

Deltron Electronics Limited
(2614913)

Report and Accounts

For the year ended

30 September 2007

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COMPANIES HOUSE

Deltron Electronics Limited

Officers and Professional Advisers

DIRECTORS

The directors holding office during the year and at the year-end are listed below

M R Kent
P V Alien

SECRETARY
A Bateman

REGISTERED OFFICE
Abacus House
Bone Lane
Newbury
Berkshire
RG14 5SF

BANKERS
HSBC Bank Plc
70 Pall Mall
London
SW1Y 5ES

AUDITORS
Ernst & Young
Chartered Accountants and Registered Auditors
Reading

Deltron Electronics Limited

Directors' Report

The directors present their annual report on the affairs of the company, together with the financial statements for the year ended 30 September 2007

PRINCIPAL ACTIVITY

The Company's principal activity during the year continued to be that of a holding company

RESULTS AND DIVIDENDS

Operating profit before exceptional items for the year was £0.04 million (2006 – loss £0.1million) and after exceptional items (see note 2) was a loss of £1.9million (2006 – loss of £3.8million) Loss after tax and exceptional items for the year was £1.6 million (2006 – loss of £2.6 million) There were no dividends declared during the year (2006 £574,000)

The reason for the decrease in pre-exceptional loss was the Company's Directors' redundancies in 2006 following the acquisition by Abacus and the subsequent savings in costs in 2007. The Directors expect the Company to return to profitability in the foreseeable future following the reduction in operating expenses and increased finance income. As the Company is a holding company, there are no KPI's

RISK

The Directors do not consider that the Company has any major risks as it provides inter- group services only

REVIEW OF THE BUSINESS

On 16 January 2006 the entire share capital of the company was acquired by Abacus Group plc. At this time, the company was delisted from the London Stock Exchange and was changed from Deltron Electronics plc to Deltron Electronics Limited. From this time, Abacus Group plc became the ultimate holding company.

DIRECTORS' REMUNERATION

The Directors' remuneration for M R Kent and P V Allen in the current year and previous year are not included in the Accounts, but are reported within the Accounts of Abacus Group plc. The total amount for directors' remuneration borne by the Company in 2007 was £nil and in 2006 was as follows:

	2006		
	Salary & Fees £'000	Benefits £'000	Total £'000
D Potter (resigned 1 February 2006)	13	-	13
C J Sawyer (resigned 1 February 2006)	58	2	60
F Feldman (resigned 1 February 2006)	13	-	13
D P O'Neill (resigned 1 February 2006)	40	2	42
N K Nielsen (resigned 1 February 2006)	36	7	43
D T Weir (resigned 1 February 2006)	25	-	25
J Vaughan (resigned 1 February 2006)	69	1	70
W P Hohmann (resigned 1 February 2006)	50	7	57
	304	19	323

Notes

- 1 There were no remuneration costs in 2007 and no pension costs in 2007 and 2006
- 2 Benefits in kind, where shown, comprise motor vehicles for the use of the director and private medical insurance
- 3 No long-term incentive schemes have been awarded to the directors other than the share options detailed below
- 4 The remuneration shown in the table is that for the period when serving as a Director. The 2006 comparative therefore is for a period of less than 12 months for all of those shown
- 5 The costs for N K Nielsen and W P Hohmann were incurred in Deltron Conelec A/S and Deltron Components GmbH respectively

DIRECTORS' INTERESTS

None of the directors had any interest in the share capital of the Company as at 30 September 2007. Both M R Kent and P V Allen's interest in the ultimate holding company's share capital is shown in the financial statements of that company.

Deltron Electronics Limited

Directors' Report (continued)

DIRECTORS' SHARE OPTIONS

MR Kent and P V Allen have no options to subscribe for shares in the Company. The options granted to M R Kent and P V Allen to subscribe for shares in the ultimate holding company are reported in the accounts of Abacus Group plc.

The options granted to the other Directors who served at some stage during the year ended 30 September 2006 (in 2007 there were no other Directors) are listed in the table below. This reflects the position when they resigned from the Board in 2006.

