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E-TEC INTERCONNECT (UK) LIMITED

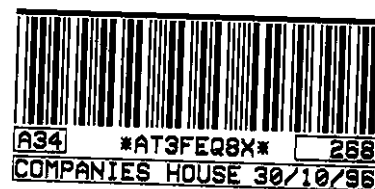
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 1995

JULIAN BROWN & CO.

Chartered Accountants

Tunbridge Wells
Kent TN2 5AN



E-TEC INTERCONNECT (UK) LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST OCTOBER 1995

Director: Mr. G. E. Carter

Secretary: Mrs. C. Carter

Registered Office: 46-48 Nelson Road
Tunbridge Wells
Kent TN2 5AN

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E-tec Interconnect (UK) Limited
was incorporated in England on 12th May 1993

Company Registration Number: 2817302

E-TEC INTERCONNECT (UK) LIMITED

Report of the Director

The Director presents his Report and the Financial Statements for the year ended 31st October 1995.

Principal Activity

The principal activity of the Company in the period under review was the manufacture and distribution of electronic components.

Business Review

A summary of the Company's financial results for the year is given on page 4 of the Financial Statements.

Dividends

The Director recommends that no dividends of any kind be paid in respect of the year.

Directors

The Director and his beneficial interest in the Company's issued share capital was:

	<u>31.10.95</u>	<u>31.10.94</u>
G. E. Carter	2	2

Close Company

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988 (as amended).

By Order of the Board

46-48 Nelson Road
Tunbridge Wells
Kent TN2 5AN

C. Carter

Mrs. C. Carter
Secretary

E-TEC INTERCONNECT (UK) LIMITED

Statement of Director's Responsibilities

Company Law requires the Director to prepare Financial Statements for each financial accounting period which give a true and fair view of the state of the affairs of the Company and of the Profit or Loss of the Company for that period.

In preparing these 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;
- prepare the Financial Statements on a 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.

E-TEC INTERCONNECT (UK) LIMITED

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

We report on the Accounts for the year ended 31st October 1995 set out on pages 4 to 13.

Respective Responsibilities of Directors and Reporting Accountants

As described on page 2, the Company's Directors are responsible for the preparation of the Accounts, and they consider that the Company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of Opinion

Our work was conducted in accordance with the appropriate standards for Reporting Accountants and so our procedures consisted of a limited comparison of the Accounts with the accounting records kept by the Company and making such limited enquiries of the officers of the Company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

It is our opinion that;

- (a) the Accounts are in agreement with the accounting records kept by the Company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of the information contained in those accounting records:
 - (i) the Accounts have been drawn up in a manner consistent with the accounting requirements for small companies exempt from audit specified in section 249C(6) of the Companies Act; and
 - (ii) the Company satisfied the conditions for exemption from an audit of the Accounts for the year specified in section 249A(4) and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption under section 249B(1).

46-48 Nelson Road
Tunbridge Wells
Kent TN2 5AN

Date: 28th October 1996



JULIAN BROWN & CO.

Chartered Accountants

E-TEC INTERCONNECT (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST OCTOBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
Turnover	1(d)	160,090	38,407
Cost of sales		111,835	26,128
		-----	-----
Gross Profit		48,255	12,279
Administrative costs		45,056	3,831
		-----	-----
Operating profit	2	3,199	8,448
Interest received		27	-
		-----	-----
		3,226	8,448
Interest payable	5	1,181	87
		-----	-----
<u>Profit on ordinary activities</u> before taxation		2,045	8,361
Taxation	6	241	2,090
		-----	-----
<u>Profit for the year</u>		1,804	6,271
Dividend	7	-	6,200
		-----	-----
<u>Retained profit for the year</u>		£ 1,804	£ 71
		=====	=====

There were no recognised gains or losses other than those
included in the Profit and Loss Account

The Notes on pages 8 to 13 form part of
these Financial Statements

E-TEC INTERCONNECT (UK) LIMITED

BALANCE SHEET AS AT 31ST OCTOBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
<u>Fixed Assets</u>			
Intangible assets	8	23,582	-
Tangible assets	9	13,983	-
		-----	-----
		37,565	-
<u>Current Assets</u>			
Stocks	1(f) 22,391	5,500	
Debtors	10 38,624	16,741	
Cash at bank and in hand	227	2,881	
	-----	-----	
	61,242	25,122	
<u>Creditors</u>			
Amounts falling due within one year	11 81,791	25,049	
	-----	-----	
Net Current Assets/(Liabilities)		(20,549)	73
Amounts falling due after more than one year	12	(15,139)	-
		-----	-----
<u>Total Assets less</u>			
<u>Current Liabilities</u>		£ 1,877	£ 73
		=====	=====
<u>Capital and Reserves</u>			
Called up share capital	13	2	2
Profit and loss account	14	1,875	71
		-----	-----
		£ 1,877	£ 73
		=====	=====

