

2007-2008

Future Electronics Limited

Report and Financial Statements

31 December 2005



Future Electronics Limited

Registered No: 2087867

Directors

J M Bates
M Bielesch
D G Casey
D R Miller

Secretary

M Bielesch

Auditors

Ernst & Young LLP
Apex Plaza
Reading
RG1 1YE

Bankers

ABN AMRO Bank
250 Bishopsgate
London
EC2M 4AA

Solicitors

Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Registered office

Future House
Poyle Road
Colnbrook
Slough
Berkshire
SL3 OAA

Directors' report

The directors present their report and financial statements for the year ended 31 December 2005.

Results and dividends

The profit for the year, after taxation, amounted to £6,329,162 (2004: £2,844,806). The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was to be the distributor of electronic components. Effective from 1 January 2005, the entire share capital of the Company was acquired by a new parent company, Future Electronics Management Services Limited, from Future Electronics Inc. As part of this restructuring in Europe, the Company's shareholding in the share capital of FE Future Holding BV (see note 10), was changed to a mixture of ordinary and preferred shares, which gives a total voting rights of 40%. The remaining 60% of the voting rights are held by Future Electronics Inc., the ultimate parent company.

Future developments

The company is committed to strengthening its market position across Europe and continues to invest in improving its efficiency and effectiveness in all locations to achieve that aim.

Derivatives – Fair Value

The fair value at 31 December 2005 of derivatives held by the company was as follows:

Forward foreign exchange contracts	£782,398 (unrealised loss).
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Financial risk management

The Company uses certain financial instruments to manage the main operating risks it faces. In particular the Company uses group funding to manage the liquidity and cash flow risks faced.

The company manages its interest rate risk exposure, as interest on the group loan is at annually agreed fixed rates of interest.

The company manages its foreign currency risk exposures on the sale of goods overseas by invoicing in the currency that payment is expected to be received. The company makes use of forward contracts for purchases made in US Dollars as a high proportion of the business' products acquired are denominated in that currency.

Disabled employees

The directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

Employee involvement

During the year, the policy of providing employees with information about the company has continued. Regular meetings are held between management and employees to allow a free flow of information and ideas.

Directors' report

Directors

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

J M Bates	(appointed 18 November 2005)
M Bielesch	(appointed 31 October 2005)
D G Casey	
T G McGrory	(resigned 30 June 2005)
D R Miller	(appointed 17 May 2005)
J A J Rourke	(resigned 30 December 2005)

There are no directors' interests requiring disclosure under the Companies Act 1985.

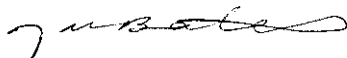
Directors' liabilities

The company has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision was in force during the year.

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



Director

...12th October.....2006

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 shareholders of Future Electronics Limited

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 20. 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

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as 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).

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 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.

Independent auditors' report

to the shareholders of Future Electronics Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

**Ernst & Young LLP
Registered Auditor
Reading**

20 October.....2006

Profit and loss account

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Turnover	2	282,902,689	278,842,313
Cost of sales		(225,936,580)	(223,356,435)
Gross profit		56,966,109	55,485,878
Distribution costs		30,187,335	30,844,153
Administrative expenses		19,552,877	19,978,310
Other operating expenses		148,575	355,457
Income from shares in group undertakings		1,493,538	—
Operating profit	3	8,570,860	4,307,958
Interest receivable and similar income	6	226,917	622,921
Interest payable	7	(386,096)	(564,176)
		(159,179)	58,745
Profit on ordinary activities before taxation		8,411,681	4,366,703
Tax on profit on ordinary activities	8	(2,082,519)	(1,521,897)
Profit retained for the financial year	18	6,329,162	2,844,806

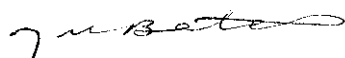
Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £6,329,162 attributable to the shareholders for the year ended 31 December 2005 (2004 - profit of £2,844,806).

