

Custom Interconnect Limited

FINANCIAL STATEMENTS

for the year ended

30 June 2005

Company Registration No. 2026753



Custom Interconnect Limited

DIRECTORS AND OFFICERS

DIRECTORS

D.R. Stokes
N.J Edwards
P.G Barnwell
J.G Boston
R. Harwood

SECRETARY

D.R. Stokes

COMPANY NUMBER

2026753 (*England and Wales*)

REGISTERED OFFICE

CIL House
Andover
Hampshire
Great Britain
SP10 3JL

ACCOUNTANTS

Baker Tilly
Springpark House
Basing View
Basingstoke
Hampshire
RG21 4HG

BANKERS

Lloyds Bank Plc
22 High Street
Andover
Hampshire
Great Britain
SP10 1NU

Custom Interconnect Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of Custom Interconnect Limited for the year ended 30 June 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the design and manufacture of electronic items.

REVIEW OF THE BUSINESS

The Directors view the position of the business with confidence. Turnover increased during the year as the company broadened the customer base of its core manufacturing business.

It also introduced its own range of COOLED products using an innovative LED packaging technology.

In July 2005 the company moved to a larger single factory in Andover. This combined with significant capital investment during the year, has enabled the company to offer a comprehensive design and manufacturing facility.

The worth of these investments are reflected in the change of the operating profit, which remains a satisfactory base for future expansion.

DIRECTORS

The following directors have held office since 1 July 2004:

D.R. Stokes

N.J Edwards

P.G Barnwell

J.G Boston

R. Harwood

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary Shares of £ 1 each</i>	
	30.6.05	1.7.04
D.R. Stokes	25,397	25,397
N.J Edwards	17,926	17,926
P.G Barnwell	25,398	25,398
J.G Boston	2,000	2,000
R. Harwood	25,397	25,397

	<i>Ordinary Shares of 60p each</i>	
	30.6.05	1.7.04
D.R. Stokes	4,176	4,176
N.J Edwards	11,648	11,648
P.G Barnwell	-	-
J.G Boston	4,000	4,000
R. Harwood	-	-

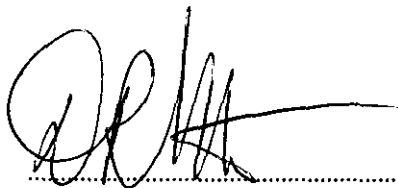
Custom Interconnect Limited

DIRECTORS' REPORT (CONTINUED)

On 18 October 2001 share options were granted to J. G. Boston allowing him to acquire 14,000 Ordinary shares at £3.50 each within 5 years of the date on which the options were granted.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



D.R. Stokes

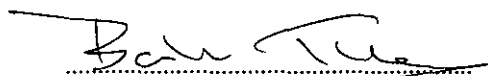
16/11/5

Date

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE
UNAUDITED ACCOUNTS OF CUSTOM INTERCONNECT LIMITED

We have prepared, on the basis of the information contained in the company's accounting records and provided by the company's directors, and without carrying out an audit or examination, the accounts for the year ended 30 June 2005 set out on pages 5 to 13. The accounts have been prepared in accordance with the applicable requirements of the Companies Act 1985.

As described on page 6 the company's directors are responsible for the preparation of the accounts, and that they consider the company is exempt from an audit.



BAKER TILLY
Chartered Accountants
Springpark House
Basing View
Basingstoke
Hampshire
RG21 4HG

23/1/05
Date

Custom Interconnect Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2005

	Notes	2005 £	2004 £
TURNOVER		4,011,496	3,659,310
Cost of sales		2,502,538	2,244,206
Gross profit		1,508,958	1,415,104
Other operating expenses	1	1,246,737	955,594
OPERATING PROFIT		262,221	459,510
Interest payable	2	37,107	29,192
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	225,114	430,318
Taxation	5	30,215	119,151
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	12	194,899	311,167

The operating profit for the year arises from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

Custom Interconnect Limited

BALANCE SHEET

30 June 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Tangible assets	6	920,131	868,460
CURRENT ASSETS			
Stocks		935,707	852,672
Debtors	7	943,398	697,542
Cash at bank and in hand		-	680
		1,879,105	1,550,894
CREDITORS: Amounts falling due within one year	8	1,117,353	932,020
NET CURRENT ASSETS		761,752	618,874
TOTAL ASSETS LESS CURRENT LIABILITIES		1,681,883	1,487,334
CREDITORS: Amounts falling due after more than one year	9	(291,938)	(284,241)
PROVISIONS FOR LIABILITIES AND CHARGES	10	(98,007)	(106,054)
		1,291,938	1,097,039
CAPITAL AND RESERVES			
Called up share capital	11	108,812	108,812
Share premium account	12	54,232	54,232
Profit and loss account	12	1,128,894	933,995
SHAREHOLDERS' FUNDS	13	1,291,938	1,097,039

In preparing these financial statements:


- The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- The directors acknowledge their responsibilities for:
 - ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 25th October 2005 (date)



J.G. Boston
Director



D.R. Stokes
Director

Custom Interconnect Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

RESEARCH AND DEVELOPMENT

All research and development costs are written off as incurred. Development expenditure is carried forward when its future recoverability can be foreseen with reasonable assurance and is amortised in line with sales from the related product. All research and other development costs are written off as incurred.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Land and buildings	5% straight line over the life of the lease
Plant and machinery	20% Straight Line

STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are 'operating leases' and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

PENSIONS CONTRIBUTIONS

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Custom Interconnect Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

