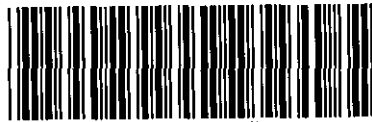


**Plasmon Data Systems Limited**

**Annual report  
for the year ended 31 March 2006**

**Registered Number: 1793678**

WEDNESDAY



\*AV8AZMOW\*

A40

31/01/2007

645

COMPANIES HOUSE

# **Plasmon Data Systems Limited**

## **Annual report for the year ended 31 March 2006**

	<b>Pages</b>
Directors' report	1 - 4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 21

# **Plasmon Data Systems Limited**

## **Directors' report for the year ended 31 March 2006**

The directors present their report and the audited financial statements for the year ended 31 March 2006.

### **Principal activities and review of business**

The company is involved in the development and manufacture of optical disk media and software solutions for the computer and related industries.

The profit and loss account for the year is set out on page 6 and the directors expect the business to grow in the forthcoming year.

The key performance indicators (KPIs) of the company are: profitability; % of revenues from products less than three years old; research and development expenditure; and gearing and liquidity. These have been discussed on a group-wide basis, including the company, on pages 9 and 10 of the group's annual report which does not form part of this report.

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to be UDO technological risk and competition risk. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided on page 10 of the group's annual report which does not form part of this report.

### **Results and dividends**

The company made a loss after taxation for the year ended 31 March 2006 of £2,320,000 (2005: £2,491,000). The directors do not recommend the payment of a dividend (2005: £nil) and accordingly the loss for the financial year of £2,320,000 (2005: £2,491,000) has been transferred to reserves.

### **Research and development**

The company is currently undertaking research and development into future optical media and software products. An amount of £2,878,000 was charged to the profit and loss account in respect of research and development expenditure for the year ended 31 March 2006 (2005: £2,473,000).

### **Directors and their interests**

The directors who held office during the year were as follows:

N Street	(Chairman)
T Arthur	
R J Longman	

No director had an interest in the company's share capital at either 31 March 2005 or at 31 March 2006.

The interests of N Street and T Arthur in the shares of Plasmon Plc are disclosed in that company's financial statements.

## Plasmon Data Systems Limited

### Directors' report for the year ended 31 March 2006 (Continued)

#### Directors and their interests (Continued)

Interests in options over Plasmon Plc ordinary shares of 5p each:

Exercise price	At 1 April 2005 Number	Granted in the year Number	At 31 March 2006 Number	Period within which options are exercisable
<b>R J Longman</b>				
137p each	17,500	-	17,500	5 Aug 2002 and 4 Aug 2009
76.5p each	250,000	-	250,000	21 Dec 2004 and 20 Dec 2011
120.5p	-	50,000	50,000	17 June 2008 and 16 June 2015
	<b>267,500</b>	<b>50,000</b>	<b>317,500</b>	

The market price of Plasmon Plc's shares at the end of the financial year was 71.50p and the range of market prices during the year was between 69.75p and 153.00p.

The exercise of those options with the exercise price of 137p is conditional upon both of the following conditions being met:

- Earnings per share for the Plasmon Group over any three consecutive years following grant must have grown by an average of at least 6 percentage points above inflation. The earnings per share criteria will be adjusted to remove the impact of the UDO programme; and
- Plasmon Group profits for any financial year before goodwill amortisation, interest and tax excluding exceptionals must have exceeded £2,500,000.

The options with the exercise price of 76.5p require the launch of UDO drivers and media before the options can be exercised.

#### Financial risk management

The company is exposed to a variety of financial risks that include liquidity and credit risk, and the effects of changes in debt market prices, foreign currency exchange rates and interest rates. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company of the risk factors. Although kept under consideration during the year ended 31 March 2006, the company did not use any derivative financial instruments. The principal risks addressed are as follows:

##### Interest rate risk

The company's objective is to minimise exposure to interest rate fluctuations by maximising the amount of fixed rate borrowings as a proportion of total borrowings whilst retaining sufficient overdraft facilities to match short-term debt fluctuations. Anticipated interest rate movements are taken into consideration before fixed rate transactions are concluded.