Balance sheet

at 31 December 2005

	Notes	2005 £	2004 £
Fixed assets			
Tangible assets	9	2,076,547	2,498,403
Investments	10	17,840,221	4,520,721
		<u>19,916,768</u>	<u>7,019,124</u>
Current assets			
Stocks	11	64,656,794	63,412,734
Debtors	12	70,432,384	56,554,383
Cash at bank and in hand		3,789,055	4,931,735
		<u>138,878,233</u>	<u>124,898,852</u>
Creditors: amounts falling due within one year	13	28,488,811	38,232,781
		<u>110,389,422</u>	<u>86,666,071</u>
Net current assets			
Total assets less current liabilities		<u>130,306,190</u>	<u>93,685,195</u>
Creditors: amounts falling due after more than one year	14	17,110,666	138,333
		<u>113,195,524</u>	<u>93,546,862</u>
Capital and reserves			
Called up share capital	17	101,388,583	88,069,083
Share premium account	18	875,938	875,938
Profit and loss account	18	10,931,003	4,601,841
Equity shareholders' funds	18	<u>113,195,524</u>	<u>93,546,862</u>



Director

...17th October.....2006

Statement of cash flows

for the year ended 31 December 2005

	Notes	2005 £	2004 £
Net cash outflow from operating activities	19(a)	(16,810,602)	(3,174,870)
Returns on investments and servicing of finance	19(b)	(159,179)	58,745
Taxation	19(c)	(620,980)	(2,276,505)
Capital expenditure and financial investment	19(d)	(524,252)	(498,318)
Acquisitions and disposals	19(e)	-	(81,526)
Financing	19(f)	16,972,333	(27,667)
(Decrease) in cash		<u>(1,142,680)</u>	<u>(6,000,141)</u>
Reconciliation of net cash flow to movement in net (deficit)/funds			
		2005 £	2004 £
(Decrease) in cash		(1,142,680)	(6,000,141)
Net cash outflow from decrease in long-term accruals		27,667	27,667
Net cash inflow from group company loan received		(17,000,000)	-
		<u>(18,115,013)</u>	<u>(5,972,474)</u>
Change in net funds	19(g)	(18,115,013)	(5,972,474)
Net funds at 1 January	19(g)	4,793,402	10,765,876
Net (deficit)/funds at 31 December	19(g)	<u>(13,321,611)</u>	<u>4,793,402</u>

Notes to the financial statements

at 31 December 2005

1. Accounting policies

Basis of preparation

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

In preparing the financial statements for the current year, the company has adopted FRS 17 'Retirement Benefits', FRS 21 'Events after the balance sheet date' and the presentation requirements of FRS 25 'Financial Instruments: Disclosure and Presentation'. Adoption of FRS 17, FRS 21 and FRS 25 has not required any revisions to the financial statements in either the current year or prior years.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Short leasehold improvements	-	5 years
Equipment and fixtures	-	5 to 10 years
Computer equipment	-	4 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is purchase price less trade discounts and is computed on a first-in first-out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

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 exception:

- 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.

Pension

The company arranges stakeholders' pension schemes for eligible employees. The company does not contribute to the schemes, however arrangement fees borne by the company are charged to the profit and loss account as incurred.

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange 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 exchange differences are taken to the profit and loss account.

Notes to the financial statements

at 31 December 2005

1. Accounting policies (continued)

Operating lease rentals

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

2. Turnover

Turnover represents the amounts derived from the sale of goods supplied by the company, net of value added tax and trade discounts. All turnover arises from continuing operations.

An analysis of turnover destination by geographical market has not been provided on the grounds that, in the opinion of the directors, it would be seriously prejudicial to the interests of the company.

