

Future Electronics Limited

Financial Statements and Accounts

31 December 1999

Registered No. 2087867



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COMPANIES HOUSE

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19/02/00

 **ERNST & YOUNG**

DIRECTORS

D G Casey
E M O'Kelly

SECRETARY

Abogado Nominees Limited

AUDITORS

Ernst & Young
Apex Plaza
Reading
RG1 1YE

BANKERS

National Westminster Bank PLC
118 High Street
Slough
SL1 1JQ

SOLICITORS

Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

REGISTERED OFFICE

Future House
Poyle Road
Colnbrook
Slough
SL3 OAA

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,659,279 (1998: loss £1,818,535). The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity continued to be the distribution of electronic components. Turnover has increased by 49.7% to £186,959,316 during the year and the directors believe that this trend will continue.

FUTURE DEVELOPMENTS

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

EVENTS SINCE THE BALANCE SHEET DATE

There were no significant events affecting the company since the date of the balance sheet.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year are listed on page 2.

The directors at 31 December 1999 held no interest in the share capital of the company or the group companies.

HEALTH AND SAFETY OF 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.

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.

YEAR 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and thus modification or replacement to accommodate the year 2000 and beyond may have been required in order to avoid malfunctions and resulting widespread commercial disruption. The year 2000 is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

Future Electronics Limited

DIRECTORS' REPORT

The actions taken by the company to enhance the computers and other systems prior to 31 December 1999 have to date been successful in ensuring that the impact of the Year 2000 problem did not create significant errors in accounting records or adversely impact operations or customer service. The total local costs of modifications were not significant and were subsumed into the recurring activities of the departments involved.

IMPACT OF THE EURO

The company has adopted the Euro as a trading currency similar to the many others it already traded in; the company's records are not maintained in Euro. Total anticipated cost to allow for the adoption of the Euro has not been significant and is subsumed into the recurring activities of the departments involved.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

Director



Future Electronics Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS to the members of Future Electronics Limited

We have audited the accounts on pages 7 to 19, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 5 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

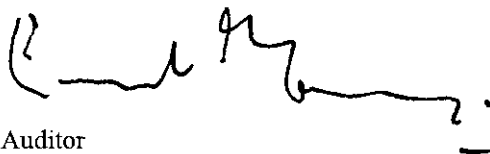
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Reading

14. Feb. 2000

Future Electronics Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	Notes	1999 £	1998 £
TURNOVER	2	186,959,316	124,917,973
Cost of sales		(152,744,875)	(100,826,304)
Gross profit		34,214,441	24,091,669
Distribution costs		(20,468,673)	(18,600,506)
Administrative expenses (see note below)		(11,536,752)	(5,018,995)
Exceptional administrative expenses	3	-	(1,636,766)
Total administrative expenses		(11,536,752)	(6,655,761)
Other operating income		2,209,016 193,863	(1,164,598) 226,672
OPERATING PROFIT/(LOSS)	3	2,402,879	(937,926)
Bank interest receivable		88,810	146,885
Interest payable	6	(832,410)	(1,027,494)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,659,279	(1,818,535)
Tax on loss on ordinary activities	7	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		1,659,279	(1,818,535)
Retained loss brought forward		(10,098,761)	(8,280,226)
RETAINED LOSS CARRIED FORWARD		(8,439,482)	(10,098,761)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit for the year of £1,659,279 (1998: loss of £1,818,535)

Note: Administrative expenses of £11,536,752 and £5,018,995 include foreign exchange (losses) / gains of £(3,174,563) and £1,866,288 for the years ended 31 December 1999 and 31 December 1998, respectively.

Future Electronics Limited

BALANCE SHEET

For the year ended 31 December 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	8	2,580,889	1,654,910
Investments	9	51,828	51,828
		<u>2,632,717</u>	<u>1,706,738</u>
CURRENT ASSETS			
Stocks - goods for resale		43,707,431	29,500,670
Debtors	10	50,701,014	37,145,473
Cash at bank and in hand		5,878,329	2,425,976
		<u>100,286,774</u>	<u>69,072,119</u>
CREDITORS: amounts falling due within one year	11	(21,840,202)	(21,867,089)
NET CURRENT ASSETS		<u>78,446,572</u>	<u>47,205,030</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>81,079,289</u>	<u>48,911,768</u>
CREDITORS: amounts falling due after more than one year	12	(573,750)	(1,934,588)
NET ASSETS		<u>80,505,539</u>	<u>46,977,180</u>
CAPITAL AND RESERVES			
Called up share capital	14	88,069,083	56,200,003
Share premium account	15	875,938	875,938
Profit and loss account	15	(8,439,482)	(10,098,761)
SHAREHOLDERS' FUNDS - ALL EQUITY	16	<u>80,505,539</u>	<u>46,977,180</u>