## **Plasmon Data Systems Limited**

### **Directors' report for the year ended 31 March 2006 (Continued)**

#### **Financial risk management (continued)**

##### **Foreign currency exposure**

The company monitors its foreign currency exposures in its major trading currencies. Matching trading relationships and debt with currency cash flows largely covers transaction exposures within acceptable levels, thereby reducing the need for additional hedging in the form of derivative financial instruments.

##### **Liquidity risk**

The company's policy is to ensure sufficient headroom is maintained in its debt facilities to enable the achievement of strategic objectives, whilst taking into account the impact of short-term business cycle fluctuations on liquidity. Facilities are reviewed on at least an annual basis or as changes in business circumstances require. The company also aims to ensure that reasonable proportions of its financial liabilities are of a long-term nature.

##### **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2006 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

##### **Directors' statement on disclosure of information to Auditors**

So far as each of the directors is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **Plasmon Data Systems Limited**

### **Directors' report for the year ended 31 March 2006 (Continued)**

#### **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

***By order of the Board***

A handwritten signature in black ink, appearing to be 'T Arthur', written over a horizontal line.

**T Arthur**  
Company Secretary

## **Plasmon Data Systems Limited**

### **Independent auditors' report to the members of Plasmon Data Systems Limited**

We have audited the financial statements of Plasmon Data Systems Limited for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

## Plasmon Data Systems Limited

### Independent auditors' report to the members of Plasmon Data Systems Limited (Continued)

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*PricewaterhouseCoopers LLP*  
**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

Cambridge 30 January 2007



## Plasmon Data Systems Limited

### Profit and loss account for the year ended 31 March 2006

	Notes	2006 £'000	2005 £'000
<b>Turnover</b>	2	<b>7,860</b>	6,889
Cost of sales		(6,398)	(6,341)
<b>Gross profit</b>		<b>1,462</b>	548
Product development expenses		(2,878)	(2,473)
Administrative expenses		(475)	(138)
Exceptional administrative costs	5	-	(339)
		(475)	(477)
<b>Operating loss</b>		<b>(1,891)</b>	(2,402)
Net interest payable	6	(427)	(580)
<b>Loss on ordinary activities before taxation</b>	7	<b>(2,318)</b>	(2,982)
Tax on loss on ordinary activities	8	(2)	491
<b>Loss for the financial year</b>	19, 20	<b>(2,320)</b>	(2,491)

The company has no recognised gains and losses other than those included in the losses set out above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year stated above, and their historical cost equivalents.

All turnover and operating losses are derived from continuing operations.

## Plasmon Data Systems Limited

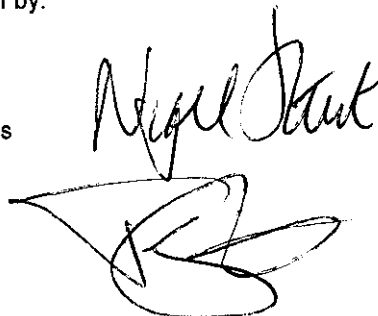
### Balance sheet at 31 March 2006

	Notes	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Intangible assets	9	795	1,005
Tangible assets	10	18,411	20,624
Investments	11	817	768
		<b>20,023</b>	<b>22,397</b>
<b>Current assets</b>			
Stocks	12	2,718	2,880
Debtors	13	1,197	5,732
Cash at bank and in hand		30	24
		<b>3,945</b>	<b>8,636</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(19,068)</b>	<b>(22,170)</b>
<b>Net current liabilities</b>		<b>(15,123)</b>	<b>(13,534)</b>
<b>Total assets less current liabilities</b>		<b>4,900</b>	<b>8,863</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(3,179)</b>	<b>(4,822)</b>
<b>Net assets</b>		<b>1,721</b>	<b>4,041</b>
<b>Capital and reserves</b>			
Called up share capital	18	5,000	5,000
Share premium account	19	5,000	5,000
Profit and loss account	19	(8,279)	(5,959)
<b>Total shareholders' funds</b>	20	<b>1,721</b>	<b>4,041</b>