	Notes	Deltron Number	Deltron Exercise Price	Abacus Number	Abacus Exercise Price	Date when Exercisable	Expiry Date
C J Sawyer	3	200,000	86 5p	128,640	134 5p	19 11 07	19 11 14
C J Sawyer	1	200,000	71p	128,640	110 4p	30 04 07	30 04 14
C J Sawyer	3	259,184	73 5p	166,707	114 3p	03 12 05	03 12 12
C J Sawyer	3	40,816	73 5p	26,253	114 3p	03 12 05	03 12 12
D P O'Neill	3	40,816	73 5p	26,253	114 3p	03 12 05	03 12 12
D P O'Neill	3	209,184	73 5p	134,547	114 3p	03 12 05	03 12 12
D P O'Neill	3	100,000	86 5p	64,320	134 5p	19 11 07	19 11 14
F Feldman	2	126,000	49 6p	81,043	77 1p	06 02 99	06 02 06
F Feldman	3	100,000	73 5p	64,320	114 3p	03 12 05	03 12 12
N K Nielsen	3	100,000	73 5p	64,320	114 3p	03 12 05	03 12 12
W Hohmann	3	50,000	67p	32,160	104 2p	16 07 02	16 07 12
W Hohmann	3	50,000	86 5p	32,160	134 5p	19 11 07	19 11 14
J Vaughan	3	50,000	70 5p	32,160	109 6p	05 04 07	05 04 14
J Vaughan	3	50,000	86 5p	32,160	134 5p	19 11 07	19 11 14
J Vaughan	3	50,000	54p	32,160	84 0p	27 07 08	27 07 15

These options, following the acquisition by the Abacus Group plc, were capable of being converted to options in the Abacus Group plc by multiplying the number of options by 0.6432 and multiplying the exercise price by 1.5547.

Notes

- These options have performance criteria linked to the growth in earnings per share ("EPS") as the Directors believe that this is most closely aligned to the interests of the shareholders. The aggregate EPS in any three-year period must exceed 3.31 times the adjusted pro forma EPS of 7.75p. This would represent growth of 5% per annum in EPS from the time of being issued. The numbers of options that are exercisable are adjusted pro rata up to the maximum shown above if such aggregate earnings is greater or equal to 4.368 times the adjusted pro forma EPS. This would represent growth of 20% per annum in EPS. Notwithstanding the achievement of these targets the earnings must grow in any three-year period by more than 2% per annum in real terms.
- These options do not have performance criteria as they were issued prior to flotation.
- These options do not have performance criteria as they were issued at a time when the stock market and electromechanical market were both declining. The Committee felt that setting further criteria was inappropriate.
- C Sawyer exercised in 2007 80,000 and 112,460 of his options at market prices of 182.5p and 187.25p respectively subsequent to his resignation as a Director.
- J Vaughan exercised in 2006 all 96,480 of his options at a market price of 160.0p subsequent to his resignation as a Director.
- Subsequent to his resignation as a Director, in 2006 D O'Neill exercised 160,800 of his options at a market price of 141.0p and the remaining 64,320 at a market price of 167.75p.

POLITICAL AND CHARITABLE DONATIONS

During the year the company made no charitable donations (2006 - £nil).

CREDITOR PAYMENT POLICY

The company endeavours to pay their trade creditors and other suppliers in accordance with the terms of payment agreed at the time the contract of supply is made, to keep suppliers informed of the company's terms of payment and to make payments in accordance therewith. At the end of the previous year 30 September 2006, the company had an average of 45 days purchases outstanding in trade creditors.

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to one or more of its directors 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 remains in force as at the date of approving the director's report. The Abacus Group, and all of its subsidiaries, maintains directors' and officers' liability insurance to mitigate the impact of any such proceedings.

EVENTS SINCE THE BALANCE SHEET DATE

There were no significant balance sheet events since 30 September 2007.

Deltron Electronics Limited

Directors' Report (continued)

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the Board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these Directors confirms that

- To the best of each Director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are not aware, and
- Each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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 directors are required to

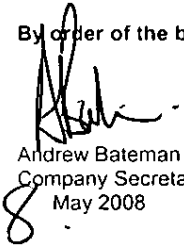
- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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.

AUDITORS

A resolution for the reappointment of Ernst & Young as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Andrew Bateman
Company Secretary
May 2008

Deltron Electronics Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DELTRON ELECTRONICS LIMITED

We have audited the Company's financial statements for the year ended 30 September 2007 which comprise the Profit and Loss Account, Statement of total recognised gains and losses, Balance Sheet and the related notes 1 to 19. 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' responsibilities for preparing the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the Company's 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 whether in our opinion the information given in 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 other transactions 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

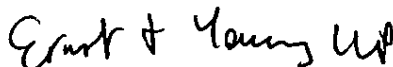
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

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 30 September 2007 and of the Company's loss 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 Company financial statements.



