

Company Registration No. 03705228 (England and Wales)

**ENTATECH UK LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2014**

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# ENTATECH UK LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Jonathan R Atherton Ai-Chang Cheng (Appointed 2 September 2013)
<b>Secretary</b>	Ai-Chang Cheng
<b>Company number</b>	03705228
<b>Registered office</b>	Stafford Park 6 Telford TF3 3AT
<b>Auditors</b>	Simmons Gainsford LLP 7/10 Chandos Street Cavendish Square London W1G 9DQ

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# ENTATECH UK LIMITED

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# **ENTATECH UK LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 28 FEBRUARY 2014**

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The directors present their report and financial statements for the year ended 28 February 2014.

### **Review of the business**

Entatech UK Limited is a wholly owned subsidiary of Enta UK Limited. Its principal activity is that of distribution of computer hardware and software, CCTV and server solutions. Turnover for the year is £118.15m compared with £81.81m for the previous period. The operating profit for the year is £4.17m compared with £2.69m for the previous period. Profit before tax reduced compared with 2013 although this is after a one off £3.3m loss on the sale of the company's investment in a subsidiary company.

The company maintains its strong customer focus and continually reviews its product offering for improvement.

### **Operating environment**

During the year we have added a number of distribution business partners to strengthen our product offering. The business is proud to be able to distribute products from a number of well known brands some of these exclusively. We continue to look at new opportunities to give our customers the best possible choice.

The operating environment continues to be very competitive as our competitors attempt to grow their sales and market share. Our margins are continually under pressure and to combat this the business ensures that its pricing remains competitive and costs are kept under tight control. This strong business discipline will ensure that future profitability is maintained.

### **Strategic priorities**

We have continued our growth within specific sectors, namely those served by Fujitsu and Microsoft and with steady growth within Gaming. For Microsoft we continue to be No1 OEM distributor and envisage taking the No1 spot with Fujitsu during 2014. The focus on 'exclusive' brands continues to take pace with 20 brands exclusively sold through Entatech UK Ltd, this continues to be a key driver of sales growth.

During the last 12 months both the company and the director have been acknowledged with key trade awards, Entatech UK Ltd winning PCR best distributor and best component distributor of the year. With the director Jon Atherton being recognised by PCR for "special recognition" to the I.T channel. The director and management team once again would like to thank all our Business Partners, customers and loyal staff in recognition of these awards.

The director remains positive on further growth and will continue to increase market share with key brands and partners. We are proud we have a loyal and dedicated team of key personnel who with their drive and enthusiasm and our refreshed vendor line-up with focus on margin and reseller penetration are ideally positioned for the future

# ENTATECH UK LIMITED

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2014

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#### Key performance indicators

The key performance indicators of the company are turnover, gross profit margin, stock and debtor levels.

Brief analysis of these are shown below:

	2014 £ (12 months)	2013 £ (16 months)	Variance %
Turnover	118,154,820	81,810,716	+44
Operating profit	4,171,247	2,693,788	+55
Stock turnover day	40 days	N/A	N/A
Debtor days	50 days	66 days	-24

#### Principal risks and uncertainties

##### Price risk

This is a fast moving industry therefore pricing is important to our business. Pricing is regularly monitored to ensure that the business is able to provide the best value to its customers.

##### Product risk

The success of the business is dependent on being able to offer the best products to its customers. The business works with a significant number of suppliers who provide a wide range of excellent products. The business is continually reviewing its range for new complimentary products.

##### Liquidity risk

The business tightly manages its working capital, particularly stock and debtors to maintain liquidity to enable it to stay within its funding facilities.

The business prepares monthly profit and cash forecasts to anticipate its funding requirements.

##### Credit risk

All customers who wish to trade on credit terms are subject to third party credit verification procedures. Once agreed these include credit terms which are strongly enforced. The company uses credit insurance and typically 90% amounts due are insured. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary.

##### Foreign Exchange risk

A significant proportion of the businesses purchases are denominated in foreign currency and in particular US \$. The business attempts to reduce its exposure to fluctuations in currency movements by forecasting its future requirements and buying these in forward contracts.

