

Future Electronics Limited

Report and Financial Statements

28 December 2007

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COMPANIES HOUSE

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Future Electronics Limited

Registered No 2087867

Directors

M Bielesch

D G Casey (resigned 26 October 2007)

D R Miller

G B Oliver

Secretary

M Bielesch (resigned 1 January 2008)

M Moilanen (appointed 1 January 2008)

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

The Glanty

Egham

Surrey

TW20 9 AH

Directors' report (continued)

The directors present their report and financial statements for the year ended 28 December 2007

Results and dividends

The profit for the year, after taxation, amounted to £1,221,836 (2006 £1,586,268) The directors do not recommend the payment of any dividends (2006 £nil)

Principal activities and review of the business

The company's key financial indicators during the year were as follows

	2007 £'000	2006 £'000	Change £'000
Turnover	323,425	321,755	1,670
Operating profit	2,778	2,746	32
Profit after tax	1,222	1,586	(364)
Shareholders' funds	116,004	114,782	1,222
Net current assets	113,949	112,385	1,564

Turnover increased by 1% (2006 14%) during the year reflecting improved trading conditions in mainland Europe, eastern Europe and the majority of the Nordics, and new revenue streams from South Africa and Switzerland largely offset by declines in Ireland, the UK and Israel In addition, market share was increased in all geographies

Operating profit as a % of revenue increased by 1 basis point reflecting a more profitable product mix offset by increased competitiveness in the marketplace Profit after tax reflects, in addition to the above, an increase in Euribor being applied to the intergroup loan in line with the loan agreement, and the absence in 2007 of any income from shares in Group subsidiaries This results in the 1 1% increase in shareholders funds for the year

Net current assets have increased by 1% (2006 2%) reflecting decreases in inventory and cash being offset by a decrease in payables and an increase in receivables

Future developments

The company is committed to strengthening its market position across Europe, the Middle East and Africa (EMEA) and continues to invest in improving its presence, efficiency and effectiveness in all locations to achieve that aim

Derivatives – fair value

The company has a forward contract to sell a monthly sum of dollars in exchange for Euros until October 2008 Gains and losses on this contract are recognised on a monthly basis

Principal risks and uncertainties

Discussed below are the Company's two major business risks, market and financial, together with the systems and initiatives in place to address them

Market Risk

The European Electronic Component market is subject to fluctuations of demand by customers These fluctuations are linked to the economic cycles of the region and each individual country as well as the migration of manufacturing activity The company manages its exposure to these fluctuations by monitoring working capital, restricting dependence on large customers and maintaining close working relationships with suppliers

Directors' report (continued)

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 in. 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.

The company assesses the creditworthiness of new customers before commencing trade with them. Based on this, authorised credit line limits are set. A proactive approach to the identification and control of bad and doubtful debts is operated as well as a group insurance policy against uncollectible receivables.

Competitive risk

The company is at risk from changes in market trading conditions driven by consumer demand and the level of competition in the marketplaces in which the company operates. The company attempts to offset such risks by maintaining a diversified portfolio of products and suppliers and by extending the geographical marketplaces in which it operates.

Legislative risk

Unanticipated changes in the legislative framework in which the company operates could affect its future results from operations. In addition the company buys and sells products in many different countries exposing it to the additional risks of their legislatures as well economic and political risks. The company continuously assesses these environments and decides what actions to take to limit its risk following such examination.

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.

Charitable contributions

The company supports four main charities in the areas of medical research, helping the aged, helping children and conservation. Contributions during the year amounted to £3,882.

Directors

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

J M Bates	(resigned 16 February 2007)
M Bielesch	
D G Casey	(resigned 27 October 2007)
D R Miller	
G B Oliver	(appointed 16 February 2007)

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

Directors' report (continued)

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.

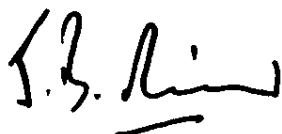
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s 385 of the Companies Act 1985, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the company.

