements for the year ended 30 September 2004 (*Continued*)

9 Debtors

| | 2004 £ | 2003 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 644,292 | 432,272 |
| Corporation tax recoverable | - | 29,719 |
| Prepayments and accrued income | 23,326 | 2,898 |
| Deferred taxation | - | 15,000 |
| | <u>667,618</u> | <u>479,889</u> |

All amounts shown under debtors fall due for payment within one year.

10 Creditors: amounts falling due within one year

| | 2004 £ | 2003 £ |
|------------------------------------|----------------|----------------|
| Director's loan account | - | 52,193 |
| Trade creditors | 430,251 | 343,748 |
| Amounts owed to group undertakings | 85,898 | 235,885 |
| Corporation tax | 135,200 | - |
| Other taxation and social security | 87,710 | 25,804 |
| Other creditors | 314 | 114 |
| Accruals and deferred income | 184,244 | 45,773 |
| | <u>923,617</u> | <u>703,517</u> |

11 Share capital

| | 2004 £ | Authorised 2003 £ | Allotted, called up and fully paid 2004 £ | 2003 £ |
|--|---------------|-------------------------|--|---------------|
| <i>Equity share capital</i> | | | | |
| 'A' Ordinary shares of £1 each | 50,000 | 50,000 | 50,000 | 50,000 |
| 50,000 'B' Ordinary shares of US\$0.01 each | 352 | 352 | 352 | 352 |
| | <u>50,352</u> | <u>50,352</u> | <u>50,352</u> | <u>50,352</u> |

Intec Distribution Limited

Notes forming part of the financial statements for the year ended 30 September 2004 (Continued)

12 Reserves

| | Profit and loss account £ |
|----------------------|---------------------------------|
| At 1 October 2003 | 45,387 |
| Profit for the year | 373,236 |
| | <hr/> |
| At 30 September 2004 | 418,623 |
| | <hr/> |

13 Contingent liabilities

The company has guaranteed bank borrowings of its fellow subsidiary company, Intec Cellular Services Limited. At the year end the liabilities covered by these guarantees totalled £483,743 (2003 - £Nil).

14 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

| | 2004 | 2003 |
|--------------------------------|------------|------------|
| | Other £ | Other £ |
| Operating leases which expire: | | |
| Within one year | 5,076 | 13,750 |
| In two to five years | - | 2,310 |
| | <hr/> | <hr/> |
| | 5,076 | 16,060 |
| | <hr/> | <hr/> |

Intec Distribution Limited

Notes forming part of the financial statements for the year ended 30 September 2004 (*Continued*)

15 Related party disclosures

| | 2004 £ | 2003 £ |
|---|-------------------|-------------------|
| Transactions with Intec Cellular Services Limited. | | |
| Sales | 71,599 | 169,448 |
| Purchases | 239,069 | 214,621 |
| Management fees charged | 69,000 | 50,000 |
| | <u> </u> | <u> </u> |

At 30 September 2004 the company owed £85,898 (2003 - £235,885) to Intec Cellular Services Limited, a fellow subsidiary undertaking of Intec Group Limited, the immediate parent company.

Director's loan

Interest amounting to £578 (2003: £12,178) has been charged on a loan provided by H Ramis, a director of the company.

16 Ultimate parent company

At 30 September 2004 the company's intermediate parent company was Intec Group Limited which is ultimately controlled by Fidecs Trust Company Limited, a trust company incorporated in Gibraltar.