# ENTATECH UK LIMITED

## STRATEGIC REPORT (CONTINUED)

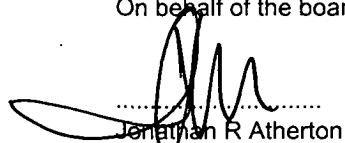
**FOR THE YEAR ENDED 28 FEBRUARY 2014**

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### Business risk

The business regularly reviews both financial and non financial indicators to measure performance and where necessary corrective actions are put in place.

On behalf of the board



Jonathan R Atherton

Director

15 September 2014

# ENTATECH UK LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 28 FEBRUARY 2014

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The directors present their revised report and revised financial statements for the year ended 28 February 2014.

#### Principal activities and review of the business

The principal activity of the company continued to be that of distribution of computer hardware and software, CCTV and server solutions.

#### Results and dividends

The results for the year are set out on page 8.

#### Directors

The following directors have held office since 1 March 2013:

Shu-Hua Chang	(Appointed 1 October 2013 and resigned 21 October 2013)
Jonathan R Atherton	
Ai-Chang Cheng	(Appointed 2 September 2013)

#### Auditors

The auditors, Simmons Gainsford LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 elected to prepare 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.

# ENTATECH UK LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 28 FEBRUARY 2014**

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### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Jonathan R Atherton

Director

15 September 2014



# **ENTATECH UK LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF ENTATECH UK LIMITED**

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We have audited the revised financial statements of Entatech UK Limited for the year ended 28 February 2014 set out on pages 8 to 18. 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 explained more fully in the Directors' Responsibilities Statement set out on pages 4 - 5, 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 and express an opinion on 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.

#### **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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 28 February 2014 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# ENTATECH UK LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF ENTATECH UK LIMITED

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#### 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.

  
Shilen Manek ACA, FCCA (Senior Statutory Auditor)  
for and on behalf of Simmons Gainsford LLP

Chartered Accountants  
Statutory Auditor

15/9/2014

7/10 Chandos Street  
Cavendish Square  
London  
W1G 9DQ

# ENTATECH UK LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28 FEBRUARY 2014

		2014 (12 months) £	2013 (16 months) £
	Notes		
Turnover	2	118,154,819	81,810,716
Cost of sales		(109,203,102)	(75,368,973)
Gross profit		8,951,717	6,441,743
Distribution costs		(1,379,005)	(806,972)
Administrative expenses		(3,429,577)	(2,940,983)
Other operating income		28,111	-
Operating profit	3	4,171,246	2,693,788
Loss on disposal of subsidiary	4	(3,300,000)	-
Interest payable and similar charges	5	(125,235)	(10,582)
Profit on ordinary activities before taxation		746,011	2,683,206
Tax on profit on ordinary activities	6	(85,856)	(665,121)
Profit for the year	14	660,155	2,018,085

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

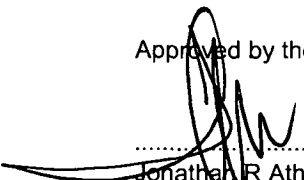
# ENTATECH UK LIMITED

## BALANCE SHEET

AS AT 28 FEBRUARY 2014

	Notes	2014 £	£	2013 £	£
<b>Fixed assets</b>					
Tangible assets	8	2,496,563		283,548	
Investments	9	-		3,900,000	
		<u>2,496,563</u>		<u>4,183,548</u>	
<b>Current assets</b>					
Stocks	10	11,885,782		-	
Debtors	11	19,659,328		14,981,699	
Cash at bank and in hand		-		200,990	
		<u>31,545,110</u>		<u>15,182,689</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(28,396,087)</u>		<u>(13,378,479)</u>	
<b>Net current assets</b>		<u>3,149,023</u>		<u>1,804,210</u>	
<b>Total assets less current liabilities</b>		<u>5,645,586</u>		<u>5,987,758</u>	
<b>Capital and reserves</b>					
Called up share capital	13	3,900,100		3,900,100	
Profit and loss account	14	1,745,486		2,087,658	
<b>Shareholders' funds</b>	15	<u>5,645,586</u>		<u>5,987,758</u>	

Approved by the Board and authorised for issue on 15 September 2014

  
Jonathan R Atherton  
Director

Company Registration No. 03705228

# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 28 FEBRUARY 2014**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Turnover**

Turnover comprises sales of goods to customers and ancillary income and is stated net of VAT and trade discounts. Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Straight line over 20 years
Fixtures, fittings & equipment	20% straight line
Motor vehicles	20% straight line

#### **1.5 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.6 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.7 Stock**

Stock is valued at the lower of cost and net realisable value.