On behalf of the Board



G B Oliver
Director

Date 29 October 2008

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual 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). The financial statements are required by law to 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors' report

to the shareholders of Future Electronics Limited

We have audited the company's financial statements for the year ended 28 December 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 21. 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 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 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.

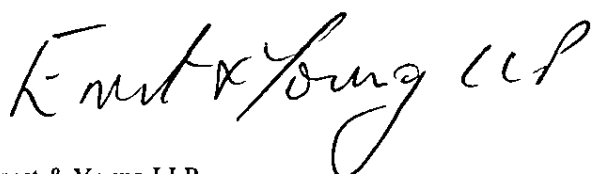
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 28 December 2007 and of the company's profit 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



Ernst & Young LLP
Registered Auditor
Reading

Date 31-10-2008

Profit and loss account

for the year ended 28 December 2007

	Notes	2007 £'000	2006 £'000
Turnover	2	323,425	321,755
Cost of sales		(270,020)	(268,522)
Gross profit		53,405	53,233
Distribution costs		(30,835)	(30,626)
Administrative expenses		(19,973)	(19,837)
Other operating income/(expense)		181	(24)
Operating profit	3	2,778	2,746
Income from shares in group undertakings		-	342
Interest receivable and similar income	6	343	369
Interest payable	7	(1,325)	(1,206)
Profit on ordinary activities before taxation		1,796	2,251
Tax on profit on ordinary activities	8	(574)	(665)
Profit retained for the financial	19	1,222	1,586

Statement of total recognised gains and losses

for the year ended 28 December 2007

There are no recognised gains or losses other than the profit of £1,222,000 attributable to the shareholders for the year ended 28 December 2007 (2006 profit of £1,586,000)

Balance sheet

at 28 December 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	9	1,497	1,640
Investments	10	17,840	17,840
		<u>19,337</u>	<u>19,480</u>
Current assets			
Stocks	11	78,512	82,985
Debtors	12	71,562	69,098
Cash at bank and in hand		(3,034)	3,664
		<u>147,040</u>	<u>155,747</u>
Creditors amounts falling due within one year	13	(33,090)	(43,362)
Net current assets		<u>113,950</u>	<u>112,385</u>
Creditors amounts falling due after more than one year	14	(17,083)	(17,083)
Provisions for liabilities	15	(200)	-
		<u>116,004</u>	<u>114,782</u>
Capital and reserves			
Called up share capital	18	101,389	101,389
Share premium account	19	876	876
Profit and loss account	19	13,739	12,517
Shareholders' funds	19	<u>116,004</u>	<u>114,782</u>

Approved by the Board



G B Oliver
Director

Date 24 October 2008

Statement of cash flows

for the year ended 28 December 2007

	<i>Notes</i>	<i>2007</i> <i>£'000</i>	<i>2006</i> <i>£'000</i>
Net cash outflow from operating activities	20(a)	(5,255)	3,260
Returns on Investments and servicing of finance	20(b)	(982)	(495)
Taxation	20(c)	–	(2,675)
Capital expenditure and financial investment	20(d)	(461)	(187)
Financing	20(e)	–	(28)
Decrease in cash		<u>(6,698)</u>	<u>(125)</u>

Reconciliation of net cash flow to movement in net deficit

		<i>2007</i> <i>£</i>	<i>2006</i> <i>£</i>
Decrease in cash		(6,698)	(125)
Net cash outflow from decrease in long-term accruals		–	28
Net cash inflow from group company loan received		–	–
Change in net funds	20(f)	<u>(6,698)</u>	<u>(97)</u>
Net deficit at 1 January	20(f)	<u>(13,419)</u>	<u>(13,322)</u>
Net deficit at 28 December	20(f)	<u>(20,117)</u>	<u>(13,419)</u>

Notes to the financial statements

at 28 December 2007

1. Accounting policies

Basis of preparation

The financial statements of Future Electronics Limited were approved for issue by the Board of Directors on the date shown on the balance sheet

