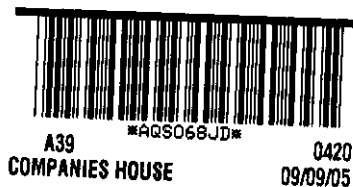


Report of the Directors and
Financial Statements
for the Year Ended 31 December 2004
for
Quiller Electronics Limited

3512-08



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for the Year Ended 31 December 2004**

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Quiller Electronics Limited

**Company Information
for the Year Ended 31 December 2004**

DIRECTORS:

D O'Neill
G A Ralph

SECRETARY:

D O'Neill

REGISTERED OFFICE:

Cheveley House
Fordham Road
Newmarket
Suffolk
CB8 7XN

REGISTERED NUMBER:

3632967

AUDITORS:

Rothman Pantall & Co
Registered auditors
10 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

Quiller Electronics Limited

Report of the Directors for the Year Ended 31 December 2004

The directors present their report with the financial statements of the company for the year ended 31 December 2004.

CESSATION OF TRADING

The company ceased trading on 30 November 2004.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of purchase and distribution of components for the electronics industry. The company ceased trading on 30 November 2004.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2004.

DIRECTORS

The directors during the year under review were:

T J Barker	- resigned 29.10.04
D H R Brace	- resigned 29.10.04
J R Clarke	- resigned 29.10.04
D O'Neill	- appointed 29.10.04
G A Ralph	- appointed 29.10.04

The directors holding office at 31 December 2004 did not hold any beneficial interest in the issued share capital of the company at date of appointment or 31 December 2004.

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 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 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 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

The auditors, Rothman Pantall & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
Director : **G A RALPH**

Date: **1/9/05**
.....

Quiller Electronics Limited

Report of the Independent Auditors to the Shareholders of Quiller Electronics Limited

We have audited the financial statements of Quiller Electronics Limited for the year ended 31 December 2004 on pages four to eleven. 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 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

As described on page two the company's directors are responsible for the preparation of 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 Report of the Directors 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 directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors 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 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 of the state of the company's affairs as at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Rothman Pantall & Co
Registered auditors
10 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

Date: 6 Sept 2005

Quiller Electronics Limited

**Profit and Loss Account
for the Year Ended 31 December 2004**

	Notes	2004 £	£	2003 £	£
TURNOVER			4,361,310		4,195,895
Cost of sales			2,827,490		2,854,559
GROSS PROFIT			1,533,820		1,341,336
Distribution costs		271,901		271,520	
Administrative expenses		628,431		809,309	
			900,332		1,080,829
OPERATING PROFIT	3		633,488		260,507
Reorganisation costs			141,217		-
			492,271		260,507
Interest receivable and similar income			1,708		13
			493,979		260,520
Interest payable and similar charges	4		12,880		11,071
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			481,099		249,449
Tax on profit on ordinary activities	5		99,768		57,884
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			381,331		191,565
Dividends	6		-		500,000
RETAINED PROFIT/(DEFICIT) FOR THE YEAR			381,331		(308,435)

DISCONTINUED OPERATIONS

All of the company's activities were discontinued during the current year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

Quiller Electronics Limited

**Balance Sheet
31 December 2004**

	Notes	2004 £	2003 £
FIXED ASSETS			
Tangible assets	7	-	304,451
CURRENT ASSETS			
Stocks	8	-	467,211
Debtors	9	1,488,263	1,657,176
Cash at bank and in hand		-	332,369
		<u>1,488,263</u>	<u>2,456,756</u>
CREDITORS			
Amounts falling due within one year	10	<u>613,654</u>	<u>2,144,496</u>
NET CURRENT ASSETS		<u>874,609</u>	<u>312,260</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>874,609</u>	<u>616,711</u>
CREDITORS			
Amounts falling due after more than one year	11	-	123,433
		<u>874,609</u>	<u>493,278</u>
CAPITAL AND RESERVES			
Called up share capital	15	125,002	125,002
Profit and loss account	16	749,607	368,276
SHAREHOLDERS' FUNDS	19	<u>874,609</u>	<u>493,278</u>

ON BEHALF OF THE BOARD:

.....
Director : *GA RALPH*

Approved by the Board on *1/9/05*

The notes form part of these financial statements

Notes to the Financial Statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared in accordance with the provisions of section 255 of, and schedule 9A to, the companies act 1985. As the company ceased trading on the 30th November 2004, the financial statements have been drawn up on a break up basis. Under this basis the carrying value of all assets and liabilities are reflected at their ultimate realisable values and settlement values. The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 4% on cost
Plant and machinery	- 25% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. STAFF COSTS

	2004	2003
	£	£
Wages and salaries	760,099	692,257
Social security costs	82,568	76,882
	<u>842,667</u>	<u>769,139</u>

Notes to the Financial Statements

2. STAFF COSTS - continued

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

	2004	2003
Administration and management	9	8
Stores and assembly	7	4
Sales and distribution	11	12
	<u>27</u>	<u>24</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Other operating leases	9,347	-
Depreciation - owned assets	40,699	27,306
Depreciation - assets on hire purchase contracts	-	21,229
Profit on disposal of fixed assets	(241,214)	(4,183)
Auditors remuneration	10,032	4,200
	<u>334,958</u>	<u>294,956</u>

Information regarding the highest paid director is as follows:

	2004	2003
	£	£
Emoluments etc	<u>146,658</u>	<u>117,955</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2004	2003
	£	£
Bank interest	8,402	7,468
Hire purchase	4,478	3,603
	<u>12,880</u>	<u>11,071</u>

5. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2004	2003
	£	£
Current tax:		
UK corporation tax	<u>99,768</u>	<u>57,884</u>
Tax on profit on ordinary activities	<u>99,768</u>	<u>57,884</u>

UK corporation tax was charged at 24% in 2003.