Ernst & Young LLP
Registered Auditor
Reading



May 2008

Deltron Electronics Limited

Profit and Loss Account

for the year ended 30 September 2007

	Notes	2007 £'000	2006 £'000
Selling and distribution costs		-	(34)
Administrative expenses (including exceptional costs of £1,930,000 (2006 £3,670,000) – note 2		(1,887)	(3,799)
Operating loss		(1,887)	(3,833)
Interest receivable	3	2,013	971
Interest payable and similar charges	3	(876)	(591)
Loss on ordinary activities before taxation		(750)	(3,453)
Tax on loss on ordinary activities	4	(814)	886
Retained loss for the year attributable to members of the company		(1,564)	(2,567)

Operating loss derives from continuing operations

There is no difference between the loss reported above and the equivalent loss calculated on an unmodified historical cost basis

Statement of total recognised gains and losses

for the year ended 30 September 2007

	2007 £'000	2006 £'000
Loss for the year attributable to members of the Company	(1,564)	(2,567)
Exchange difference on loan hedged against foreign subsidiaries	-	(2)
Total recognised gains and losses relating to the year	(1,564)	(2,569)

Reconciliation of shareholders' funds

for the year ended 30 September 2007

	2007 £'000	2006 £'000
Total recognised gains and losses	(1,564)	(2,569)
Dividends declared and paid (see note 5)	-	(574)
Shares issued	-	21
Reserve credit for share-based payment plan	25	69
Total movement during the year	(1,539)	(3,053)
Shareholders' funds at 1 October	25,186	28,239
Shareholders' funds at 30 September	23,647	25,186

Deltron Electronics Limited

Balance Sheet

as at 30 September 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Tangible assets	7	-	10
Investments	8	1,147	6,279
		1,147	6,289
Current assets			
Debtors amounts due within one year	9	116	1,812
Debtors amounts due after more than one year	9	36,263	33,412
		36,379	35,224
Creditors amounts falling due within one year	10	(3,660)	(4,248)
Net current assets		32,719	30,976
Total assets less current liabilities		33,866	37,265
Creditors amounts falling due after more than one year	11	(10,219)	(12,079)
Net assets		23,647	25,186
Capital and reserves			
Called up share capital	12	2,070	2,070
Share premium	13	21,056	21,056
Other reserve	13	4,452	4,452
Profit and loss account	13	(3,931)	(2,392)
Shareholders' funds		23,647	25,186

The financial statements were approved by the Board of Directors on 8 May 2008 and were signed on its behalf by



P V Allen
Director

Deltron Electronics Limited

Statement of Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The accounts have been prepared under the historic cost convention and in accordance with the applicable United Kingdom Accounting Standards (UK GAAP) and Law.

Investments

Subsidiary undertakings and other fixed asset investments are stated at cost, which includes the costs of acquisition, less provisions for impairment. Current asset investments are stated at the lower of cost or net realisable value.

Property, plant and equipment

Property, plant and equipment (including land and buildings) are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than freehold land. The rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset evenly over its expected useful life are as follows:

<i>Straight-line basis</i>	<i>Expected useful life</i>
Freehold buildings	50 years
Leasehold improvements	over the lease term
Fixtures, fittings and equipment	3 or 8 years
Computer equipment	3 years
Plant and tooling	10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Group accounts

The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group accounts and to deliver them to the Registrar of Companies. The accounts present information about the undertaking as an individual undertaking and not as a group. The Company is included in the consolidated accounts of Abacus Group plc, the Company's parent undertaking, which is registered in England and Wales.

Cash flow statement

The consolidated accounts of Abacus Group plc include a cash flow statement. The Directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised) and have not presented a cash flow statement for the Company.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pensions and other post-retirement benefits

Contributions to money purchase schemes are recognised in the income statement in the period in which they become payable.