The financial statements on pages 7 to 21 were approved by the board of directors on 26 January 2007 and were signed on its behalf by:

N Street )  
 ) Directors

T Arthur )



# **Plasmon Data Systems Limited**

## **Notes to the financial statements for the year ended 31 March 2006**

### **1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Changes in accounting standards**

The Company has adopted Financial Reporting Standard (FRS) 21, "Events after the balance sheet date", the presentational aspects of FRS 25, "Financial instruments: Disclosure and presentation" and FRS 28, "Corresponding amounts", in these financial statements. The adoption of these standards has not resulted in any prior year adjustments.

#### **Basis of accounting**

The financial statements have been prepared in accordance with the historical cost basis of accounting. The Company is reliant on the continuing financial support of Plasmon Plc, its parent company. Plasmon Plc has indicated its willingness to continue to support the company for the foreseeable future.

#### **Turnover**

Turnover, which excludes trade discounts, represents the invoiced value of goods and services net of value added tax. Turnover in respect of the sale of goods is recognised when the goods are despatched to the customer, whilst turnover in respect of the sale of services is recognised over the period the related work is performed for short term arrangements, or in the case of longer term development work, in proportion to the costs of the development work undertaken. Turnover in respect of royalties receivable is recognised on an accruals basis as earned.

#### **Foreign currency translation**

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Foreign currency trading transactions are translated at the rates ruling at the time of the transaction. All foreign currency exchange differences are dealt with in the profit and loss account for the year.

#### **Deferred taxation**

Financial Reporting Standard (FRS) 19, "Deferred tax", requires companies to provide for deferred tax in full at the rate of tax expected to apply when timing differences reverse. Deferred tax assets are recognised only to the extent that they are considered recoverable in the future. Assets or liabilities that may not be realised for a number of years can be discounted to their net present value, at a rate equivalent to the government bond rate of a similar maturity; the company has not opted to discount such amounts.

#### **Development expenditure**

Expenditure on research and development is written off as incurred.

# Plasmon Data Systems Limited

## Notes to the financial statements for the year ended 31 March 2006 (Continued)

### 1 Principal accounting policies (Continued)

#### Purchased goodwill

Goodwill arising on acquisitions represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired.

Purchased goodwill has been capitalised as an intangible fixed asset and is being amortised on a straight-line basis over its useful life that is estimated to be 10 years.

#### Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation.

With the exception of the UDO media manufacturing equipment, depreciation is provided on fixed assets, on a straight-line basis, at rates calculated to reduce each asset to its estimated net realisable value at the end of its effective useful life. The rates used are as follows:

Land	Not depreciated
Buildings	2%
Building improvements	4%
Leasehold improvements	20%
Office equipment	20% - 33%
Motor vehicles	25%
Research and development, manufacturing and test equipment	10% - 25%

Depreciation of the UDO media manufacturing assets is being calculated on a unit of production basis.

#### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises expenditure incurred in bringing stocks and work in progress to their present location and condition. Net realisable value represents the estimated selling price less further production costs to completion and appropriate selling and distribution costs. Provision is made where necessary for obsolete, slow-moving and defective stocks.

#### Leased assets

Assets acquired under finance leases and hire purchase agreements are capitalised and depreciated over the useful life of the asset. The capital element is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic charge on the remaining balance outstanding for each accounting period.

Rental payments under operating leases are charged to the profit and loss account on a straight-line basis.

# Plasmon Data Systems Limited

## Notes to the financial statements for the year ended 31 March 2006 (Continued)

### 1 Principal accounting policies (Continued)

#### Licences

Licences acquired for use in proprietary software or manufacturing processes are capitalised at cost. Amortisation commences when the related product is commercially launched with the cost being amortised on a straight-line basis over the expected life-cycle of the product. Current licences are being amortised over 5 years.

#### Fixed asset investments

Fixed asset investments are stated at cost less any amount written off to reflect a permanent impairment.