The notes on pages 8 to 13 form part of these Financial Statements

E-TEC INTERCONNECT (UK) LIMITED

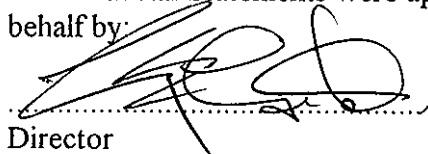
BALANCE SHEET AS AT 31ST OCTOBER 1995

(contd)

The Director has:

- (a) taken advantage of the Companies Act 1985 in not having these Accounts audited and for the year in question, the Company was entitled to the exemptions conferred by Section 249A(2) Companies Act 1985;
- (b) confirmed that no notice has been deposited under Section 249B(2) of the Companies Act 1985;
- (c) acknowledged his responsibility for ensuring that the Company keeps accounting records which comply with S221 of the Companies Act 1985;
- (d) acknowledged his responsibility for preparing Accounts which give a true and fair view of the Company and of its profit for the year then ended in accordance with the requirements of S226 and which otherwise comply with the requirements of this Act relating to Accounts, so far as applicable to this Company;
- (e) taken advantage of the exemptions conferred by S246 of the Companies Act 1985 on the basis that the Company qualifies as a small company.

The Financial Statements were approved by the Board on 28th October 1996 and signed on its behalf by:



Director

The Notes on pages 8 to 13 form part of these Financial Statements

E-TEC INTERCONNECT (UK) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST OCTOBER 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
<u>Net Cash Inflow from Operating Activities</u>	16	23,895	9,166
<u>Return on Investment and Servicing of Finance</u>			
Interest received	27	-	-
Interest paid	(1,181)	87	87
Dividends paid	-	6,200	6,200
	-----	-----	-----
<u>Net Cash Inflow/(Outflow) from Returns on Investments and Servicing of Finance</u>		(1,154)	(6,287)
<u>Taxation</u>			
Corporation tax paid		-	-
<u>Investing Activities</u>			
Payment to acquire tangible fixed assets	18,645	-	-
Payments to acquire intangible fixed assets	23,582	-	-
	-----	-----	-----
		(42,227)	-
<u>Net Cash Inflow/(Outflow) before Financing</u>		(19,486)	2,879
<u>Financing</u>			
Issue of ordinary share capital	-	2	2
Bank loan (net)	15,139	-	-
	-----	-----	-----
		15,139	2
<u>Increase/(decrease) in Cash or Cash Equivalents</u>	17	<u>£(4,347)</u>	<u>£ 2,881</u>

The Notes on pages 8 to 13 form part of these Financial Statements

E-TEC INTERCONNECT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST OCTOBER 1995

1. Accounting Policies

(a) Basis of Accounting

The Financial Statements are prepared under the historical cost convention.

(b) Depreciation

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

(c) Deferred Product Development Expenditure

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

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

These deferred expenses will be written off against profits evenly over the five years commencing 1st November 1997. The anticipated total of this expenditure over the three year programme is £61,500, and the annual write-off from 1997/98 is therefore anticipated to be £12,300.

(d) Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company excluding value added tax.

(e) Foreign Currencies

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(f) Stock

Stock has been valued at the lower of historical cost and estimated net realisable value due allowance having been made for obsolete or slow-moving items.

E-TEC INTERCONNECT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST OCTOBER 1995

2. Operating Profit

The operating profit is stated after:

	<u>1995</u>	<u>1994</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets	4,662	-
Deferred Product Development expenditure - capitalised	23,582	-
expenditure - written off	-	-
Staff costs (see note 3)	43,562	-
	=====	=====

3. Staff Costs

Staff costs including Director's remuneration were as follows:

	<u>1995</u>	<u>1994</u>
Wages and salaries	42,039	-
Social security costs	1,523	-
	-----	-----
	£43,562	£ Nil
	=====	=====

The average weekly number of employees during the year was as follows:

Production	1	-
Office and administration	2	2
	-----	-----
	3	2
	=====	=====

4. Director's Remuneration

	<u>1995</u>	<u>1994</u>
For services as director	£27,019	£ Nil
	=====	=====

Director's remuneration includes £22,500 which is subject to approval by the Annual General Meeting.

