

BROWNS

Chartered Accountants

3/4 Ladybank, Tamworth,
Staffordshire, B79 7NB.
Associated Office, Knowle, Solihull.

EXPRESS CIRCUITS LIMITED

DIRECTORS' REPORT AND ABBREVIATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MAY 1999



Company No. 2465772

Taxation Advisors
Registered Auditors

Tel: Tamworth 01827 61696/61628 Fax: Tamworth 01827 61970
Authorised to carry on investment business by the Institute of Chartered Accountants in England & Wales



EXPRESS CIRCUITS LIMITED

COMPANY INFORMATION

Directors

Mr I A Chalmers
Mr M L Fisher
Mr S Sylvester
Mrs S M Chalmers
Mrs M A Fisher
Mrs S A Sylvester

Secretary

Mr M L Fisher

Company Number

2465772

Registered Office

Unit 22 Roman Way
Coleshill Industrial Estate
Coleshill
Birmingham
B46 1HQ

Auditors

Browns
3/4 Ladybank
Tamworth
Staffordshire
B79 7NB

Bankers

Barclays Bank plc
West Midlands Corporate Team
P O Box 321
Walsall
WS1 1GS

EXPRESS CIRCUITS LIMITED

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EXPRESS CIRCUITS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST MAY 1999

The directors present their report together with the audited financial statements for the period ended 31st May 1999.

Principal Activities

The company's principal activity continued to be that of the manufacture of printed circuit boards.

The Directors consider that the company has continued its growth during the period and looks forward to similar growth in the year ahead.

Directors

The directors who served during the period and their beneficial interests in the company's issued share capital were:

	Ordinary Shares		Redeemable shares	
	31st May 1999	1st November 1998	31st May 1999	1st November 1998
Mr I A Chalmers	16,667	16,667	100	100
Mr M L Fisher	16,667	16,667	100	100
Mr S Sylvester	16,667	16,667	100	100
Mrs S M Chalmers	-	-	100	100
Mrs M A Fisher	-	-	100	100
Mrs S A Sylvester	-	-	100	100

Political and Charitable Contributions

The company made no political or charitable contributions during the period.

Year 2000 Compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This 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.

The company is well advanced in the phase of assessing the risks to our business resulting from the date change to the Year 2000. Once this phase is completed we can assess the likely impact on our activities and develop prioritised action plans to deal with the key risks.

EXPRESS CIRCUITS LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31ST MAY 1999

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the company's affairs and of the profit or loss for that period. In preparing these 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;

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 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.

The report of the Directors' has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and was approved by the board on 19th January 2000, and signed on its behalf.



Mr M L Fisher, Secretary
19th January 2000

AUDITORS' REPORT TO EXPRESS CIRCUITS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 4 to 13 together with the financial statements of Express Circuits Limited for the period ended 31st May 1999 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of Directors and Auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of Opinion

We have carried out procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 4 to 13 are properly prepared in accordance with that provision.



Browns
Chartered Accountants and Registered Auditors
3/4 Ladybank
Tamworth
Staffordshire
B79 7NB
Date: 19th January 2000

EXPRESS CIRCUITS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 1ST NOVEMBER 1998 TO 31ST MAY 1999

	Notes	1999 £	Year Ended 31st October 1998 £
Gross Profit		946,922	1,640,153
Distribution Costs		10,958	-
Administrative Expenses		755,094	1,284,254
Operating Profit	3	180,870	355,899
Exceptional Items			
Profit on sale of fixed assets	8	-	22,471
		180,870	378,370
Interest Receivable		4,862	7,412
Interest Payable and Similar Charges		(31,423)	(50,737)
Profit on Ordinary Activities before Taxation		154,309	335,045
Tax on profit on ordinary activities	6	101,519	1,882
Profit for the Financial Period		52,790	333,163
Dividends	7	24,630	40,800
Retained Profit for the Period		28,160	292,363
Retained Profit Brought Forward		1,051,852	759,489
Retained Profit Carried Forward		1,080,012	1,051,852

EXPRESS CIRCUITS LIMITED


ABBREVIATED BALANCE SHEET


AS AT 31ST MAY 1999

			31st October	
	Notes	£	1999 £	1998 £
Fixed Assets				
Tangible assets	9		1,349,131	1,420,635
Current Assets				
Stocks	10	147,348		102,479
Debtors	11	851,660		775,169
Cash at bank and in hand		195,341		215,891
		<u>1,194,349</u>		<u>1,093,539</u>
Creditors: Amounts Falling Due Within One Year	12	<u>1,037,213</u>		<u>1,031,388</u>
Net Current Assets			<u>157,136</u>	<u>62,151</u>
Total Assets Less Current Liabilities			<u>1,506,267</u>	<u>1,482,786</u>
Creditors: Amounts Falling Due After More Than One Year	13		295,863	380,633
Provision for Liabilities and Charges				
Deferred taxation	15		80,091	-
			<u>1,130,313</u>	<u>1,102,153</u>
Capital and Reserves				
Share capital - equity	16		50,001	50,001
Share capital - non equity	16		300	300
Profit and loss account			<u>1,080,012</u>	<u>1,051,852</u>
Shareholders' Funds				
Equity		1,130,013		1,101,853
Non-equity		<u>300</u>		<u>300</u>
			<u>1,130,313</u>	<u>1,102,153</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

These financial statements were approved by the board on 19th January 2000 and signed on its behalf.