3. Operating profit

This is stated after charging:

	2005 £	2004 £
Auditors' remuneration - audit services	36,750	38,835
- non-audit services	30,915	21,951
	<u>67,665</u>	<u>60,786</u>
Depreciation of owned fixed assets	<u>946,108</u>	<u>1,286,655</u>
Operating lease rentals - land and buildings	1,534,344	1,512,576
- plant and machinery	26,646	30,062
Net loss on foreign currency translation	<u>1,823,296</u>	<u>4,184,667</u>

4. Staff costs

	2005 £	2004 £
Wages and salaries	14,146,369	14,114,632
Social security costs	<u>1,615,313</u>	<u>1,665,965</u>
	<u>15,761,682</u>	<u>15,780,597</u>

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

	2005 No.	2004 No.
Warehouse	151	158
Sales and administration	<u>329</u>	<u>320</u>
	<u>480</u>	<u>478</u>

Notes to the financial statements

at 31 December 2005

5. Directors' emoluments

	2005 £	2004 £
Emoluments	<u>39,118</u>	<u>368,083</u>

The directors of the company are also directors of fellow subsidiaries. The directors received total remuneration for the year of £39,118 (2004: £368,083), all of which was paid by Future Electronics Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the fellow subsidiary companies. No directors are accruing benefits under a company pension scheme (2004: nil).

Certain directors' emoluments have been borne by the company's immediate parent company Future Electronics Management Services Limited. The emoluments are disclosed within the immediate parent company's financial statements.

6. Interest receivable

	2005 £	2004 £
Bank interest receivable	184,209	173,846
Interest from group companies	42,708	449,075
	<u>226,917</u>	<u>622,921</u>

7. Interest payable

	2005 £	2004 £
Bank interest payable	—	2,341
Interest payable to group undertakings	386,096	561,835
	<u>386,096</u>	<u>564,176</u>

8. Tax

(a) Tax on profit on ordinary activities
The tax charge is made up as follows:

	2005 £	2004 £
<i>Current tax:</i>		
UK corporation tax	1,406,201	1,460,534
UK group relief	783,407	—
Tax under provided in previous years	(107,089)	61,363
Total current tax (note 8(b))	<u>2,082,519</u>	<u>1,521,897</u>

Notes to the financial statements

at 31 December 2005

8. Tax (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2004: higher) than the standard rate of corporation tax in the UK of 30% (2004: 30%). The differences are reconciled below:

	2005 £	2004 £
Profit on ordinary activities before taxation	8,411,681	4,366,703
Profit on ordinary activities multiplied by rate of tax	2,525,504	1,310,011
Disallowed expenses and non-taxable income	228,631	46,920
Foreign tax credits	(640,088)	—
Depreciation in excess of capital allowances	43,850	115,847
Other timing differences	33,711	(12,244)
Adjustments in respect of previous periods	(107,089)	61,363
Total current tax (note 8(a))	2,082,519	1,521,897

(c) Deferred tax

The deferred taxation asset not recognised in the accounts is as follows:

	2005 £	2004 £
Depreciation in advance of capital allowances	97,223	53,373
Other timing differences	416,685	382,102
	513,908	435,475

The net deferred tax asset has not been recognised due to uncertainty over the availability of suitable future taxable profits.

Notes to the financial statements

at 31 December 2005

9. Tangible fixed assets

	<i>Short leasehold improvements</i>	<i>Equipment and fixtures</i>	<i>Computer Equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 2005	1,242,144	3,871,395	2,207,719	7,321,258
Additions	226,074	85,233	212,945	524,252
Disposals	(344,272)	(447,268)	(1,870,123)	(2,661,663)
At 31 December 2005	<u>1,123,946</u>	<u>3,509,360</u>	<u>550,541</u>	<u>5,183,847</u>
Depreciation:				
At 1 January 2005	945,434	2,043,271	1,834,150	4,822,855
Provided during the year	191,649	492,260	262,199	946,108
Disposals	(344,272)	(447,268)	(1,870,123)	(2,661,663)
At 31 December 2005	<u>792,811</u>	<u>2,088,263</u>	<u>226,226</u>	<u>3,107,300</u>
Net book value:				
At 31 December 2005	<u>331,135</u>	<u>1,421,097</u>	<u>324,315</u>	<u>2,076,547</u>
At 31 December 2004	<u>296,710</u>	<u>1,828,124</u>	<u>373,569</u>	<u>2,498,403</u>