#### Pension costs

Pension costs represent contributions payable to the group's defined contribution pension scheme and employees' personal pension plans and are charged on an accruals basis in line with the amounts payable in respect of the accounting period.

#### Cash flow statement

As a wholly owned subsidiary of Plasmon Plc, the company is exempt from the requirement to publish a cash flow statement.

### 2 Turnover

	2006 £'000	2005 £'000
<b>By destination:</b>		
United Kingdom	1,486	1,233
Rest of Europe	1,702	2,996
United States of America	4,606	2,562
Rest of World	66	98
	<b>7,860</b>	<b>6,889</b>

## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 3 Employee information

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

	2006 Number	2005 Number
Manufacturing, research and development	102	110
<hr/>		
	2006 £'000	2005 £'000
Staff costs for the above employees:		
Wages and salaries	3,145	3,319
Social security costs	340	355
Other pension costs (see note 23)	183	198
	3,668	3,872

#### 4 Directors' remuneration

	2006 £'000	2005 £'000
Aggregate emoluments	132	129
Company pension contributions to money purchase schemes	17	17
	149	146

Of the directors whose emoluments are disclosed above, retirement benefits are accruing to 1 director (2005: 1 director) under the company's defined contribution scheme.

In the year to 31 March 2006, 2 directors (2005: 2 directors) were remunerated by other Plasmon Group companies and no specific allocation of their remuneration has been made in respect of their services to this company.

#### 5 Exceptional administrative costs

The exceptional operating costs, which were included in administrative expenses, during the year ended 31 March 2005 arose from a cost cutting programme completed in 2004 and the write-off of some obsolete inventory.

## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 6 Net interest payable

	2006 £'000	2005 £'000
Interest payable on finance leases	175	120
Interest payable on bank loans	283	489
Interest receivable on amounts owed by group undertakings	(31)	(29)
	<b>427</b>	<b>580</b>

#### 7 Loss on ordinary activities before taxation

	2006 £'000	2005 £'000
Loss on ordinary activities before taxation is stated after charging / (crediting):		
Depreciation - leased assets	854	1,158
Depreciation - owned assets	1,345	1,304
Amortisation on intangible fixed assets	210	136
Foreign exchange losses / (gains)	51	(61)
Fees paid to auditors for audit	21	21
Operating lease payments for plant and machinery	56	56

#### 8 Tax on loss on ordinary activities

##### (a) Analysis of tax charge / (credit) in the year:

	2006 £'000	2005 £'000
<b>UK corporation tax at 30% (2005: 30%)</b>		
Current	-	-
Deferred - Origination and reversal of timing differences	-	(507)
	-	(507)
<b>Overseas taxation</b>		
Current	2	16
<b>Tax charge / (credit) on loss on ordinary activities</b>	<b>2</b>	<b>(491)</b>

## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 8 Tax on loss on ordinary activities (Continued)

##### (b) Factors affecting tax charge for the period:

The tax charge for the period is different to the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2006 £'000	2005 £'000
Loss on ordinary activities before taxation	(2,318)	(2,982)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	(695)	(895)
Effects of:		
Expenses not deductible for tax purposes	(171)	(265)
Overseas taxation	2	16
Difference between capital allowances and depreciation	866	1,160
<b>Current tax charge for the period</b>	<b>2</b>	<b>16</b>

#### 9 Intangible fixed assets

	Development expenditure £'000	Software code licences £'000	Purchased goodwill £'000	Total £'000
<b>Cost</b>				
<b>At 1 April 2005 and 31 March 2006</b>	<b>583</b>	<b>1,054</b>	<b>665</b>	<b>2,302</b>
<b>Amortisation</b>				
At 1 April 2005	583	298	416	1,297
Charge for the year	-	144	66	210
<b>At 31 March 2006</b>	<b>583</b>	<b>442</b>	<b>482</b>	<b>1,507</b>
<b>Net book value</b>				
<b>At 31 March 2006</b>	<b>-</b>	<b>612</b>	<b>183</b>	<b>795</b>
<b>At 31 March 2005</b>	<b>-</b>	<b>756</b>	<b>249</b>	<b>1,005</b>



## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 10 Tangible fixed assets

	Freehold land and buildings £'000	Improvements to short leasehold land and buildings £'000	Office equipment £'000	Motor vehicles £'000	Manu- facturing owned £'000	Constru- ction in progress £'000	Manu- facturing leased £'000	Total £'000
<b>Cost</b>								
At 1 April 2005	8,148	581	1,760	80	19,515	-	13,671	43,755
Additions	5	-	17	-	526	261	-	809
Disposals	(836)	-	-	-	(6)	-	-	(842)
<b>At 31 March</b>								
<b>2006</b>	<b>7,317</b>	<b>581</b>	<b>1,777</b>	<b>80</b>	<b>20,035</b>	<b>261</b>	<b>13,671</b>	<b>43,722</b>
<b>Depreciation</b>								
At 1 April 2005	445	564	1,567	41	11,730	-	8,784	23,131
Charge for year	121	14	105	19	1,106	-	834	2,199
Disposals	(17)	-	-	-	(2)	-	-	(19)
<b>At 31 March</b>								
<b>2006</b>	<b>549</b>	<b>578</b>	<b>1,672</b>	<b>60</b>	<b>12,834</b>	<b>-</b>	<b>9,618</b>	<b>25,311</b>
<b>Net book value</b>								
<b>At 31 March</b>								
<b>2006</b>	<b>6,768</b>	<b>3</b>	<b>105</b>	<b>20</b>	<b>7,201</b>	<b>261</b>	<b>4,053</b>	<b>18,411</b>
<b>At 31 March</b>								
<b>2005</b>	<b>7,703</b>	<b>17</b>	<b>193</b>	<b>39</b>	<b>7,785</b>	<b>-</b>	<b>4,887</b>	<b>20,624</b>

The above includes leased assets with a cost of £13,750,000 (2005: £13,372,000) and a net book value of £4,072,000 (2005: £4,902,000). Depreciation of £854,000 (2005: £1,158,000) has been charged against these assets in the year.

## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 11 Fixed asset investments

	Investments in group subsidiary undertakings £'000
<b>Cost and net book value</b>	
At 1 April 2005	768
Additions	49
<b>At 31 March 2006</b>	<b>817</b>

The investment as at 1 April 2005 represents a 100% shareholding in Plasmon OMS Sarl. This company is involved in the development and production of CD/DVD masters and stampers for the volume optical replication industry and is registered in France.

During the year, the company acquired the entire issued ordinary share capital of Plasmon Data (Zhuhai) Co. Limited for consideration of £49,000. Plasmon Data (Zhuhai) Co. Limited is incorporated in China and its principal activity is software development.

The company is exempt under s288 of the Companies Act 1985 from the requirement to prepare consolidated accounts as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Plasmon Plc, a company incorporated in England and Wales.

#### 12 Stocks

	2006 £'000	2005 £'000
Raw materials and consumables	778	992
Work in progress	172	223
Finished goods and goods for resale	1,768	1,665
	<b>2,718</b>	<b>2,880</b>

## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 13 Debtors

	2006 £'000	2005 £'000
Trade debtors	62	88
Amounts owed by group undertakings	776	5,188
Other taxation and social security	-	37
Prepayments and accrued income	359	419
	<b>1,197</b>	<b>5,732</b>

#### 14 Creditors: amounts falling due within one year

	2006 £'000	2005 £'000
Bank overdraft	7	55
Bank loans	262	1,450
Trade creditors	496	612
Obligations under finance leases	1,015	1,294
Amounts owed to group undertakings	16,606	16,760
Other taxation and social security	152	95
Accruals and deferred income	530	1,904
	<b>19,068</b>	<b>22,170</b>

The bank overdraft is secured by a fixed and floating charge over all the company's assets and has been guaranteed by other group companies.

## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 15 Creditors: amounts falling due after more than one year

	2006 £'000	2005 £'000
Due within one to two years:		
Bank loans	262	279
Obligations under finance leases	323	1,011
Due within two to five years:		
Bank loans	787	850
Obligations under finance leases	279	598
Due after five years:		
Bank loans	1,528	2,084
	<b>3,179</b>	<b>4,822</b>

The bank loans bear interest based on UK and US prime rates and are repayable between August 2015 and March 2018.

#### 16 Lease commitments

Obligations under finance leases are repayable as follows:

	2006 £'000	2005 £'000
Within one year	1,015	1,294
Within one to two years	323	1,011
Within two to five years	279	598
	<b>1,617</b>	<b>2,903</b>

Obligations under operating leases payable in the next year where the commitment expires as follows:

	2006 £'000	2005 £'000
Within one year	-	-
Within two to five years	56	56
	<b>56</b>	<b>56</b>

All operating leases relate to manufacturing equipment.

## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 17 Deferred taxation

The potential deferred taxation assets which have not been recognised in the financial statements are shown below:

	2006 £'000	2005 £'000
Trading losses	1,442	647
Accelerated capital allowances	71	-
	<b>1,513</b>	<b>647</b>

#### 18 Called up share capital

	2006 £'000	2005 £'000
<b>Authorised</b>		
10,000,000 ordinary shares of £1 each (2005: 10,000,000)	10,000	10,000
<b>Allotted, called up and fully paid</b>		
5,000,100 ordinary shares of £1 each (2005: 5,000,100)	5,000	5,000

#### 19 Reserves

	Share Premium account £'000	Profit and loss account £'000
At 1 April 2005	5,000	(5,959)
Loss for the financial year	-	(2,320)
<b>At 31 March 2006</b>	<b>5,000</b>	<b>(8,279)</b>

## Plasmon Data Systems Limited

### Notes to the financial statements for the year ended 31 March 2006 (Continued)

#### 20 Reconciliation of movements in total shareholders' funds

	2006 £'000	2005 £'000
Opening shareholders' funds	4,041	6,532
Loss for the financial year	(2,320)	(2,491)
<b>Closing shareholders' funds</b>	<b>1,721</b>	<b>4,041</b>

#### 21 Capital commitments

At 31 March 2006 the company had commitments contracted for but not provided of £Nil (2005: £Nil).

#### 22 Contingent liabilities

The company is party to a cross guarantee incorporating Plasmon Plc, Allstor Software Limited and Plasmon Data Limited covering outstanding bank overdrafts and loans. At 31 March 2006, £2,839,000 was outstanding (2005: £3,004,000).

The company is party to an unlimited Deed of Guarantee and Indemnity to Venture Finance Plc incorporating Plasmon Plc and Plasmon Data Limited to secure all loans and facilities of each other. At 31 March 2006, £1,503,000 was outstanding (2005: £1,802,000).

#### 23 Pension commitments

The company has a number of different pension commitments, all of which are of a money purchase nature. As well as a company defined contribution scheme, the company also makes contributions to the pension plans of certain employees, most of which are part of a Group Personal Pension Plan arrangement. The total cost of the company's pension commitments was £183,000 (2005: £198,000). There were no material outstanding or prepaid contributions in respect of these arrangements at either 31 March 2006 or 31 March 2005.

#### 24 Related party transactions

In accordance with Financial Reporting Standard Number 8: Related Party Disclosures, the company is exempt from disclosing transactions with entities that are part of the Plasmon Group, as it is a wholly owned subsidiary of Plasmon Plc which publishes consolidated financial statements.

## **Plasmon Data Systems Limited**

### **Notes to the financial statements for the year ended 31 March 2006** (Continued)

#### **25 Ultimate parent company**

The company is a wholly owned member of the Plasmon Group whose immediate and ultimate parent company and controlling party is Plasmon Plc, a company registered in England and Wales. Copies of the consolidated financial statements of Plasmon Plc can be obtained from The Company Secretary, Plasmon Plc, Whiting Way, Melbourn, Nr Royston, Hertfordshire, SG8 6EN.