

E-TEC INTERCONNECT (UK) LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1999



Company No. 2817302

(Incorporated in England and Wales on 12th May 1993)

E-TEC INTERCONNECT (UK) LIMITED

COMPANY INFORMATION

Directors	G. E. Carter C. Haffter (Swiss)
Secretary	C. Carter
Company number	2817302
Registered office	46/48 Nelson Road Tunbridge Wells Kent TN2 5AN
Auditors	Julian Brown & Co 46/48 Nelson Road Tunbridge Wells Kent TN2 5AN

E-TEC INTERCONNECT (UK) LIMITED

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E-TEC INTERCONNECT (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 1999

The directors present their report and the audited financial statements for the company for the year ended 31st October 1999.

Principal activities

The company's principal activity during the year was that of the manufacture and distribution of electronic components.

Results

The results for the year are set out in the profit and loss account on page 4.

The Directors recommend that no dividends be paid for the year.

The Profit and Loss Account surplus for the year of £ 6,753 has been added to Reserves. (1998: charged to Reserves £32,810)

The directors consider the state of the company's affairs to be satisfactory.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's issued share capital are given below:

Name of director	Share type	At 31st October 1999
G. E. Carter	'A' Ordinary	9,000
C. Haffter (Swiss)	'B' Ordinary	6,000

Statement of directors' responsibilities

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 for that year. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

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.

E-TEC INTERCONNECT (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST OCTOBER 1999

Auditors

A resolution to re-appoint Julian Brown & Co Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

Small company exemptions

This report has been prepared in accordance with the special provisions relating to small companies within part VII of the Companies Act 1985.

By order of the Board

C. Carter

C. Carter, Secretary

7th August 2000

46/48 Nelson Road
Tunbridge Wells
Kent
TN2 5AN

AUDITORS' REPORT TO THE SHAREHOLDERS OF E-TEC INTERCONNECT (UK) LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

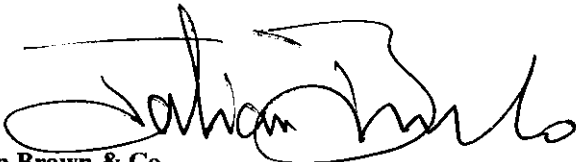
Basis of opinion

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 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 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 the 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 31st October 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Julian Brown & Co
Chartered Accountants and Registered Auditors
46/48 Nelson Road
Tunbridge Wells
Kent
TN2 5AN
Date: 7th August 2000

E-TEC INTERCONNECT (UK) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST OCTOBER 1999**

	Notes	1999 £	1998 £
Turnover	2	490,587	438,124
Cost of sales		(245,287)	(205,073)
Gross profit		245,300	233,051
Distribution costs		(109,815)	(115,540)
Administrative expenses		(123,160)	(126,003)
Operating profit/loss	3	12,325	(8,492)
Interest receivable		183	-
Interest payable and similar charges		(4,202)	(5,571)
Profit/Loss on ordinary activities before taxation		8,306	(14,063)
Tax on profit/loss on ordinary activities	5	(1,553)	(12,081)
Profit/Loss for the financial year		6,753	(26,144)
Dividends	6	-	(6,666)
Retained profit/loss for the year	14	6,753	(32,810)
Retained profit brought forward		22,187	54,997
Retained profit carried forward		28,940	22,187

There were no recognised gains or losses for 1999 or 1998 other than those included in the profit and loss account.

E-TEC INTERCONNECT (UK) LIMITED

BALANCE SHEET

AS AT 31ST OCTOBER 1999

	Notes	£	1999 £	£	1998 £
Fixed assets					
Intangible assets	7		42,478		56,637
Tangible assets			16,177		19,584
			<u>58,655</u>		<u>76,221</u>
Current assets					
Stocks		67,995		51,144	
Debtors	9	149,795		89,758	
Cash at bank and in hand		17		13	
		<u>217,807</u>		<u>140,915</u>	
Creditors: amounts falling due within one year	10	(209,141)		(150,441)	
Net current assets/liabilities			<u>8,666</u>		<u>(9,526)</u>
Total assets less current liabilities			<u>67,321</u>		<u>66,695</u>
Creditors: amounts falling due after more than one year	11	(5,641)		(10,123)	
Provisions for liabilities and charges					
Deferred taxation	12		(8,740)		(10,385)
			<u>52,940</u>		<u>46,187</u>
Capital and reserves					
Share capital	13		15,000		15,000
Share premium account	14		9,000		9,000
Profit and loss account	14		28,940		22,187
Shareholders' funds			<u>52,940</u>		<u>46,187</u>

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective March 1999).

These financial statements were approved by the board on 7th August 2000 and signed on its behalf by:

G. E. Carter
Director



E-TEC INTERCONNECT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1999

1 Accounting policies

Basis of accounting

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

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover represents net sales value of goods and services sold in the year excluding value added tax.

Depreciation

Tangible fixed assets are depreciated over their expected useful lives at 25% per annum on a reducing balance basis.

Deferred Product Development Expenditure

The Company embarked upon a three year programme of product development from 1st November 1994. Production and administration expenses were attributed to the product development programme as follows:

	Production	Administration
Year to 31/10/95	70%	40%
Year to 31/10/96	50%	30%
Year to 31/10/97	25%	10%

These deferred expenses are being written of against profits evenly over the five years commencing 1st November 1997. The total of this expenditure over the three year programme was £70,796, and the annual write-off from 1997/98 is therefore £14,159.

Stocks

Stocks have been valued at the lower of historical cost or estimated net realisable value, due provision having been made for obsolete and slow-moving items.

Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

E-TEC INTERCONNECT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 1999

Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction, or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Leasing and Hire purchase Commitments

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and depreciated over their expected useful lives. Assets acquired under finance leasing contracts are recorded in the balance sheet as fixed assets at their equivalent capital value and are depreciated over the useful lives of the assets. Future instalments under such leases, net of finance charges, are included within credits. The interest element of the rental payment is charged against profits.

Operating lease rentals are charged to profit on ordinary activities as incurred.

Taxation

Corporation tax payable is provided on taxable profits at the rate applicable to the accounting period. Advance corporation tax payable on dividends in the year is written off except where recoverability against corporation tax payable is considered to be reasonably assured.

2 Turnover

The percentage of turnover attributable to overseas markets was 18% (1998: 18%).

3 Operating profit

The operating profit is stated after charging or crediting:

	1999 £	1998 £
Depreciation of tangible fixed assets:		
-owned assets	3,916	4,559
-assets held under finance leases and hire purchase	1,477	1,970
Amortisation of intangible fixed assets	14,159	14,159
Directors' remuneration (including pension contributions)	25,500	20,624
Auditors' remuneration	2,000	2,000

E-TEC INTERCONNECT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1999

4 Directors and employees

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

	1999	1998
	£	£
Wages and salaries	105,036	105,014
Social security costs	12,913	9,482
	<u>117,949</u>	<u>114,496</u>

Directors' emoluments

	1999	1998
	£	£
Aggregate emoluments	25,500	20,624
	<u>25,500</u>	<u>20,624</u>

5 Taxation

	1999	1998
	£	£
Based on the profit/loss for the year:		
UK corporation tax at 21% (1998: 21%)	4,960	611
Deferred tax charge	(1,645)	10,385
Irrecoverable ACT	(1,768)	1,085
	<u>1,547</u>	<u>12,081</u>
Prior periods		
UK corporation tax	6	-
	<u>1,553</u>	<u>12,081</u>

6 Dividends

	1999	1998
	£	£
Interim Dividends	-	6,666
	<u>-</u>	<u>6,666</u>

E-TEC INTERCONNECT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1999

7 Intangible fixed assets

	Other intangible fixed assets £	Total £
Cost		
At 1st November 1998	56,637	56,637
At 31st October 1999	56,637	56,637
Amortisation		
At 1st November 1998	14,159	14,159
At 31st October 1999	14,159	14,159
Net book value		
At 31st October 1999	42,478	42,478

8 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Furniture and equipment £	Total £
Cost				
At 1st November 1998	26,680	10,507	5,148	42,335
Additions	-	-	1,986	1,986
At 31st October 1999	26,680	10,507	7,134	44,321
Depreciation				
At 1st November 1998	15,597	4,597	2,557	22,751
Charge for the year	2,771	1,477	1,145	5,393
At 31st October 1999	18,368	6,074	3,702	28,144
Net book value				
At 31st October 1999	8,312	4,433	3,432	16,177
<i>At 31st October 1998</i>	<i>11,083</i>	<i>5,910</i>	<i>2,591</i>	<i>19,584</i>

Assets held under finance leases and hire purchase have a net book value of £4,433 (1998: £5,910). Depreciation charged for the year was £1,477 (1998: £1,970).

E-TEC INTERCONNECT (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1999

9	Debtors	1999	1998
		£	£
	Trade debtors	148,407	86,508
	Other debtors	78	1,994
	Prepayments and accrued income	1,310	1,256
		<u>149,795</u>	<u>89,758</u>
10	Creditors: amounts falling due within one year	1999	1998
		£	£
	Bank loans and overdrafts	46,821	50,058
	Trade creditors	135,374	66,759
	Accruals and deferred income	10,174	9,401
	Corporation tax	3,192	8,371
	Other taxes and social security	10,727	9,888
	Obligations under hire purchase and finance lease	2,442	2,663
	Directors' loans	411	3,301
		<u>209,141</u>	<u>150,441</u>
11	Creditors: amounts falling due after more than one year	1999	1998
		£	£
	Bank loans and overdrafts	5,641	7,681
	Obligations under hire purchase and finance lease	-	2,442
		<u>5,641</u>	<u>10,123</u>

12 Deferred taxation

	1999	<i>1998</i>
	£	£
At 1st November 1998	10,385	-
Movement in the year	(1,645)	<i>10,385</i>
At 31st October 1999	8,740	<i>10,385</i>

	Amount provided	
	1999	1998
	£	£
Accelerated capital allowances	245	260
Other timing differences	8,496	11,894
	<hr/>	<hr/>
	8,741	12,154
Less:		
Recoverable advance corporation tax	-	1,769
	<hr/>	<hr/>
	8,741	10,385

13 Share capital

9,000 'A' Ordinary shares of £1.00 each
6,000 'B' Ordinary shares of £1.00 each

9,000 Allotted, called up and fully paid 'A' ordinary shares of £1.00 each
6,000 Allotted, called up and fully paid 'B' ordinary shares of £1.00 each

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E-TEC INTERCONNECT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 1999

14 Reserves

	Share premium account £	Profit and loss account £
At 1st November 1997	-	54,997
Profit/Loss for the year	-	(32,810)
Premium on allotment	9,000	-
At 1st November 1998	9,000	22,187
Profit/Loss for the year	-	6,753
At 31st October 1999	<u>9,000</u>	<u>28,940</u>

15 Controlling Party

G. E. Carter, a director, and members of his close family, control the company as a result of controlling directly 60% of the issued ordinary share capital.