Mr I A Chalmers
Director


Mr M L Fisher
Director

The notes on pages 7 to 13 form part of these financial statements.

EXPRESS CIRCUITS LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD 1ST NOVEMBER 1998 TO 31ST MAY 1999

	Notes	1999 £	1998 £
Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities			
Operating profit		180,870	355,899
Depreciation		159,471	278,335
Loss on sale of fixed assets		2,528	73,130
Increase in stocks		(44,869)	32,753
Increase in debtors		(76,491)	(169,309)
Decrease in creditors		(11,412)	(115,878)
Net Cash Inflow from Operating Activities		210,097	454,930

CASH FLOW STATEMENT

Net Cash Inflow from Operating Activities		210,097	454,930
Returns on Investments and Servicing of Finance	18	(51,191)	(84,125)
Taxation		2,562	10
Capital Expenditure and Financial Investment	18	(90,495)	(386,200)
Cash Inflow Before Use of Liquid Resources and Financing		70,973	(15,385)
Financing	18	(89,306)	9,319
Decrease in Cash		(18,333)	(6,066)

Reconciliation of Net Cash Flow to Movement in Net Debt

Decrease in Cash in the Period		(18,333)	(6,066)
Cash outflow from decrease in net debt and lease financing	19	89,306	(9,319)
Decrease in Net Debt	19	70,973	(15,385)
Net Debt at 1st November 1998		(434,283)	(418,899)
Net Debt at 31st May 1999	19	(363,310)	(434,284)

The notes on pages 7 to 13 form part of these financial statements.

EXPRESS CIRCUITS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MAY 1999

1 Accounting Policies

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by annual instalments over their expected useful lives. The rates and periods generally applicable are:

Unit preparation	15% per annum straight line
Plant and machinery	10 - 20% per annum straight line
Motor vehicles	25% per annum reducing balance
Furniture and equipment	15% per annum straight line

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Government Grants

Government grants are credited to the profit and loss account over the expected useful life of the asset by treating the grant as a deferred credit, a portion of which is transferred to revenue annually.

Deferred Taxation

Provision is made by the liability method for all timing differences which are expected to be reversed in the foreseeable future.

2 Turnover

Turnover is attributable to the principal activity of the company.

The percentage of turnover attributable to overseas markets was 13% (1998: 16%).

EXPRESS CIRCUITS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MAY 1999

3 Operating Profit

The operating profit is arrived at after charging or crediting:

	1999	1998
	£	£
Depreciation of owned assets	69,325	134,285
Depreciation of assets held under finance leases and hire purchase contracts	90,146	144,050
Auditors' remuneration	4,800	4,800

4 Interest Payable and Similar Charges

	1999	1998
	£	£
Bank overdrafts and loans	365	4,164
Finance leases and hire purchase contracts	31,058	46,573
	31,423	50,737

5 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	1999	1998
	£	£
Wages and salaries	462,751	1,176,307
Social security costs	60,689	112,634
	523,440	1,288,941

The average monthly number of employees, including directors, during the period was as follows:

	1999	1998
	Number	Number
Administration	3	3
Management	10	10
Selling and Distribution	4	4
Production	45	42
	62	59

EXPRESS CIRCUITS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MAY 1999

6 Taxation

	1999	1998
	£	£
Based on the profit for the period		
U.K. Corporation tax at 25% (1998 23%)	24,000	32,454
Deferred tax charge	80,091	-
	<u>104,091</u>	<u>32,454</u>
Prior periods		
UK corporation tax	(2,572)	(30,572)
	<u>101,519</u>	<u>1,882</u>

7 Dividends

	1999	1998
	£	£
Redeemable Shares dividends - paid	24,630	40,800
	<u>24,630</u>	<u>40,800</u>

8 Exceptional Items

	1999	1998
	£	£
Profit on sale of fixed assets	-	22,471
	<u>-</u>	<u>22,471</u>

The exceptional item included in the accounts consists of insurance proceeds received in respect of a press which was damaged in the previous year.