10. Investments

	<i>Shares in group companies</i>
	£
Cost:	
At 1 January 2005	4,520,721
Additions	13,319,500
At 31 December 2005	<u>17,840,221</u>

From 1 January 2005 to 8 February 2005, the company held 100% of the preferred share capital of FE Future Holding BV, a holding company for the Group's European subsidiary undertakings, incorporated in The Netherlands. The company also held 50% of the voting rights in FE Future Holding BV. The remaining 50% of the voting rights were held by Future Electronics Inc., the ultimate parent company. Control of FE Future Holding BV was exercised by Future Electronics Inc. Since Future Electronics Limited did not exercise significant influence over FE Future Holding BV, the company did not equity account for its investment.

On 8 February 2005, the company acquired 158 common class A shares of FE Future Holding BV from Future Electronics Management Services Limited for consideration of £13,319,500 satisfied by the issue of 13,319,500 ordinary shares of £1 each. Following completion of this transaction, the company's holding of preferred and common class shares represented 40% of the voting rights in FE Future Holding BV. The remaining 60% of the voting rights are held by Future Electronics Inc. Control of FE Future Holding BV continued to be exercised by Future Electronics Inc. Since Future Electronics Limited does not exercise significant influence over FE Future Holding BV, the company does not equity account for its investment.

Notes to the financial statements

at 31 December 2005

11. Stocks

	2005 £	2004 £
Finished goods	<u>64,656,794</u>	<u>63,412,734</u>

Included within finished goods is £800,768 (2004: £301,273) of stock held on consignment.

12. Debtors

	2005 £	2004 £
Trade debtors	50,671,164	42,874,406
Amounts owed by group undertakings	16,461,090	9,571,543
Corporation tax repayable	–	189,467
Other debtors	2,320,985	2,695,811
Prepayments and accrued income	979,145	1,223,156
	<u>70,432,384</u>	<u>56,554,383</u>

13. Creditors: amounts falling due within one year

	2005 £	2004 £
Trade creditors	12,089,870	5,552,175
Amounts owed to group undertakings	12,809,452	29,741,480
Corporation tax	1,272,072	–
Other taxation and social security	412,632	417,735
Other creditors	333,280	253,150
Accruals and deferred income	1,571,505	2,268,241
	<u>28,488,811</u>	<u>38,232,781</u>

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

	2005 £	2004 £
Loan from group company	17,000,000	–
Accruals and deferred income	110,666	138,333
	<u>17,110,666</u>	<u>138,333</u>

The loan issued by Future Electronics European Financing Sarl on 27 October 2005 is repayable in full by 26 October 2010. Interest on the loan is charged at a rate determined by the Eurocurrency Base Rate plus a premium. The interest applied during the period to 31 December 2005 was charged at a rate of 6%. This rate has been confirmed to apply for the period to 26 October 2006.

Notes to the financial statements

at 31 December 2005

15. Commitments under operating leases

At 31 December 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	2005		2004	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire:				
Within one year	9,250	20,268	13,578	751
In two to five years	336,000	107,616	350,000	122,721
In over five years	1,241,943	-	1,145,013	-
	<u>1,587,193</u>	<u>127,884</u>	<u>1,508,591</u>	<u>123,472</u>

16. Related party transaction

Mr Robert Miller is the ultimate controller of Future Electronics Limited and of the following companies whose ultimate parent undertaking is also Future Electronics Inc. During the year, the company entered into the following related party transactions, in the ordinary course of business.