On behalf of the board on 14 February 2000

Director



Future Electronics Limited

STATEMENT OF CASH FLOWS

For the year ended 31 December 1999

	Notes	1999 £	1998 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	17	(24,106,388)	(15,766,015)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		88,810	146,885
Interest paid		(832,410)	(1,027,494)
		<u>(743,600)</u>	<u>(880,609)</u>
TAXATION			
Corporation tax paid		-	-
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(1,618,670)	(1,106,127)
Disposal of tangible fixed assets		3,368	-
		<u>(1,615,302)</u>	<u>(1,106,127)</u>
NET CASH OUTFLOW BEFORE FINANCING		<u>(26,465,290)</u>	<u>(17,752,751)</u>
FINANCING			
Issue of ordinary share capital		31,869,080	43,400,000
Increase/(Decrease) in amounts owed to Future Electronics Inc.	17	(1,333,165)	(26,821,046)
Repayment of obligations under finance leases	17	-	(27,894)
		<u>30,535,915</u>	<u>16,551,060</u>
(DECREASE)/INCREASE IN CASH		<u>4,070,625</u>	<u>(1,201,691)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(Decrease) in cash in the year		4,070,625	(1,201,691)
Cash outflow from movement in amounts due to Future Electronics Inc. and lease financing		1,333,165	26,848,940
		<u>5,403,790</u>	<u>25,647,249</u>
Change in net debt resulting from cash flows	17	5,403,790	25,647,249
MOVEMENT IN NET DEBT		<u>5,403,790</u>	<u>25,647,249</u>
NET DEBT AT 1 JANUARY	17	177,310	(25,469,939)
NET FUNDS AT 31 DECEMBER	17	<u>5,581,100</u>	<u>177,310</u>

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

1 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets and depreciation

All tangible fixed assets are stated at cost less accumulated depreciation.

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

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

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

Fixed asset investments

Fixed asset investments are stated at cost less any amounts written off for diminution in value.

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 taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

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.

Leasing and hire purchase commitments

Assets held under finance leases, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. There are no obligations under such leases recorded as a liability in the balance sheet at 31 December 1999 and 1998.

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

Leasing and hire purchase commitments (continued)

Any interest element of the rental obligation is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals paid and payable under operating leases are charged to 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 by geographical market of destination 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/(LOSS)

	1999 £	1998 £
Operating profit (loss) is stated after charging/(crediting):		
Depreciation of tangible fixed assets		
- owned by the company	641,803	595,197
- held under finance leases and hire purchase contracts	47,520	47,520
Auditors' remuneration		
- audit services	39,000	33,000
- other services	22,000	6,000
Operating lease rentals		
- motor vehicles	147,645	170,063
- land and buildings	917,314	936,390
Foreign exchange loss/(gain)	3,174,563	(1,866,288)
Exceptional item	-	1,636,766

The exceptional item arose due to certain inter-company and parent company loans being re-denominated in US dollars rather than Canadian dollars or Sterling. The foreign exchange adjustment of £1,636,766 (1998) arose due to the re-translation of the inter-company loans with Future Electronics Inc. and Future Electronics Corp.

4 DIRECTORS' EMOLUMENTS

The directors of the company are also directors of several fellow subsidiaries of Future Electronics Inc. Whereas the emoluments received by the directors are for services to all the subsidiaries it is not possible to allocate the amount which is for services to Future Electronics Limited. The total emoluments for the services to Future Electronics Limited is not over £200,000 and therefore the emoluments of the highest paid director are not disclosed.

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

5 STAFF COSTS

	1999 £	1998 £
Wages and salaries	10,559,831	9,196,149
Social security costs	1,038,725	885,138
	<u>11,598,556</u>	<u>10,081,287</u>

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

	1999 No.	1998 No.
Warehouse	101	78
Sales and administration	275	270
	<u>376</u>	<u>348</u>

6 INTEREST PAID/PAYABLE

	1999 £	1998 £
On loans from group undertakings	828,351	1,017,166
On bank overdrafts	4,059	8,189
On finance leases and hire purchase contracts	-	2,139
	<u>832,410</u>	<u>1,027,494</u>

7 TAXATION ON PROFIT (LOSS) ON ORDINARY ACTIVITIES

	1999 £	1998 £
Corporation tax payable/(receivable)	-	-
Under-provision in previous year	-	-
	<u>-</u>	<u>-</u>

