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Consolidated Annual Report

Company Registration No. 2526028 (England and Wales)

ENTA TECHNOLOGIES LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003



ENTA TECHNOLOGIES LIMITED

COMPANY INFORMATION

Director	Jason Tsai
Secretary	Ding-Yuan Tsai
Company number	2526028
Registered office	5th Floor 7/10 Chandos Street London W1G 9DQ
Auditors	Simmons Gainsford LLP 7/10 Chandos Street Cavendish Square London W1G 9DQ
Business address	Stafford Park 6 Telford TF3 3AT

ENTA TECHNOLOGIES LIMITED

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ENTA TECHNOLOGIES LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

The director presents his report and financial statements for the year ended 30 September 2003.

Principal activities and review of the business

The principal activity of the company continued to be that of the distribution of computer hardware and software and related products.

The Directors consider the trading in the period under review satisfactory having regard to the difficult economic climate. Reduction in turnover and profit margin is partly due to price erosion. The company has developed a niche channel in highly competitive market. However, the company remains a major distributor for many well-known computer brand names including Microsoft networking and DSL hardware products.

The company is also refocusing on OEM product channel with newly recruited branded suppliers and high profile customers. Cost saving arises therefrom enables the company to maintain its financial stability, and realigns its resources in more investments in marketing and system efficiency.

The company remains optimistic of the future.

Results and dividends

The results for the year are set out on page 4.

Director

The following director has held office since 1 October 2002:

Jason Tsai

Director's interests

The director's beneficial interest in the shares of the parent company was as stated below:

	Ordinary shares of £ 1 each	
	30 September 2003	1 October 2002
Jason Tsai	-	-

Jason Tsai is a beneficiary of The JTS Settlement that holds 49 shares of the parent company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

ENTA TECHNOLOGIES LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

Director's responsibilities

Company law requires the director 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 period. In preparing those financial statements, the director is 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

On behalf of the board



Jason Tsai

Director

28/7/2004

ENTA TECHNOLOGIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ENTA TECHNOLOGIES LIMITED

We have audited the financial statements of Enta Technologies Limited on pages 4 to 12 for the year ended 30 September 2003. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 the director and auditors

As described in the statement of director's responsibilities on page 2 the company's director is responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's 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 United Kingdom 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the director 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Simmons Gainsford LLP

Chartered Accountants
Registered Auditor

28th July 2004

7/10 Chandos Street
Cavendish Square
London
W1G 9DQ

ENTA TECHNOLOGIES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	42,222,682	42,619,281
Cost of sales		(39,727,839)	(39,862,948)
Gross profit		2,494,843	2,756,333
Distribution costs		(381,024)	(346,780)
Administrative expenses		(2,209,010)	(2,508,828)
Other operating income		96,726	100,500
Operating profit	3	1,535	1,225
Other interest receivable and similar income		55,507	55,825
Interest payable and similar charges	4	(6,146)	(26,044)
Profit on ordinary activities before taxation		50,896	31,006
Tax on profit on ordinary activities	5	(19,834)	(26,398)
Profit on ordinary activities after taxation	14	31,062	4,608

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ENTA TECHNOLOGIES LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	6	2,775,838		3,031,322	
Investments	7	124		124	
		<u>2,775,962</u>		<u>3,031,446</u>	
Current assets					
Stocks	8	1,235,277	1,447,413		
Debtors	9	4,336,892	6,045,623		
Cash at bank and in hand		1,333,291	2,431,918		
		<u>6,905,460</u>	<u>9,924,954</u>		
Creditors: amounts falling due within one year	10	(5,303,463)	(7,309,503)		
Net current assets		<u>1,601,997</u>		<u>2,615,451</u>	
Total assets less current liabilities		<u>4,377,959</u>		<u>5,646,897</u>	
Creditors: amounts falling due after more than one year	11	(2,000,000)	(3,300,000)		
		<u>2,377,959</u>	<u>2,346,897</u>		
Capital and reserves					
Called up share capital	13	530,000	530,000		
Profit and loss account	14	1,847,959	1,816,897		
Shareholders' funds - equity interests	15	<u>2,377,959</u>	<u>2,346,897</u>		

The financial statements were approved by the Board on 28.7.2004



Jason Tsai
Director

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Straight line over forty years
Fixtures, fittings & equipment	20% straight line
Motor vehicles	15% straight line

1.4 Fixed assets investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.5 Stock

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

2 Turnover and profit on ordinary activities before taxation

	Turnover 2003 £	2002 £
Class of business		
Sales of computer	42,310,631	42,619,281
	<u>42,310,631</u>	<u>42,619,281</u>

Geographical market

	Turnover 2003 £	2002 £
United Kingdom	41,870,965	42,176,408
EC	439,666	442,873
	<u>42,310,631</u>	<u>42,619,281</u>

3 Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	267,954	396,329
Loss on disposal of tangible assets	-	8,012
Loss on foreign exchange transactions	-	32,847
Auditors' remuneration	42,000	42,555
and after crediting:		
Profit on foreign exchange transactions	(203,767)	-
	<u>(203,767)</u>	<u>-</u>