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

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirements to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group

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, including consignment inventory, 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 28 December 2007

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

Revenue recognition

Revenue is recognized on products shipped when title and risk of loss transfers, delivery has occurred, the price to the buyer is determinable and collectability is reasonably assured

Investments

Investments in other group companies are carried at cost. The company assesses potential impairments to its investments when events or changes in circumstances indicate that the carrying amount may not be fully recoverable. If necessary an impairment loss is recognised as the difference between the carrying value and the fair value of the investment

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

	2007 £'000	2006 £'000
Auditors' remuneration - audit of the financial statements	39	38
- taxation services	38	67
	<u>77</u>	<u>105</u>
Depreciation of owned fixed assets	<u>603</u>	<u>624</u>
Operating lease rentals - land and buildings	1,711	1,728
- plant and machinery	271	27
Net (gain)/loss on foreign currency translation	<u>(1,280)</u>	<u>757</u>

Notes to the financial statements

at 28 December 2007

4. Staff costs

	2007 £'000	2006 £'000
Wages and salaries	14,701	14,431
Social security costs	1,622	1,686
	<u>16,323</u>	<u>16,117</u>

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

	2007 No	2006 No
Warehouse	161	152
Sales and administration	337	341
	<u>498</u>	<u>493</u>

5. Directors' emoluments

	2007 £'000	2006 £'000
Emoluments	<u>-</u>	<u>-</u>

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

6. Interest receivable

	2007 £'000	2006 £'000
Bank interest receivable	325	309
Interest from group companies	18	60
	<u>343</u>	<u>369</u>

7. Interest payable

	2007 £'000	2006 £'000
Bank interest payable	-	-
Interest payable to group undertakings	1,325	1,206
	<u>1,325</u>	<u>1,206</u>

Notes to the financial statements

at 28 December 2007

8. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	2007 £'000	2006 £'000
<i>Current tax</i>		
UK corporation tax	—	—
UK group relief	574	663
Tax under-provided in previous years	—	2
Total current tax (note 8(b))	<u>574</u>	<u>665</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 32% (2006 30%) The differences are reconciled below

	2007 £'000	2006 £'000
Profit on ordinary activities before taxation	<u>1,796</u>	<u>2,251</u>
Profit on ordinary activities multiplied by rate of tax	539	675
Disallowed expenses and non-taxable income	27	95
Foreign tax credits	—	(147)
Depreciation in excess of capital allowances	172	179
Other timing differences	(164)	(140)
Adjustments in respect of previous periods	—	3
Total current tax (note 8(a))	<u>574</u>	<u>665</u>

(c) Deferred tax

The deferred taxation asset not recognised in the financial statements is as follows

	2007 £'000	2006 £'000
Depreciation in advance of capital allowances	448	276
Other timing differences	113	277
	<u>561</u>	<u>553</u>

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

From financial year 2008, the UK corporation tax rate will reduce from 30% to 28%. This rate change will both affect the amount of future cash tax payments to be made by the company and will also reduce the size of the company's deferred tax asset. Changes to the UK capital allowance regime have also been proposed, the most significant of these changes for the company is the reduction in the rate of capital allowances applicable to plant and machinery expenditure from 25% to 20% per annum on a reducing balance basis from 1 April 2008. The effect on the company of these proposed changes to the UK tax system will be fully reflected in the company's financial statements for the year ending 31 December 2008.