Deltron Electronics Limited

Statement of Accounting Policies (continued)

Foreign currency

In preparing the Financial Statements of the Company, transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement, except (i) when hedge accounting is applied, (ii) for differences on monetary assets and liabilities that form part of the Company's net investment in foreign operations. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Leases

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Finance Costs

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Share-based payment

The ultimate holding company, Abacus Group plc, issues equity-settled and cash-settled share-based payments to certain employees in its subsidiaries, including the company.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions. Number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The group has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

For awards granted before 7 November 2002, the group recognises only the intrinsic value or cost of these potential awards as an expense. This is accrued over the performance period of each plan based on the intrinsic value of the equity settled awards.

Deltron Electronics Limited

Notes to the accounts

30 September 2007

1 Operating loss

This is stated after charging (crediting) the following items

	2007 £000	2006 £000
Depreciation		
– owned assets	-	25
– leased assets	-	18
Auditors' remuneration		
– services as auditors	12	48
– tax compliance	-	4
Operating lease rentals		
– plant and machinery	-	5
– other	-	35
Exchange difference on foreign currency borrowings	(75)	(88)
Share-based payment charge	25	69

All auditors' remuneration in the year was expensed to the Profit and Loss account

2 Operating exceptional items

Included within administration costs are exceptional costs as follows

	2007 £'000	2006 £'000
Employee termination payments	(3)	1,233
Write down of redundant assets	10	102
Loss on sale of investment	1,906	1,756
Sundry	17	67
Legal and banking costs	-	512
	1,930	3,670

Other than the loss on sale of investment, the 2006 costs related to restructuring costs following the Company's acquisition by Abacus Group plc and the subsequent resignation of the Directors and relocation of the Company's office

3 Interest and similar charges

	2007 £000	2006 £000
Interest payable on loans		
Bank loans wholly repayable within five years	876	440
Other loans	-	151
	876	591
Interest receivable		
Group loans	(2,013)	(971)
Net finance income	(1,137)	(380)

Deltron Electronics Limited

Notes to the accounts (continued)

30 September 2007

4 Tax charge (credit) on loss on ordinary activities		
	2007	2006
	£000	£000
Current taxation		
UK corporation tax at 30% based on the loss for the year	-	-
	-	-
Deferred tax		
Origination and reversal of timing differences	53	(131)
Recognition of deferred tax asset on losses in the year	-	(486)
Non-recognition of capital allowances carried forward	94	-
Adjustment to group relief in prior years	416	-
Utilisation of tax losses brought forward	251	-
Recognition of deferred tax assets on losses not previously recognised	-	(269)
Tax charge (credit) on loss on ordinary activities	814	(886)
The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the years ended 30 September 2007 and 2006 presented differs from the standard rate for the reasons set out in the following reconciliation		
	2007	2006
	£000	£000
Loss on ordinary activities before tax	(750)	(3,453)
Tax on loss on ordinary activities at standard rate of 30% (2006 30%)	(225)	(1,036)
Effect of		
Loss on sale of investments	572	527
Gain on exercise of share options deductible for tax purposes	(42)	(37)
Expenses not deductible for tax purposes	11	65
Capital allowances in excess of depreciation	(21)	(4)
Movement in short term timing differences	(2)	(1)
Utilisation of brought forward losses	(293)	-
Losses recognised as deferred tax assets	-	486
Total actual amount of current tax	0	-

At 30 September 2007 there was a deferred asset of £116,000 (2006 - £929,000) (see note 9)

During March 2007 the UK government announced Budget tax changes which will have an effect on the future tax position of the Company. It is proposed that the rate of UK corporation tax will reduce from 30% to 28% from 1 April 2008. 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 balance sheet deferred tax asset. If the effect of these proposed changes to the UK tax system were fully reflected in the Company's financial statements for the year ending 30 September 2007, the deferred tax asset would be reduced by £8,000 to £108,000 and the deferred tax charge of £813,000 would have been a charge of £821,000.

Also, changes to the UK capital allowance regime have been proposed, the most significant of these changes are 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 April 1, 2008 and the phased abolition of industrial buildings allowances (IBA's) by the end of March 2011. These changes have been reflected in the Company's financial statements for the year ending 30 September 2007, resulting in an additional £94,000 deferred tax charge being the non-recognition of IBA's carried forward as at the year end.