EXPRESS CIRCUITS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MAY 1999

9 Tangible Fixed Assets

	Unit Preparation	Plant and Machinery	Motor Vehicles	Furniture and Equipment	Total
Cost	£	£	£	£	£
At 1st November 1998	99,938	1,613,876	335,823	110,248	2,159,885
Additions	-	27,364	76,170	3,845	107,379
Disposals	-	-	(45,375)	-	(45,375)
At 31st May 1999	99,938	1,641,240	366,618	114,093	2,221,889
Depreciation					
At 1st November 1998	59,079	520,692	75,961	83,518	739,250
Charge for the period	5,667	99,005	43,929	10,870	159,471
Disposals	-	-	(25,963)	-	(25,963)
At 31st May 1999	64,746	619,697	93,927	94,388	872,758
Net Book Value					
At 31st May 1999	35,192	1,021,543	272,691	19,705	1,349,131
<i>At 31st October 1998</i>	<i>40,859</i>	<i>1,093,184</i>	<i>259,862</i>	<i>26,730</i>	<i>1,420,635</i>

Included in the amounts above are assets which are financed by hire purchase contracts with a net book value of £821,451. (1998: £848,942).

10	Stocks	1999	1998
		£	£
	Raw materials	103,840	77,310
	Work in progress	43,508	25,169
		147,348	102,479
11	Debtors	1999	1998
		£	£
	Trade debtors	802,344	690,447
	Other debtors	49,316	84,722
		851,660	775,169

EXPRESS CIRCUITS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MAY 1999

12	Creditors: Amounts Falling Due Within One Year	1999	1998
		£	£
	Bank loans and overdrafts	35,950	38,167
	Obligations under hire purchase and finance lease contracts	226,838	231,374
	Trade creditors	151,504	156,235
	Amounts owed to associated companies	85,689	-
	Other creditors	537,232	605,612
		<u>1,037,213</u>	<u>1,031,388</u>

'Other creditors' include £196,843 (1998 - £212,093) in respect of taxation and social security.

13	Creditors: Amounts Falling Due After One Year	1999	1998
		£	£
	Obligations under hire purchase and finance lease contracts	295,863	380,633
		<u>295,863</u>	<u>380,633</u>

14 Operating Lease Commitments

At 31 May 1999 the company had annual commitments under non-cancellable operating leases as set out below:

	1999	1998
	£	£
Operating leases which expire:		
Within one year	3,683	2,290
	<u>3,683</u>	<u>2,290</u>

EXPRESS CIRCUITS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MAY 1999

15 Deferred Taxation

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the Balance Sheet date and is calculated using a tax rate of 25% (1998 23%).

	1999 £	1998 £
At 1st November 1998	-	-
Movement in the period	80,091	-
At 31st May 1999	80,091	-

	Amount Unprovided	
	1999 £	1998 £
Accelerated capital allowances	50,000	108,482
	50,000	108,482

16 Share Capital

	1999 £	1998 £
Authorised		
Authorised ordinary shares of £1 each	90,000	90,000
	90,000	90,000
60,000 Redeemable shares of £0.50 each	30,000	30,000
	120,000	120,000
Allotted		
Issued and fully paid ordinary shares of £1 each	50,001	50,001
600 Redeemable shares of £0.50 each	300	300
	50,301	50,301

Non Equity shares comprise of the following:

10,000 Redeemable B shares of 50p each
10,000 Redeemable C shares of 50p each
10,000 Redeemable D shares of 50p each
10,000 Redeemable E shares of 50p each
10,000 Redeemable F shares of 50p each
10,000 Redeemable G shares of 50p each

EXPRESS CIRCUITS LIMITED

ABBREVIATED NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MAY 1999

17 Related Parties

During the year the company paid for subcontract services together with technical development and support including research and development along with management charges in the normal course of business from Express Electronic Services Limited for £796,984. Express Electronic Services Limited were charged for the hire of equipment from Express Circuits Limited and were charged for wages and services costs, the total value of the transactions was £675,385. The price charged was the normal market price in the case of each individual purchase. At the balance sheet date the amount due from Express Electronic Services Limited was £85,689.

18 Gross Cash Flows

	1999 £	1998 £
Returns on Investments and Servicing of Finance		
Interest received	4,862	7,412
Interest paid	(365)	(4,164)
Redeemable dividend paid	(24,630)	(40,800)
Interest element of finance lease rentals payment	(31,058)	(46,573)
Net cash outflow for returns on investments and servicing of finance	(51,191)	(84,125)
Capital Expenditure and Financial Investment		
Payments to acquire tangible fixed assets	(107,379)	(636,071)
Proceeds from the sale of fixed assets	16,884	249,871
Net cash outflow from investing activities	(90,495)	(386,200)
Financing		
Capital element of finance lease rentals payments	(89,306)	30,819
Net cash outflow for financing	(89,306)	9,319

19 Analysis of Changes in Net Debt

	1998 £	Cash flows £	1999 £
Cash at bank and in hand	215,891	(20,550)	195,341
Overdrafts	(38,167)	2,217	(35,950)
	177,724	(18,333)	159,391
Finance leases	(612,007)	89,306	(522,701)
	(612,007)	89,306	(522,701)
	(434,283)	70,973	(363,310)