Notes to the Financial Statements

5. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>481,099</u>	<u>249,449</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003 - 24.130%)	144,330	60,192
Effects of:		
Capital losses and indexation	(66,800)	-
Accelerated capital allowances	475	(4,631)
Disallowable expenditure	47,031	2,209
Adjustment in respect of earlier years	-	114
Differential rates of tax	<u>(25,268)</u>	<u>-</u>
Current tax charge	<u>99,768</u>	<u>57,884</u>

6. DIVIDENDS

	2004 £	2003 £
Equity shares:		
Ordinary shares of £1 each		
Final	-	500,000
	<u>-</u>	<u>500,000</u>

7. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Totals £
COST			
At 1 January 2004	270,842	87,850	358,692
Additions	-	22,016	22,016
Disposals	(270,842)	(109,866)	(380,708)
At 31 December 2004	-	-	-
DEPRECIATION			
At 1 January 2004	53,027	1,213	54,240
Charge for year	9,028	31,671	40,699
Eliminated on disposal	(62,055)	(32,884)	(94,939)
At 31 December 2004	-	-	-
NET BOOK VALUE			
At 31 December 2004	-	-	-
At 31 December 2003	<u>217,815</u>	<u>86,637</u>	<u>304,452</u>

Quiller Electronics Limited

Notes to the Financial Statements

8. STOCKS

	2004	2003
	£	£
Stocks	-	467,211

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Trade debtors	-	758,159
Other debtors	-	3,025
Amounts due by fellow subsidiary undertakings	123,750	864,496
Due by ultimate parent undertaking	1,364,513	-
Prepayments and accrued income	-	31,496
	<u>1,488,263</u>	<u>1,657,176</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	£
Bank loans and overdrafts (see note 12)	-	158,301
Hire purchase contracts (see note 13)	-	24,464
Trade creditors	-	529,301
Tax	-	58,000
Social security and other taxes	-	155,810
Other creditors	-	2,623
Factoring	-	543,020
Amounts owed to parent undertakings	613,654	613,654
Accrued expenses	-	59,323
	<u>613,654</u>	<u>2,144,496</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004	2003
	£	£
Bank loans (see note 12)	-	68,816
Hire purchase contracts (see note 13)	-	54,617
	<u>-</u>	<u>123,433</u>

Notes to the Financial Statements

12. LOANS

An analysis of the maturity of loans is given below:

	2004 £	2003 £
Amounts falling due within one year or on demand:		
Bank overdrafts	-	122,066
Bank loans	-	36,235
	<u>-</u>	<u>158,301</u>
Amounts falling due between one and two years:		
Bank loans - 1-2 years	-	23,292
	<u>-</u>	<u>23,292</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	-	45,524
	<u>-</u>	<u>45,524</u>

The bank loans and overdraft are secured by a fixed charge over the company's freehold properties and a floating charge over the other assets of the company.

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2004 £	2003 £
Net obligations repayable:		
Within one year	-	24,464
Between one and five years	-	54,617
	<u>-</u>	<u>79,081</u>

14. SECURED DEBTS

The following secured debts are included within creditors:

	2004 £	2003 £
Bank overdraft	-	122,066
Bank loans	-	105,051
	<u>-</u>	<u>227,117</u>

Quiller Electronics Limited

Notes to the Financial Statements

15. CALLED UP SHARE CAPITAL

Authorised: Number:	Class:	Nominal value:	2004 £	2003 £
75,000	Ordinary	£1	75,000	75,000
125,000	Deferred	£1	125,000	125,000
			<u>200,000</u>	<u>200,000</u>

Allotted, issued and fully paid: Number:	Class:	Nominal value:	2004 £	2003 £
2	Ordinary	£1	2	2
125,000	Deferred	£1	125,000	125,000
			<u>125,002</u>	<u>125,002</u>

16. RESERVES

	Profit and loss account £
At 1 January 2004	368,276
Retained profit for the year	381,331
At 31 December 2004	<u>749,607</u>

17. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Deltron Electronics plc , a company incorporated in the United Kingdom.

18. CONTINGENT LIABILITIES

The company has entered into a guarantee to secure the bank borrowings of Deltron Electronics plc and of fellow subsidiary undertakings.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the financial year	381,331	191,565
Dividends	-	(500,000)
Net addition/(reduction) to shareholders' funds	<u>381,331</u>	<u>(308,435)</u>
Opening shareholders' funds	493,278	801,713
Closing shareholders' funds	<u>874,609</u>	<u>493,278</u>
Equity interests	<u>874,609</u>	<u>493,278</u>