Notes to the financial statements

at 28 December 2007

9. Tangible fixed assets

	<i>Short leasehold improvements</i>	<i>Equipment and fixtures</i>	<i>Computer Equipment</i>	<i>Total</i>
	£'000	£'000	£'000	£'000
<i>Cost</i>				
At 1 January 2007	1,173	3,563	604	5,340
Additions	20	202	239	461
Disposals	(26)	(268)	(159)	(453)
At 28 December 2007	<u>1,167</u>	<u>3,497</u>	<u>684</u>	<u>5,348</u>
<i>Depreciation</i>				
At 1 January 2007	889	2,476	335	3,700
Provided during the year	104	374	125	603
Disposals	(26)	(268)	(158)	(452)
At 28 December 2007	<u>967</u>	<u>2,582</u>	<u>302</u>	<u>3,851</u>
<i>Net book value</i>				
At 28 December 2007	<u>200</u>	<u>915</u>	<u>382</u>	<u>1,497</u>
At 1 January 2007	<u>284</u>	<u>1,087</u>	<u>269</u>	<u>1,640</u>

10. Investments

		<i>Shares in group companies</i>
		£'000
<i>Cost</i>		
At 1 January 2007		17,840
Additions		—
At 28 December 2007		<u>17,840</u>
<i>Name of company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>
FE Future Holding BV	Ordinary Preference	40% 60%
		<i>Nature of business</i>
		Holding company

Notes to the financial statements

at 28 December 2007

11. Stocks

	2007 £'000	2006 £'000
Finished goods	78,512	82,985

Included within finished goods is £287,455 (2006 £3,578,940) of stock held on consignment

12. Debtors

	2007 £'000	2006 £'000
Trade debtors	52,548	51,890
Amounts owed by group undertakings	15,366	11,656
Corporation tax repayable	–	738
Other debtors	2,592	3,782
Prepayments and accrued income	1,056	1,033
	<u>71,562</u>	<u>69,098</u>

13. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	13,037	9,771
Amounts owed to group undertakings	17,886	29,146
Corporation tax	72	–
Other taxation and social security	433	439
Other creditors	–	438
Accruals and deferred income	1,662	3,568
	<u>33,090</u>	<u>43,362</u>

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

	2007 £'000	2006 £'000
Loan from group company	17,000	17,000
Accruals and deferred income	83	83
	<u>17,083</u>	<u>17,083</u>

The UK sterling loan issued by Future Electronics European Financing Sarl on 27 October 2005, was transferred to FE Barbados (Holding) Limited) on 28 December 2007. It 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 2006 and from then to 30 January 2007 was charged at a rate of 6%. From 31 January 2007 the rate applied was 6.09275%.

Notes to the financial statements

at 28 December 2007

15. Provision for liabilities

	<i>Dilapidation Provision</i>	
	<i>2007</i>	<i>2006</i>
	<i>£'000</i>	<i>£'000</i>
At 1 January	-	-
Arising during the year	200	-
At 28/31 December	<u>200</u>	<u>-</u>

A provision is recognised for dilapidations on the old European headquarters resulting from the termination of the lease. These costs are all expected to be incurred within one year from the balance sheet date.

16. Commitments under operating leases

At 28 December 2007 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>2007</i>		<i>2006</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Operating leases which expire</i>				
Within one year	703	77	-	5
In two to five years	229	37	398	102
In over five years	26,187	-	1,242	-
	<u>27,119</u>	<u>114</u>	<u>1,640</u>	<u>107</u>

The company signed a ten-year lease on the 20th December 2007 for the leasehold of new European headquarters.

17. 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

<i>Related party</i>	<i>Country of operation</i>	<i>2007</i>	<i>2006</i>
		<i>£'000</i>	<i>£'000</i>
FE Trading PTY Limited	South Africa	765	305
Future Electronics Corporation	USA	14,450	14,067
Future Electronics Inc (Distribution) PTE Limited	Singapore	5,180	4,424
Future Electronics A S	Norway	4,787	5,388
Future Electronics Sp Z o o	Poland	7,186	6,126
Future Electronics Deutschland GmbH	Germany	52,867	48,414
Future Electronics (Distribution) Israel Limited	Israel	24,016	25,150
Future Electronics Kft	Hungary	539	366
Future Electronics Austria GmbH	Austria	5,704	4,067
Future Electronics (Schweiz) GmbH	Switzerland	837	-
		<u>116,331</u>	<u>108,307</u>