4 Interest payable

	2003 £	2002 £
On bank loans and overdrafts	6,146	3,673
On other loans wholly repayable within 5 years	-	22,371
	<u>6,146</u>	<u>26,044</u>

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

5	Taxation	2003 £	2002 £
	Domestic current year tax		
	U.K. corporation tax	19,834	26,398
	Current tax charge	<u>19,834</u>	<u>26,398</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>50,896</u>	<u>31,006</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002: 19.00%)	<u>9,670</u>	<u>5,891</u>
	Effects of:		
	Non deductible expenses	1,216	2,396
	Depreciation add back	54,155	77,284
	Capital allowances	(45,207)	(59,328)
	Marginal Relief	-	155
		<u>10,164</u>	<u>20,507</u>
	Current tax charge	<u>19,834</u>	<u>26,398</u>

6	Tangible fixed assets	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
	Cost				
	At 1 October 2002	2,972,097	2,490,004	85,000	5,547,101
	Additions	-	12,470	-	12,470
	At 30 September 2003	<u>2,972,097</u>	<u>2,502,474</u>	<u>85,000</u>	<u>5,559,571</u>
	Depreciation				
	At 1 October 2002	503,186	1,960,879	51,714	2,515,779
	Charge for the year	61,762	200,783	5,409	267,954
	At 30 September 2003	<u>564,948</u>	<u>2,161,662</u>	<u>57,123</u>	<u>2,783,733</u>
	Net book value				
	At 30 September 2003	<u>2,407,149</u>	<u>340,812</u>	<u>27,877</u>	<u>2,775,838</u>
	At 30 September 2002	<u>2,468,911</u>	<u>529,125</u>	<u>33,286</u>	<u>3,031,322</u>

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

7 Fixed asset investments

	Listed investments £
Cost	
At 1 October 2002 & at 30 September 2003	<u>124</u>

8 Stocks

	2003 £	2002 £
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Finished goods and goods for resale	<u>1,235,277</u>	<u>1,447,413</u>
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Replacement cost of the stocks held at the year end is not materially different from the value stated in the accounts.

9 Debtors

	2003 £	2002 £
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Trade debtors	3,580,562	5,358,298
Other debtors	415,010	131,168
Prepayments and accrued income	341,320	556,157
	<u>4,336,892</u>	<u>6,045,623</u>

10 Creditors: amounts falling due within one year

	2003 £	2002 £
--	-----------	-----------

Trade creditors	2,357,966	4,120,142
Corporation tax	19,835	26,398
Other taxes and social security costs	548,902	714,629
Other creditors	567,139	498,845
Accruals and deferred income	1,809,621	1,949,489
	<u>5,303,463</u>	<u>7,309,503</u>

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

11 Creditors: amounts falling due after more than one year	2003 £	2002 £
Other loans	2,000,000	3,300,000
Analysis of loans		
Wholly repayable within five years	2,000,000	3,691,364
	2,000,000	3,691,364
Included in current liabilities	-	(391,364)
	2,000,000	3,300,000

Other loans amounting to £2,000,000 (2002: £3,300,000) are interest free. All long term loans are not secured and have no fixed date of repayment.

12 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	24,548	24,788

13 Share capital

	2003 £	2002 £
Authorised		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up and fully paid		
530,000 Ordinary shares of £1 each	530,000	530,000

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

14 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 October 2002	1,816,897
Retained profit for the year	31,062
Balance at 30 September 2003	<u>1,847,959</u>

15 Reconciliation of movements in shareholders' funds

2003

2002

£

£

Profit for the financial year	31,062	4,608
Opening shareholders' funds	<u>2,346,897</u>	<u>2,342,289</u>
Closing shareholders' funds	<u>2,377,959</u>	<u>2,346,897</u>

16 Contingent liabilities

At the balance sheet date the company has contingent liabilities in respect of documentary credits amounting to £7,500,000 (2002: £7,500,000). The credits are guaranteed by way of a fixed charge over all book and other debts to a limit of £2,000,000 (2002: £2,000,000).

An unlimited multilateral company guarantee was given to HSBC to secure the VAT deferral facilities.

17 Director's emoluments

2003

2002

£

£

Emoluments for qualifying services	34,000	28,000
Company pension contributions to money purchase schemes	<u>3,196</u>	<u>2,367</u>
	<u>37,196</u>	<u>30,367</u>

ENTA TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

18 Employees

Number of employees

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

	2003 Number	2002 Number
Management and administration	26	26
Marketing and sales	52	52
Warehouse and production	18	18
	<u>96</u>	<u>96</u>

Employment costs

	£	£
Wages and salaries	1,185,382	1,322,382
Social security costs	98,380	2,775
Other pension costs	24,548	24,788
	<u>1,308,310</u>	<u>1,349,945</u>

19 Control

Enta Technologies Limited is a wholly owned subsidiary of Enta UK Limited, a company registered in England and Wales.