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

8 TANGIBLE FIXED ASSETS

	<i>Short Leasehold Improvements</i>	<i>Computer Equipment</i>	<i>Equipment & Fixtures</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 January 1999	1,073,039	1,377,124	1,059,079	3,509,242
Additions	156,546	594,792	867,332	1,618,670
Disposals	-	(4,369)	-	(4,369)
At 31 December 1999	1,229,585	1,967,547	1,926,411	5,123,543
Depreciation:				
At 1 January 1999	373,256	817,622	663,454	1,854,332
Charge for the year	234,395	272,021	182,907	689,323
Disposals	-	(1,001)	-	(1,001)
At 31 December 1999	607,651	1,088,642	846,361	2,542,654
Net Book Value:				
At 31 December 1998	699,783	559,502	395,625	1,654,910
At 31 December 1999	621,934	878,905	1,080,050	2,580,889

Included in the net book value for equipment and fixtures above is £25,652 (1998: £73,172) relating to leased assets and assets acquired under hire purchase contracts.

9 FIXED ASSET INVESTMENTS

Cost and Net Book Value	£
At 1 January and 31 December 1999	51,828

The company holds 100% of the preferred share capital of FE Future Holding BV, a company incorporated in The Netherlands. The company holds 50% of the voting rights in FE Future Holding BV, which is the holding company for the European subsidiary undertakings.

10 DEBTORS

	<i>1999</i>	<i>1998</i>
	£	£
Trade debtors	28,444,343	19,968,398
Amounts due from group undertakings	17,697,913	12,694,220
Corporation tax	1,329,818	1,329,818
Other debtors	2,812,860	2,753,686
Prepayments and accrued income	416,080	399,351
	50,701,014	37,145,473

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

11 CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Bank overdrafts	145	618,417
Trade creditors	9,808,263	7,704,990
Amounts owed to group undertakings	4,048,054	11,186,850
Other taxes and social security	348,313	272,019
Other creditors	18,466	12,505
Accruals and deferred income	7,616,961	2,072,308
	<u>21,840,202</u>	<u>21,867,089</u>

12 CREDITORS: Amounts falling due after more than one year

	1999 £	1998 £
Amounts owed to group undertakings	297,084	1,630,249
Accruals and deferred income	276,666	304,339
	<u>573,750</u>	<u>1,934,588</u>

Accruals and deferred income contain reverse premiums, of which £138,333 (1998: £165,999) will be released after five years.

13 DEFERRED TAXATION

The provided amounts in respect of deferred taxation for 1999 amount to nil (1998: nil). The company has unprovided deferred tax assets arising from significant trading losses carried forward.

14 SHARE CAPITAL

	1999 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100,000,000</u>	<u>100,000,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>88,069,083</u>	<u>56,200,003</u>

During the year 31,869,080 (1998: 43,400,000) ordinary shares of £1 each were allotted to Future Electronics Inc. fully paid in cash at par to increase the capitalisation of the company.

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

15 MOVEMENT ON RESERVES

	Share Premium Account £	Profit and Loss Account £
At 1 January 1999	875,938	(10,098,761)
Profit for the year	-	1,659,279
At 31 December 1999	875,938	(8,439,482)

16 RECONCILIATION OF SHAREHOLDERS' FUNDS

	1999 £	1998 £
Reconciliation of movements in shareholders' funds:		
Profit/(loss) for the financial year	1,659,279	(1,818,535)
New shares issued	31,869,080	43,400,000
Net addition to shareholders' funds	33,528,359	41,581,465
Opening shareholders' funds	46,977,180	5,395,715
Closing shareholders' funds	80,505,539	46,977,180

17 NOTES TO THE STATEMENT OF CASH FLOWS

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

	1999 £	1998 £
Operating profit/(loss)	2,402,879	(937,926)
Depreciation charges	689,323	642,717
Increase in stocks	(14,206,761)	(6,900,264)
Increase in debtors	(13,555,541)	(13,386,606)
Increase in creditors	563,712	4,816,064
Net cash outflow from operating activities	(24,106,388)	(15,766,015)

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

17 NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

(b) Analysis of changes in net debt:

	<i>1 January 1999 £</i>	<i>Cash Flows £</i>	<i>Non-cash Movements £</i>	<i>31 December 1999 £</i>
Cash at bank and in hand	2,425,976	3,452,353	-	5,878,329
Bank overdrafts	(618,417)	618,272	-	(145)
Amounts owed to Future Electronics Inc.	(1,630,249)	1,333,165	-	(297,084)
Total	177,310	5,403,790	-	5,581,100

18 OPERATING LEASE COMMITMENTS

At 31 December, the Company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and Buildings 1999 £</i>	<i>1998 £</i>	<i>Other 1999 £</i>	<i>1998 £</i>
Operating leases which expire:				
Within one year	936,389	924,908	140,582	140,582
In two to five years	3,727,264	3,661,872	84,967	269,120
In over five years	10,067,349	10,889,925	-	-
	14,731,002	15,476,705	225,549	409,702