Notes to the financial statements

at 28 December 2007

17. Related party transaction (continued)

Purchases from related parties

Related party

	<i>Country of operation</i>	<i>2007 £'000</i>	<i>2006 £'000</i>
Future Electronics Corporation	USA	38,956	57,470
Future Electronics Inc (Distribution) PTE Limited	Singapore	4,532	2,707
Future Electronics Kitting Limited	UK	907	–
		<u>44,395</u>	<u>60,177</u>

Loan interest paid and payable to related parties

Related party

	<i>Country of operation</i>	<i>2007 £'000</i>	<i>2006 £'000</i>
FE Barbados (Holding) Limited	Barbados	1,037	1,020
Future Electronics Austria GmbH	Austria	12	3
Future Electronics Deutschland GmbH	Germany	195	128
Future Electronics A/S	Denmark	4	2
Future Electronics Oy	Finland	–	1
Future Electronics (Ireland) Ltd	Ireland	75	50
Future Electronics Distribution (Spain)	Spain	1	–
Future Electronics AB	Sweden	–	1
		<u>1,324</u>	<u>1,205</u>

Loan interest received and receivable from related parties

Related party

	<i>Country of operation</i>	<i>2007 £'000</i>	<i>2006 £'000</i>
Future Electronics Corporation	USA	–	48
Future Electronics Kft	Hungary	9	11
Future Electronics A S S	Norway	–	1
FE Trading PTY Limited	South Africa	9	–
		<u>18</u>	<u>60</u>

Notes to the financial statements

at 28 December 2007

17. Related party transaction (continued)

Sales commission paid and payable to related parties

Related party

	Country of operation	2007 £'000	2006 £'000
Future Electronics S A	France	4,869	4,766
Future Electronics S r L	Italy	5,003	4,554
Future Electronics (Ireland) Limited	Ireland	644	742
Future Electronics A/S	Denmark	1,300	1,142
Future Electronics B V	Netherlands	641	574
Future Electronics Oy	Finland	1,231	1,129
FAI Electronics AB	Sweden	2200	1,930
Future Electronics Kft	Hungary	466	433
Future Electronics Distribution (Spain) S L	Spain	1,768	1,563
Future Electronics NV	Belgium	721	551
Future Electronics OU	Estonia	132	98
Future Electronics UAB	Lithuania	151	69
F E Trading PTY Limited	South Africa	85	136
Future Electronics Polska Sp Z o o	Poland	426	181
Future Electronics s r o	Czech Republic	365	354
		<u>20,002</u>	<u>18,222</u>

Amounts due from related parties

Related party

	Country of operation	2007 £'000	2006 £'000
FE Trading PTY Limited	South Africa	722	223
Future Electronics s r o	Czech Republic	54	27
Future Electronics Estonia	Estonia	–	9
Future Electronics Inc (Distribution) PTE Ltd	Singapore	–	491
Future Electronics Management Services Ltd	UK	3,384	1,161
Future Electronics A S	Norway	42	525
Future Electronics Sp Z o o	Poland	1,298	1,106
Future Electronics Distribution (Israel) Limited	Israel	8,504	7,881
Future Electronics Kft	Hungary	339	183
F E Future Holding B V	Netherlands	–	42
Future Electronics Lithuania	Lithuania	–	8
FE Barbados (Holding) Limited	Barbados	7	–
Future Electronics Schweiz GmbH	Switzerland	1,017	–
		<u>15,367</u>	<u>11,656</u>