1.	OTHER OPERATING EXPENSES	2005 £	2004 £
	Administrative expenses	<u>1,246,737</u>	<u>955,594</u>
2.	INTEREST PAYABLE	2005 £	2004 £
	Interest payable includes the following:		
	Hire purchase interest	<u>21,760</u>	<u>19,030</u>
3.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2005 £	2004 £
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation of tangible assets:		
	Charge for the year:		
	owned assets	337,201	215,410
	Profit on disposals	-	(6,650)
	Research and development:		
	Current year's expenditure	119,075	-
	Operating lease rentals:		
	Land and buildings	<u>64,568</u>	<u>57,226</u>
4.	DIRECTORS' REMUNERATION	2005 £	2004 £
	Amounts paid to directors	<u>320,826</u>	<u>344,185</u>

Custom Interconnect Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2005

5. TAXATION	2005	2004
	£	£
Domestic current year tax		
U.K. corporation tax	36,297	46,752
Adjustment for prior years	1,965	(1,857)
	<u>38,262</u>	<u>44,895</u>
Current tax charge		
Deferred tax		
Deferred tax charge/credit current year	(8,047)	74,256
	<u>30,215</u>	<u>119,151</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>225,114</u>	<u>430,318</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax for small companies of 19.00% (2004: 19.00%)	<u>42,772</u>	<u>81,760</u>
Effects of:		
Schedule 12 Research & Development 50% deduction	(11,312)	(4,805)
Depreciation in excess of capital allowances	4,683	(28,940)
Adjustments to previous periods	1,965	(3,120)
Other tax adjustments	154	-
	<u>(4,510)</u>	<u>(36,865)</u>
Current tax charge	<u>38,262</u>	<u>44,895</u>

Custom Interconnect Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 30 June 2005

6. TANGIBLE FIXED ASSETS

	<i>Land and buildings</i> £	<i>Plant and machinery</i> £	<i>Total</i> £
Cost			
1 July 2004	4,685	1,466,790	1,471,475
Additions	20,291	368,581	388,872
30 June 2005	24,976	1,835,371	1,860,347
Depreciation			
1 July 2004	3,739	599,276	603,015
Charge in the year	347	336,854	337,201
30 June 2005	4,086	936,130	940,216
Net book value			
30 June 2005	20,890	899,241	920,131
30 June 2004	946	867,514	868,460

The net book value of plant and machinery includes £718,563 (2004- £367,698) in respect of assets held under finance leases.

7. DEBTORS

	2005 £	2004 £
Due within one year:		
Trade debtors	923,357	681,453
Other debtors	20,041	16,089
	943,398	697,542

8. CREDITORS: Amounts falling due within one year

	2005 £	2004 £
Bank overdraft	92,415	32,151
Obligations under finance lease and hire purchase contracts	188,137	155,099
Trade creditors	532,555	466,660
Corporation tax	36,297	46,752
Other taxes and social security costs	150,585	48,462
Other creditors	117,364	182,896
	1,117,353	932,020

The bank loans and overdraft are secured by a debenture giving fixed or floating charges on all assets of the company.

Custom Interconnect Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 30 June 2005

9. CREDITORS: Amounts falling due in more than one year	2005 £	2004 £
Obligations under finance leases and hire purchase agreements	<u>291,938</u>	<u>284,241</u>
	2005 £	2004 £
Obligations under finance leases and hire purchase contracts:		
Repayable within one year	188,137	156,127
Repayable between two and five years	<u>291,938</u>	<u>283,213</u>
	<u>480,075</u>	<u>439,340</u>
	480,075	439,340
Included in current liabilities	<u>(188,137)</u>	<u>(155,099)</u>
	<u>291,938</u>	<u>284,241</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

	<i>Deferred taxation £</i>
Balance at 1 July 2004	106,054
Transfer to profit and loss account	<u>(8,047)</u>
Balance at 30 June 2005	<u>98,007</u>

Deferred taxation provided in the financial statements is as follows:

	2005 £	2004 £
Excess of tax allowances over depreciation	<u>98,007</u>	<u>106,054</u>

Custom Interconnect Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2005

11. SHARE CAPITAL	2005 £	2004 £
Authorised:		
150,000 Ordinary Shares of £1 each	150,000	150,000
36,960 Ordinary Shares of 60p each	22,176	22,176
	<u>172,176</u>	<u>172,176</u>
Allotted, issued and fully paid:		
98,118 Ordinary Shares of £1 each	98,118	98,118
17,823 Ordinary Shares of 60p each	10,694	10,694
	<u>108,812</u>	<u>108,812</u>

12. STATEMENT OF MOVEMENT ON RESERVES

	<i>Share premium account</i> £	<i>Profit and loss account</i> £
1 July 2004	54,232	933,995
Retained profit for the year	-	194,899
	<u>54,232</u>	<u>1,128,894</u>
30 June 2005		

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2005 £	2004 £
Profit for the financial year	194,899	311,167
Opening shareholders' funds	1,097,039	785,872
	<u>1,291,938</u>	<u>1,097,039</u>
Closing shareholders' funds		

14. COMMITMENTS UNDER OPERATING LEASES

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Land and buildings		
expiring in the first year	22,000	-
expiring in the second to fifth year	-	41,900
expiring after five years	105,000	-
	<u>127,000</u>	<u>41,900</u>

Custom Interconnect Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2005

15. PENSION COMMITMENTS

DEFINED CONTRIBUTION

	2005 £	2004 £
Contributions payable by the company for the year	<u>46,150</u>	<u>35,933</u>