Sales to related parties

Related party

	<i>Country of operation</i>	2005 £	2004 £
FE Trading PTY Limited	South Africa	574	-
Future Electronics Corporation	USA	14,655,121	14,958,799
Future Electronics Inc. (Distribution) PTE Limited	Singapore	4,335,261	3,496,781
Future Electronics A.S.	Norway	6,385,798	5,296,487
Future Electronics Sp. Z.o.o	Poland	6,083,214	5,385,280
Future Electronics Deutschland GmbH	Germany	39,807,163	37,714,303
Future Electronics (Distribution) Israel Limited	Israel	22,015,715	16,228,527
Future Electronics Kft.	Hungary	1,219,768	2,789,502
Future Electronics Austria GmbH	Austria	3,041,268	3,106,173
		<u>97,543,882</u>	<u>93,531,053</u>

Purchases from related parties

Related party

Future Electronics Corporation	USA	55,588,440	61,551,807
Future Electronics Inc. (Distribution) PTE Limited	Singapore	2,228,855	2,533,194
		<u>57,817,295</u>	<u>64,085,001</u>

Notes to the financial statements

at 31 December 2005

16. Related party transaction (continued)

Loan interest paid and payable to related parties

Related party

	Country of operation	2005 £	2004 £
FE European Financing s.a.r.l.	Luxembourg	184,438	—
Future Electronics A.S.	Norway	851	—
Future Electronics Corporation	USA	6,829	294,193
Future Electronics Austria GmbH	Austria	24,394	12,188
Future Electronics NV	Belgium	387	2,989
Future Electronics Deutschland GmbH	Germany	115,742	119,783
Future Electronics A/S	Denmark	16	5,603
Future Electronics Oy	Finland	284	4,606
Future Electronics S.A.	France	(262)	—
Future Electronics S.A.	France	—	19,733
Future Electronics (Ireland) Ltd	Ireland	36,514	37,949
Future Electronics SRL	Italy	52	23,129
Future Electronics B.V.	Netherlands	14,817	18,864
Future Electronics Distribution (Spain)	Spain	15	7,144
Future Electronics AB	Sweden	2,019	15,654
		<u>386,096</u>	<u>561,835</u>

Loan interest received and receivable from related parties

Related party

Future Electronics Corporation	USA	27,175	—
Future Electronics Kft	Hungary	14,397	71,510
Future Electronics Distribution (Israel) Ltd	Israel	(2,261)	310,568
Future Electronics A.S.S	Norway	3,196	30,090
Future Electronics Polska Sp. Z o.o.	Poland	201	36,907
		<u>42,708</u>	<u>449,075</u>

Sales commission paid and payable to related parties

Related party

Future Electronics S.A.	France	4,485,532	4,442,065
Future Electronics S.r.L.	Italy	4,118,256	3,516,091
Future Electronics (Ireland) Limited	Ireland	771,451	891,616
Future Electronics A/S	Denmark	946,018	1,121,714
Future Electronics B.V.	Netherlands	411,644	503,205
Future Electronics Oy	Finland	868,104	1,165,079
FAI Electronics AB	Sweden	2,191,700	2,453,448
Future Electronics Kft.	Hungary	241,489	204,945
Future Electronics Distribution (Spain) S.L.	Spain	1,411,777	1,287,473
Future Electronics NV	Belgium	638,680	684,763
Future Electronics OU	Estonia	90,882	36,710
Future Electronics UAB	Lithuania	53,294	20,270
F E Trading PTY Limited	South Africa	84,698	—
Future Electronics Polska Sp.Z.o.o.	Poland	136,274	—
Future Electronics s.r.o	Czech Republic	164,318	—
		<u>16,614,117</u>	<u>16,327,379</u>