Notes to the financial statements

at 28 December 2007

17. Related party transaction (continued)

Amounts due to related parties: falling due within one year

Related party

	<i>Country of operation</i>	<i>2007 £'000</i>	<i>2006 £'000</i>
Future Electronics NV	Belgium	200	113
Future Electronics S A	France	621	682
Future Electronics (Ireland) Limited	Ireland	2,141	1,847
Future Electronics A/S	Denmark	592	321
Future Electronics Deutschland GmbH	Germany	7,775	4,981
Future Electronics Distribution (Spain) S L	Spain	864	604
Future Electronics S r L	Italy	2,039	1,662
Future Electronics Oy	Finland	345	255
FAI Electronics AB	Sweden	799	727
F E Future Holding B V	Netherlands	200	103
Future Electronics Inc (Distribution) PTE Limited	Singapore	562	–
Future Electronics Austria GmbH	Austria	763	259
Future Electronics Corporation	USA	328	15,309
Future Electronics Inc	Canada	593	1,269
FE Barbados (Holding) Limited	Barbados	–	1,014
Future Electronics Lithuania	Lithuania	29	–
Future Electronics Estonia	Estonia	6	–
Future Electronics Kitting Limited	UK	30	–
		<u>17,887</u>	<u>29,146</u>

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

Related party

	<i>Country of operation</i>	<i>2007 £'000</i>	<i>2006 £'000</i>
Future Electronics European Financing S a r l	Luxembourg	–	17,000
FE Barbados (Holding) Limited	Barbados	17,000	–
		<u>17,000</u>	<u>17,000</u>

18. Share capital

		<i>2007 £'000</i>	<i>2006 £'000</i>	<i>Authorised 2006 £'000</i>
Ordinary shares of £1 each		<u>120,000</u>	<u>120,000</u>	
		<i>Allotted, called up and fully paid</i>		
		<i>2007</i>	<i>2006</i>	
	<i>No</i>	<i>£'000</i>	<i>No</i>	<i>£'000</i>
Ordinary shares of £1 each	101,388,583	<u>101,389</u>	<u>101,388,583</u>	<u>101,389</u>

Notes to the financial statements

at 28 December 2007

19. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital £'000</i>	<i>Share premium account £'000</i>	<i>Profit and loss account £'000</i>	<i>Total share- holders' funds £'000</i>
At 31 December 2005	101,389	876	10,931	113,196
Profit for the year	—	—	1,586	1,586
At 31 December 2006	101,389	876	12,517	114,782
Profit for the year	—	—	1,222	1,222
At 28 December 2007	101,389	876	13,739	116,004

20. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash outflow/inflow from operating activities

	<i>2007 £'000</i>	<i>2006 £'000</i>
Operating profit	2,778	2,746
Depreciation	603	624
Provision for liabilities	200	—
Decrease/(increase) in stocks	4,473	(18,328)
Decrease/(increase) in debtors	(2,464)	2,073
Increase/(decrease) in creditors	(10,845)	16,145
Net cash outflow from operating activities	(5,255)	3,260

(b) Returns on investments and servicing of finance

	<i>2007 £'000</i>	<i>2006 £'000</i>
Income from shares in group undertakings	—	342
Interest received	343	369
Interest paid	(1,325)	(1,206)
	(982)	(495)

(c) Taxation

	<i>2007 £'000</i>	<i>2006 £'000</i>
Corporation tax received/(paid)	—	(2,012)
Group relief paid	—	(663)
	—	(2,675)

Notes to the financial statements

at 28 December 2007

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

(d) Capital expenditure

	2007 £'000	2006 £'000
Payments to acquire tangible fixed assets	461	(207)
Receipts from sales of tangible fixed assets	–	20
	<u>461</u>	<u>(187)</u>

(e) Financing

	2007 £'000	2006 £'000
Loan received from group company	–	–
Net outflow from long-term accruals	–	(28)
	<u>–</u>	<u>(28)</u>

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

	At 31 December 2006 £'000	Cash flows £'000	At 28 December 2007 £'000
Cash at bank and in hand	3,664	(6,698)	(3,034)
Debt due after one year	(17,083)	–	(17,083)
	<u>(13,419)</u>	<u>(6,698)</u>	<u>(20,117)</u>

21. 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 parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is Future Electronics Inc Copies of Future Electronics Inc 's financial statements 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