#### **1.8 Deferred taxation**

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 28 FEBRUARY 2014**

### 1 Accounting policies

(continued)

#### 1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates 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 profit and loss account.

The company uses derivative financial instruments, in particular forward currency contracts, to manage the financial risks associated with the business activities and the financing of those activities. The company does not undertake any trading activities in financial instruments.

Financial instruments are accounted for as follows:

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast payments in foreign currencies. At maturity or when the contract ceases to be a hedge, gains and losses are taken to the profit and loss account.

#### 1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Enta UK Limited, a company incorporated in England, and is included in the consolidated accounts of that company.

### 2 Turnover

#### Geographical market

	Turnover	
	2014	2013
	£	£
	(12 months)	(16 months)
UK	116,099,405	81,455,445
EC	955,114	-
non EC	1,100,301	-
	<u>118,154,820</u>	<u>81,455,445</u>

# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2014

3	Operating profit	2014	2013
		£ (12 months)	£ (16 months)
	Operating profit is stated after charging:		
	Depreciation of tangible assets	30,521	-
	Loss on foreign exchange transactions	673,739	1,048
	Operating lease rentals	29,701	-
		<u>          </u>	<u>          </u>
	<b>Auditor's remuneration</b>		
	Fees payable to the company's auditor for the audit of the company's accounts	25,600	8,000
	Taxation advisory services	7,000	7,000
	Other services	7,611	5,000
		<u>40,211</u>	<u>20,000</u>
		<u>          </u>	<u>          </u>
4	Loss on disposal of subsidiary	2014	2013
		£	£
	Loss on disposal of subsidiary	3,300,000	-
		<u>          </u>	<u>          </u>
5	Interest payable	2014	2013
		£ (12 months)	£ (16 months)
	On bank loans and overdrafts	2,208	10,582
	Other interest	123,027	-
		<u>125,235</u>	<u>10,582</u>
		<u>          </u>	<u>          </u>

# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2014

6	Taxation	2014 £ (12 months)	2013 £ (16 months)
	<b>Domestic current year tax</b>		
	U.K. corporation tax	85,856	664,856
	Adjustment for prior years	-	265
	<b>Total current tax</b>	<u>85,856</u>	<u>665,121</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	746,011	2,683,206
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2013 - 24.00%)	171,583	643,969
	Effects of:		
	Non deductible expenses	4,799	-
	Depreciation add back	7,020	-
	Capital allowances	(3,578)	-
	Group relief	(813,083)	-
	Adjustments for disposal of subsidiary	759,000	-
	Other tax adjustments	(39,885)	21,152
	<b>Current tax charge for the year</b>	<u>85,856</u>	<u>665,121</u>

The company has claimed group relief of £3,535,143 (2013: £Nil) from Changtel Solutions UK Limited

7	Dividends	2014 £	2013 £
	Ordinary interim paid	<u>1,002,326</u>	<u>-</u>



# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2014

#### 8 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 March 2013	283,548	-	-	283,548
Additions	2,043,072	188,288	12,176	2,243,536
At 28 February 2014	2,326,620	188,288	12,176	2,527,084
<b>Depreciation</b>				
At 1 March 2013	-	-	-	-
Charge for the year	17,327	10,548	2,646	30,521
At 28 February 2014	17,327	10,548	2,646	30,521
<b>Net book value</b>				
At 28 February 2014	2,309,293	177,740	9,530	2,496,563
At 28 February 2013	283,548	-	-	283,548

#### 9 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 March 2013	3,900,000
Disposals	(3,900,000)
At 28 February 2014	-
<b>Net book value</b>	
At 28 February 2014	-
At 28 February 2013	3,900,000

During the year the company's wholly owned subsidiary Changtel Solutions UK Limited was sold for cash consideration.

# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 28 FEBRUARY 2014

10 Stocks	2014 £	2013 £
Finished goods and goods for resale	11,885,782	-

11 Debtors	2014 £	2013 £
Trade debtors	16,289,138	14,791,047
Corporation tax	102,702	-
Other debtors	1,064,546	-
Prepayments and accrued income	2,202,942	190,652
	19,659,328	14,981,699

12 Creditors: amounts falling due within one year	2014 £	2013 £
Bank loans and overdrafts	1,002,299	73,820
Trade creditors	21,247,883	2,836,618
Amounts owed to parent and fellow subsidiary undertakings	2,326	-
Amounts owed to subsidiary undertakings	-	8,340,053
Corporation tax	-	664,856
Other taxes and social security costs	2,037,785	101,993
Other creditors	1,402,138	1,255,539
Accruals and deferred income	2,703,656	105,600
	28,396,087	13,378,479

The bank overdrafts are secured by fixed and floating charges over all assets of the company in favour of the lender, Royal Bank of Scotland Plc.

Included in the trade creditors is borrowings of £4,607,473 (2013: £2,635,694) under Invoice Discounting Finance with a prepayment review level of £4,000,000 (2013: £4,000,000). This is secured by way of fixed and floating charges on all company assets.

13 Share capital	2014 £	2013 £
Allotted, called up and fully paid		
3,900,100 ordinary shares of £1 each	3,900,100	3,900,100

# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2014

#### 14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 March 2013	2,087,657
Profit for the year	660,155
Dividends paid	(1,002,326)
Balance at 28 February 2014	<u>1,745,486</u>

#### 15 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Profit for the financial year	660,155	2,018,085
Dividends	(1,002,326)	-
	<u>(342,171)</u>	<u>2,018,085</u>
Proceeds from issue of shares	-	3,900,000
Net (depletion in)/addition to shareholders' funds	(342,171)	5,918,085
Opening shareholders' funds	5,987,758	69,673
Closing shareholders' funds	<u>5,645,586</u>	<u>5,987,758</u>

#### 16 Capital commitments

	2014 £	2013 £
At 28 February 2014 the company had capital commitments as follows:		
Contracted for but not provided in the financial statements	-	102,965

#### 17 Directors' remuneration

	2014 £	2013 £
Remuneration for qualifying services	<u>22,458</u>	<u>-</u>

# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2014

#### 18 Employees

##### Number of employees

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

	2014 Number	2013 Number
Management and Administration	35	1
Marketing and Sales	61	-
Warehouse and Production	45	-
	<u>141</u>	<u>1</u>

##### Employment costs

	2014 £	2013 £
Wages and salaries	618,503	-
Social security costs	58,950	-
	<u>677,453</u>	<u>-</u>

Up until the final two months of the year, all of company work was supported and charged by Changtel Solutions UK Limited (previously known as Enta Technologies Limited) via management charges which was governed by a management charge agreement between the two companies.

#### 19 Control

In 2013 the company was a wholly owned subsidiary of Entatech Distribution Limited, which was incorporated in England and Wales and a subsidiary of Enta UK Limited. During the year Entatech Distribution was dissolved and 100% of the shares in Entatech UK Limited were transferred to the group's ultimate parent Enta UK Limited.

The immediate and ultimate parent company is Enta UK Limited, a company incorporated in England.

The only group in which the results are consolidated is that headed by Enta UK Limited. The consolidated accounts of Enta UK Limited are available for inspection at Stafford Park 6, Telford, TF3 3AT.

# ENTATECH UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 28 FEBRUARY 2014

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#### 20 Related party transactions

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.

During the year, the company sold its wholly owned subsidiary, Changtel Solutions UK Limited (previously Enta Technologies Limited). As at the balance sheet date, included in the other debtor is an amount of £1,003,799 (2013: £8,340,053 - creditor) due from Changtel Solutions UK Limited, in which the director Mr. J Tsai is also the director. This amount has been repaid subsequent to the year end.

During the current and prior year, the company shared resources on a commercial basis with Entanet International Limited and Entamedia Limited. These companies are considered to be related parties. At the balance sheet date the following balances were owed by/(due to) related parties:

Related party	Sales	Management charge payable	2014	2013
	£	£	£	£
Entanet International Limited	26,395	182,160	42,826	(59,398)
Entamedia Limited	-	-	17,921	(3,413)

#### 21 Derivatives and other instruments

Part of the company's supplies are sourced overseas. These supplies are priced in US dollars. The company's policy is to eliminate the majority of any currency exposures on purchases through forward foreign currency contracts. At the balance sheet date, the commitments on outstanding foreign currency forward buy contracts were a minimum of US\$7m per month (2012: US\$nil) which is negotiable with the banker.