Deltron Electronics Limited

Notes to the accounts (continued)

30 September 2007

5 Dividends

	2007 £000	2006 £000
External payable		
Ordinary shares – £nil per share (2006 second interim proposed 1 386p per share)	-	574

6 Employees

	2007 Number	2006 Number
Administration	-	3
The costs in respect of the above were as follows		
	2007 £000	2006 £000
Wages and salaries (excluding share-based payment charge)	-	178
Social security costs	-	30
Other pension costs	-	6
Total	-	214

The share-based payment charge was £25,000 (2006 £69,000)

7 Tangible fixed assets

	Fixtures and fittings £000
Cost	
At 1 October 2006	193
Disposals	(193)
At 30 September 2007	-
Depreciation	
At 1 October 2006	183
Impairment loss	10
Disposals	(193)
At 30 September 2007	-
Net book value	
At 30 September 2007	-
At 30 September 2006	10

Deltron Electronics Limited

Notes to the accounts (continued)

30 September 2007

8 Investments	
	Cost £000
Shares in subsidiary undertakings	
Cost at 1 October 2006	6,279
Transfer to fellow subsidiary undertakings	(5,132)
Cost at 30 September 2007	1,147

The principal operating subsidiaries are listed below

Name	Country	Principal Activity
Deltron Radikor BV	Holland	Distribution of electronic products and components
Deltron Components GmbH	Austria	Distribution of electronic products and components
<i>Disposals during the year</i>		
Deltron France SA	France	Distribution of electronic products and components
DEM Manufacturing Limited	England & Wales	Manufacture of electronic components

All subsidiaries are wholly owned

The disposals during the year represents the sale of Deltron France SA subsidiary, which was sold to RDI SAS a company within the group. The difference between investment at book value and disposal proceeds was a loss of £1,856,000. DEM Manufacturing Limited was sold to Alpha3 Manufacturing Limited at fair market value of £1,200,000. The book value of the investment was £1,250,000 resulting in a loss of £50,000 recognised during the year.

The disposals made during the year ended 30 September 2006 were in respect of Deltron UK Limited, Deltron Components GmbH (Germany), Deltron Freber AB, Deltron Conelec A/S and Deltron Euroind Spa, all of which were transferred to the Company's fellow subsidiary undertaking, Abacus Electronics Holdings Limited at fair market value. Deltron EMC Sarl was sold to a third party at fair market value. The difference between investment at book value and disposal proceeds was a loss of £1,756,000.

9 Debtors		
Due within one year	2007 £000	2006 £000
Other debtors	-	-
Prepayments and accrued income	-	9
Amounts owed by subsidiary undertakings	-	874
Deferred tax asset	116	929
	116	1,812
Due after more than one year		
Amounts owed by subsidiary undertakings	36,263	33,412
	36,379	35,224

The movement in deferred tax is analysed as follows

	£000
As at 1 October 2006	929
Current year deferred tax movement	(813)
As at 30 September 2007	116

The deferred tax asset comprises £89,000 (2006 £755,000) in respect of tax losses brought forward, £nil (2006 £115,000) in respect of depreciation in excess of capital allowances and £27,000 (2006 £59,000) in respect of other short term timing differences. The asset has been recognised as the company made a profit before exceptional items, none of which are expected to recur.

Deltron Electronics Limited

Notes to the accounts (continued)

30 September 2007

A deferred tax asset of £213,000 (2006 £213,000) has not been recognised in respect of tax losses brought forward. These losses would be recognised when the Directors could forecast with certainty that the Company would make sufficient profits to utilise these losses.

10 Creditors amounts falling due within one year		
	2007 £000	2006 £000
Due within one year		
Current instalments on bank loans	3,650	3,915
Overdrafts	-	16
Trade creditors	-	1
Accruals	10	316
	3,660	4,248
11 Creditors amounts falling due after one year		
	2007 £000	2006 £000
Due after more than one year		
Bank loans	7,259	7,085
Amounts owed to subsidiary undertakings	2,960	4,994
	10,219	12,079

The Company has granted fixed and floating charges over its assets to secure a UK invoice discounting facility of 85% of the value of UK debtors, less certain adjustments, up to a maximum value of £35.0 million (2006 £28.0 million) and an overdraft facility of £3.5 million (2006 £3.5 million), which is reviewed every twelve months. Both facilities are taken out by Abacus Electronics Holdings Limited.