E-TEC INTERCONNECT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST OCTOBER 1995

5. Interest Payable

	<u>1995</u>	<u>1994</u>
On bank overdraft	64	87
On bank loan	1,103	-
On hire purchase	14	-
	-----	----
	£1,181	£ 87
	=====	=====

6. Taxation

	<u>1995</u>	<u>1994</u>
UK corporation tax at 25% based on the adjusted results for the year	£ 241	£2,090
	=====	=====

7. Dividends

	<u>1995</u>	<u>1994</u>
Interim dividend on £1 ordinary shares	£ NIL	£6,200
	=====	=====

8. Intangible Fixed Assets

	<u>1995</u>	<u>1994</u>
<u>Deferred Product Development Expenditure</u>		
Cost: as at 1st November 1994	-	-
Additions	23,582	-
	-----	----
	23,582	-
Amounts written off:		
as at 1st November 1994	-	-
written off in year	-	-
	-----	----
	-	-
	-----	----
Balance - 31st October 1995	£23,582	£ -
	=====	=====

E-TEC INTERCONNECT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST OCTOBER 1995

9. Tangible Fixed Assets

	<u>Tooling and Equipment</u>	<u>Computer</u>	<u>Total</u>
<u>Cost</u>			
As at 1/11/94	-	-	-
Additions	17,042	1,603	18,645
Disposals	-	-	-
	-----	-----	-----
As at 31/10/95	<u>£17,042</u>	<u>£1,603</u>	<u>£18,645</u>
	=====	=====	=====
<u>Depreciation</u>			
At 1/11/94	-	-	-
Disposals	-	-	-
Charge for year	4,261	401	4,662
	-----	-----	-----
At 31/10/95	<u>£ 4,261</u>	<u>£ 401</u>	<u>£ 4,662</u>
	=====	=====	=====
<u>Net Book Value</u>			
At 31/10/95	<u>£12,781</u>	<u>£1,202</u>	<u>£13,983</u>
	=====	=====	=====
At 31/10/94	<u>£ -</u>	<u>£ -</u>	<u>£ -</u>
	=====	=====	=====

10. Debtors

	<u>1995</u>	<u>1994</u>
Trade debtors	38,624	16,741
Other debtors	-	-
	-----	-----
	<u>£38,624</u>	<u>£16,741</u>
	=====	=====

E-TEC INTERCONNECT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST OCTOBER 1995

11. Creditors

	<u>1995</u>	<u>1994</u>
Amounts falling due within one year		
Trade creditors	39,110	20,663
Tax and social security	7,899	1,396
Other creditors and accruals	4,926	900
Unpaid Director's remuneration	22,500	-
Bank loan (current portion)	3,332	-
	-----	-----
	77,767	22,959
Bank overdraft	1,693	-
Corporation tax	2,331	2,090
	-----	-----
	£81,791	£25,049
	=====	=====

12. Creditors

Amounts falling due after more than one year

	<u>1995</u>	<u>1994</u>
Bank loan	£15,139	£ -
	=====	=====

13. Called up Share Capital

	<u>1995</u>	<u>1994</u>
Authorised		
100 ordinary shares of £1 each	£100	£100
	=====	=====
Allotted, called up and fully paid		
2 ordinary shares of £1 each	£ 2	£ 2
	=====	=====

14. Profit and Loss Account

	<u>1995</u>	<u>1994</u>
Balance at 1st November 1994	71	-
Profit retained for the year	1,804	71
	-----	-----
Balance at 31st October 1995	£1,875	£ 71
	=====	=====

E-TEC INTERCONNECT (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST OCTOBER 1995

15. Reconciliation in Movement of Shareholders' Funds

	<u>1995</u>	<u>1994</u>
Profit for the year	1,804	6,271
Dividend	-	6,200
	-----	-----
Retained profit for the year	1,804	71
Shares issued on incorporation	-	2
Balance 1st November 1994	73	-
	-----	-----
Shareholders' funds as at 31st October 1995	£1,877	£ 73
	=====	=====

16. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	<u>1995</u>	<u>1994</u>
Operating profit	3,199	8,448
Depreciation	4,662	-
(Increase) in stocks	(16,891)	(5,500)
(Increase) in debtors	(21,883)	(16,741)
Increase in creditors	54,808	22,959
	-----	-----
Net Cash Inflow from Operating Activities	£23,895	£ 9,166
	=====	=====

17. Analysis of Changes in Cash during the Year

	<u>1995</u>	<u>1994</u>
Balance at 1st November 1994	2,881	Nil
Net cash inflow/(outflow)	(4,347)	2,881
	-----	-----
Balance at 31st October 1995	£(1,466)	£2,881
	=====	=====

18. Analysis of the Balances of Cash and Cash Equivalents as shown in the Balance Sheet

	<u>1995</u>	<u>1994</u>	<u>Change in year</u>
Cash in bank and in hand	227	2,881	(2,654)
Bank overdraft	(1,693)	-	(1,693)
	-----	-----	-----
	£(1,466)	£2,881	£(4,347)
	=====	=====	=====