Notes to the financial statements

at 31 December 2005

16. Related party transaction (continued)

Amounts due from related parties

Related party

	Country of operation	2005 £	2004 £
FE Trading PTY Limited	South Africa	19,259	—
Future Electronics s.r.o	Czech Republic	60,464	—
Future Electronics Estonia	Estonia	3,698	—
Future Electronics Corporation	USA	6,702,185	—
Future Electronics Inc.	Canada	190,821	318,089
Future Electronics A.S.	Norway	468,329	1,155,710
Future Electronics Sp. Z.o.o.	Poland	904,467	646,628
Future Electronics Distribution (Israel) Limited	Israel	7,380,647	6,603,712
Future Electronics Kft	Hungary	432,238	725,909
F.E. Future Holding B.V.	Netherlands	291,095	118,156
Future Electronics Lithuania	Lithuania	7,887	3,339
		<u>16,461,090</u>	<u>9,571,543</u>

Amounts due to related parties: falling due within one year

Related party

Future Electronics Management Services Limited	UK	758,897	—
Future Electronics NV	Belgium	93,138	121,132
Future Electronics S.A.	France	517,722	695,826
Future Electronics (Ireland) Limited	Ireland	1,726,870	1,627,433
Future Electronics A/S	Denmark	277,445	277,644
Future Electronics Deutschland GmbH	Germany	5,719,330	4,854,135
Future Electronics Distribution (Spain) S.L.	Spain	475,037	324,053
Future Electronics S.r.L	Italy	1,322,973	1,009,682
Future Electronics Oy	Finland	148,193	230,226
FAI Electronics AB	Sweden	761,901	851,019
F.E. Future Holding B.V.	Netherlands	43,941	717,424
Future Electronics Inc. (Distribution) PTE Limited	Singapore	599,037	1,745,146
Future Electronics Austria GmbH	Austria	181,530	841,590
Future Electronics Corporation	USA	—	16,443,424
Future Electronics Estonia	Estonia	—	2,746
FE European Financing S.a.r.l.	Luxembourg	183,438	—
		<u>12,809,452</u>	<u>29,741,480</u>

Amounts due to related parties: falling due within more than one year

Related party

Future Electronics European Financing S.a.r.l	Luxembourg	<u>17,000,000</u>	<u>—</u>
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Notes to the financial statements

at 31 December 2005

19. Notes to the statement of cash flows (continued)

(c) Taxation

	2005 £	2004 £
Corporation tax received/(paid)	162,427	(2,276,505)
Group relief paid	(783,407)	—
	<u>(620,980)</u>	<u>(2,276,505)</u>

(d) Capital expenditure

	2005 £	2004 £
Payments to acquire tangible fixed assets	(524,252)	(498,318)
	<u>(524,252)</u>	<u>(498,318)</u>

(e) Acquisitions and disposals

	2005 £	2004 £
Acquisition of shares in group companies	—	(81,526)
	<u>—</u>	<u>(81,526)</u>

(f) Financing

	2005 £	2004 £
Loan received from group company	17,000,000	—
Net outflow from long-term accruals	(27,667)	(27,667)
	<u>16,972,333</u>	<u>(27,667)</u>

(g) Analysis of changes in net funds/(deficit)

	At 31 December 2004 £	Cash flows £	At 31 December 2005 £
Cash at bank and in hand	4,931,735	(1,142,680)	3,789,055
Debt due after one year	(138,333)	(16,972,333)	(17,110,666)
	<u>4,793,402</u>	<u>(18,115,013)</u>	<u>(13,321,611)</u>

Notes to the financial statements

at 31 December 2005

20. Ultimate parent company

The company is a wholly-owned subsidiary of Future Electronics Management Services Limited a company registered in England and Wales.

The company's ultimate parent undertaking is Future Electronics Inc., which is incorporated in Canada. The consolidated financial statements of Future Electronics Inc., incorporated in the United States of America.

The parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Future Electronics Inc.. Copies of Future Electronics Inc.'s accounts can be obtained from 237 Hymus blvd., Pointe-Claire, Quebec, H9R 5C7, Canada.

In the opinion of the directors, Mr Robert Miller, who controls 100% of the shares of Future Electronics Inc., is the company's ultimate controller.