19 RELATED PARTY TRANSACTIONS

Mr 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:

	<i>Country of operation</i>	<i>1999 £</i>	<i>1998 £</i>
Sales to related parties			
<i>Related party</i>			
Future Electronics Corp.	USA	18,260,008	10,883,223
Future Electronics Inc. (Distribution) PTE Ltd.	Singapore	2,123,350	1,468,514
Future Electronics A.S.	Norway	2,726,389	1,584,847
Future Electronics Sp. Z.o.o.	Poland	1,635,687	827,113
Future Electronics Deutschland GmbH	Germany	28,790,308	25,315,364
Future Electronics (Distribution) Israel Ltd	Israel	7,982,068	2,574,654
		61,517,810	42,653,751

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

19 RELATED PARTY TRANSACTIONS (CONTINUED)

	Country of operation	1999 £	1998 £
Purchases from related parties			
<i>Related party</i>			
Future Electronics Corp.	USA	40,221,293	35,017,826
Future Electronics Inc. (Distribution) PTE Ltd	Singapore	1,655,228	828,646
		<u>41,876,521</u>	<u>35,846,472</u>

	Country of operation	1999 £	1998 £
Loan interest paid/payable to related parties			
<i>Related party</i>			
Future Electronics Corp.	USA	640,066	840,419
F.E. Future Holding B.V.	Netherlands	188,285	176,747
		<u>828,351</u>	<u>1,017,166</u>

	Country of operation	1999 £	1998 £
Sales commission paid and payable to related parties			
<i>Related party</i>			
Future Electronics S.A.	France	2,441,313	2,256,679
F.A.I. Electronics S.A.R.L.	France	1,023,501	1,085,320
Future Electronics S.r.L.	Italy	1,695,477	2,104,378
Future Electronics (Ireland) Limited	Ireland	1,465,621	876,902
Future Electronics A/S	Denmark	855,666	751,353
Future Electronics B.V.	Netherlands	654,586	660,263
Future Electronics Oy	Finland	468,377	385,953
FAI Electronics AB	Sweden	665,592	525,200
Future Electronics Kft.	Hungary	61,226	-
Future Electronics Distribution (Spain) S.L.	Spain	548,062	519,748
		<u>9,879,421</u>	<u>9,165,796</u>

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

19 RELATED PARTY TRANSACTIONS (CONTINUED)

	Country of operation	1999 £	1998 £
<i>Amounts due from related parties</i>			
<i>Related party</i>			
Future Electronics Deutschland GmbH	Germany	10,802,670	6,951,175
Future Electronics Inc. (Distribution) PTE Ltd	Singapore	-	80,734
Future Electronics A.S.	Norway	-	1,503,828
Future Electronics Sp. z.o.o.	Poland	1,872,481	706,355
Future Electronics Distribution (Israel) Ltd	Israel	4,323,823	2,870,649
FAI Electronics AB	Sweden	-	-
Future Electronics S.r.L.	Italy	-	-
Future Electronics B.V.	Netherlands	-	-
Future Electronics Kft.	Hungary	698,939	513,008
Future Electronics Oy	Finland	-	-
Future Electronics (L) Ltd	Malaysia	-	55,415
		<u>17,697,913</u>	<u>12,681,164</u>

	Country of operation	1999 £	1998 £
<i>Amounts owed to related parties</i>			
<i>Related party</i>			
Future Electronics Corp.	USA	674,354	6,974,849
F.E. Future Holding B.V.	Netherlands	1,096,776	2,684,916
Future Electronics S.A.	France	309,961	426,380
Future Electronics (Ireland) Limited	Ireland	1,271,054	544,331
Future Electronics A/S	Denmark	62,418	32,127
Future Electronics (L) Ltd	Malaysia	157,179	-
Future Electronics Distribution (Spain) S.L.	Spain	68,911	104,562
Future Electronics S.r.L.	Italy	162,187	235,422
Future Electronics Oy	Finland	71,136	51,113
FAI Electronics AB	Sweden	68,390	1,842
Future Electronics A.S.	Norway	61,479	-
Future Electronics B.V.	Netherlands	44,208	118,251
		<u>4,048,054</u>	<u>11,173,793</u>
Future Electronics Inc.	Canada	297,084	1,630,249
		<u>4,345,137</u>	<u>12,804,042</u>

Future Electronics Limited

NOTES TO THE ACCOUNTS

For the year ended 31 December 1999

20 ULTIMATE HOLDING COMPANY AND CONTROLLER

The company is a wholly owned subsidiary of Future Electronics Inc. which is incorporated in Canada. Future Electronics Inc. is also, in the opinion of the directors, the ultimate parent undertaking. The consolidated financial statements of Future Electronics Inc. are not available to the public.

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.