Borrowings are analysed as follows

	2007 £000	2006 £000
Overdrafts due within one year	-	16
Bank Loans		
- due within 1 year	3,650	3,915
- repayable 1-2 years	2,419	2,362
- repayable 2-5 years	4,840	4,723
	10,909	11,016

Total borrowings are shown net of issue costs of £nil (2006 £nil)

12 Share capital				
	2007		2006	
	Number	£'000	Number	£'000
Authorised				
Ordinary shares of 5p each	60,000,000	3,000	60,000,000	3,000
Allotted, issued and fully paid				
Ordinary shares of 5p each	41,408,194	2,070	41,408,194	2,070

Ordinary shares

In January 2006 the entire share capital of the Company was acquired by the Abacus Group Plc in a share only transaction. Shareholders of the Company received 0.6432 Abacus shares for every Deltron share held.

Deltron Electronics Limited

Notes to the accounts (continued)

30 September 2007

13 Reserves and shareholders' funds

	Non-distributable			Distributable	Total
	Share capital £000	Share premium £000	Other reserve £000	Profit and loss account £000	Share holders' funds £000
At 1 October 2006	2,070	21,056	4,452	(2,392)	25,186
Retained loss	-	-	-	(1,564)	(1,564)
Charge to share-based payment plan	-	-	-	25	25
At 30 September 2007	2,070	21,056	4,452	(3,931)	23,647

14 Share Option Scheme

Employees of the Company participated in one share-based payment scheme operated by the ultimate holding company, Abacus Group plc, during the year ended 30 September 2007. The Company recognised a charge of £25,000 (2006: £69,000) in the year relating to equity-settled share-based payment transactions (for only those issued after 7 November 2002) with corresponding entries to the share option reserve. No market conditions apply to any of the schemes. The expected volatility was determined by calculating the historical volatility of the ultimate parent company's (Abacus Group plc) share price over the previous three years. The expected percentage of total options exercised is based upon the Directors' best estimate for effects of behavioural conditions and, if applicable, the probability that the performance criteria will be met. All of the options are equity settled. Details of the scheme are provided below.

Under the terms of the Deltron acquisition, options over Deltron shares were either exercised or exchanged for those over Abacus shares in the ratio of 1.06432 and the new option prices were derived by multiplying the Deltron share option price by 1.5547. The rules of the Deltron shares scheme remained unchanged, being the options can be exercised between three and ten years from date of grant. There are no exercise conditions. At 30 September 2007 there were options over 267,428 (2006: 488,832) Ordinary Shares of 5p each which are exercisable at a weighted average exercise price of 122.0p (2006: 118.0p).

Deltron Share Option Schemes (stated at the Abacus equivalent)

	Options	Weighted average exercise price (p)
Outstanding at 1 October 2005	842,592	117.2
Exercised during the year	(353,760)	115.9
Outstanding at 1 October 2006	488,832	118.0
Exercised during the year	(221,404)	113.2
Outstanding at end of year	267,428	122.0

None of the above share options outstanding at the end of the year are exercisable at 30 September 2007. The weighted average share price at the date of exercise was 176.0p (2006: 137.6p). The options outstanding at 30 September 2007 had a weighted average remaining contractual life of 3.4 years (2006: 7.1 years). The Directors have assumed all shares vest at the earliest available date.

The assumptions used in the Black-Scholes model are as follows:

Deltron Share Option Schemes

Share price on date of official grant (after scaling up by 1.5547)	104.2-134.5p
Exercise price	104.2-134.5p
Expected volatility	34%
Expected life	3 years
Risk free rate	4.3%
Dividend yield	2.8%
Expected percentage of options exercised versus granted	100%

Deltron Electronics Limited

Notes to the accounts (continued)

30 September 2007

15 Capital commitments

Capital expenditure contracted but not provided for amounted to £nil (2006 £nil)

16 Operating lease commitments

The Company had annual commitments under non-cancellable operating leases, which expire as follows

	2007		2006	
	Land and buildings £000	Others £000	Land and buildings £000	Others £000
Within one year	-	-	-	-
Between two and five years	-	-	35	5
	-	-	35	5

17 Related Party transactions

There were no transactions with related parties during the year required to be disclosed in accordance with Financial Reporting Standard 8

18 Post balance sheet events

There are no adjusting post balance sheet events

19 Ultimate holding undertaking

The company's immediate and ultimate holding company is Abacus Group plc, a company registered in England and Wales. Copies of the financial statements of Abacus Group plc are available from The Secretary, Abacus Group plc, Abacus House, Bone Lane, Newbury, Berkshire RG14 5SF, or from the website www.abacus-group.co.uk