

**SEI Interconnect Products (Europe) Limited**

**Directors' report and financial  
statements**

**Registered number 3639819**

**31 December 2007**

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007

### Principal activities

The core activity of the company remains the distribution of electric wire and cable products

### Business and financial review

Turnover for the company was €12,025,813 (2006 €10,604,484) The company's pre-tax profit was €721,109 (2006 loss of €330,006)

During the year under review the results of the company showed a continued improvement

By concentrating its efforts on the development of key product lines, considered to be able to provide the company with future growth prospects and profitability, as well as maintaining existing product lines the company has been able to increase turnover and improve profitability

The Directors are still very aware of the difficult trading conditions the company faces in the European market with regard to their product base and the strong price competition from European and Asian competitors

The financial benefits of the restructuring programmes undertaken over the past couple of years can be seen in the results for the year in respect of the reduced level of operating expenses compared with previous years

Given the direction of the company, improving market and lower cost base the Directors consider the company to be in a good position for continued profitability and able to take advantage of any future business opportunities should they arise

### Principal risks and uncertainties

SEI Interconnect Products (Europe) Limited has the security of being a wholly owned subsidiary of Sumitomo Electric Industries Limited, a public company registered in Japan

The Directors believe that the significant financial risk facing the company is foreign currency risk

Sales of goods are predominately in Euro with sales also made in non base currencies of US dollar and Sterling, while purchases are made predominately in Euro and US dollar The company attempts to optimise a natural hedging of currencies and reduce risks in this area Monthly forward currency contracts are taken out where appropriate to reduce exchange fluctuations

The financial position of the company is continually monitored through the issuing by the accounts department of regular monthly reports covering the profit and loss, balance sheet, cash flow and aged debtors

Loss of business for any reason is mitigated by maintaining close contact with customers at all times and aiming to have a good balance of both customers and products ~~Loss of IT systems and communications is an ever present risk~~ and the company has established functional back up routines to minimise any disruption

The maintenance of a highly skilled and stable workforce is key to the future of the company Health, safety and welfare issues are given special attention by the Directors It is company policy to give fair consideration to applications for employment received from disabled persons and to ensure that wherever possible continued employment is offered to employees who become temporarily or permanently disabled

## Directors' report *(continued)*

### Proposed dividend

The directors do not propose the declaration of a dividend (2006 *€ nil*)

### Directors

The Directors who held office during the year were as follows

A Kubo  
F Furukawa  
S Saito (appointed 1 August 2008)

### Overseas branches

The company had branch operations located in France, Italy, Germany and Hungary throughout the year

### Political and charitable contributions

The company made no political or charitable contributions during the year (2006 *€ nil*)

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the board

D Gillett  
Secretary



10 Axis Court  
Mallard Way  
Riverside Business Park  
Swansea  
SA7 0AJ

24th October 2008

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

The directors are responsible for preparing the directors' 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. Under that law the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Marlborough House  
Fitzalan Court  
Fitzalan Road  
Cardiff  
CF24 0TE  
United Kingdom

## **Independent auditors' report to the members of SEI Interconnect Products (Europe) Limited**

We have audited the financial statements of SEI Interconnect Products (Europe) Limited for the year ended 31 December 2007 which comprise the Profit and Loss account, the Balance Sheet and the related notes. These financial statements have been prepared under 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 directors and auditors**

The directors' responsibilities for preparing the Directors' report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities on page 3.

Our responsibility is to audit the 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 judgments 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.

**Independent auditors' report to the members of SEI Interconnect Products  
(Europe) Limited** *(continued)*

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit 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 financial statements



*Chartered Accountants  
Registered Auditor*



2008

**Profit and loss account**  
*for the year ended 31 December 2007*

	<i>Note</i>	<b>2007</b> €	<b>2006</b> €
<b>Turnover</b>	<b>2</b>	<b>12,025,813</b>	<b>10,604,484</b>
Cost of sales		(10,176,591)	(9,173,613)
<b>Gross profit</b>		<b>1,849,222</b>	<b>1,430,871</b>
Administrative expenses		(2,025,938)	(3,093,387)
Other operating income		846,629	1,441,997
<b>Operating profit/(loss)</b>		<b>669,913</b>	<b>(220,519)</b>
Interest receivable and similar income	<b>6</b>	136,146	8,055
Interest payable and similar charges	<b>7</b>	(84,950)	(117,542)
<b>Profit/(loss) on ordinary activities before taxation</b>	<b>3-7</b>	<b>721,109</b>	<b>(330,006)</b>
Tax on profit/(loss) on ordinary activities	<b>8</b>	(432,195)	(440,449)
<b>Profit/(loss) on ordinary activities after taxation</b>			
<b>being profit/(loss) for the financial year</b>	<b>17</b>	<b>288,914</b>	<b>(770,455)</b>

The above results represent the total recognised gains and losses for the company in both financial years

All of the activities of the company are classed as continuing

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis



**Balance sheet**  
*at 31 December 2007*

	Note	2007		2006	
		€	€	€	€
<b>Fixed assets</b>					
Intangible assets	9		255,231		281,672
Tangible assets	10		243,783		219,253
Investments	11		38,000		38,000
			<u>537,014</u>		<u>538,925</u>
<b>Current assets</b>					
Stocks	12	1,264,948		1,177,403	
Debtors	13	3,775,093		3,353,149	
Cash at bank and in hand		401,141		543,652	
		<u>5,441,182</u>		<u>5,074,204</u>	
Creditors amounts falling due within one year	14	(5,224,964)		(5,148,811)	
<b>Net current assets/(liabilities)</b>			<u>216,218</u>		<u>(74,607)</u>
<b>Total assets less current liabilities being total net assets</b>			<u>753,232</u>		<u>464,318</u>
<b>Capital and reserves</b>					
Called up share capital	16	4,215,900		4,215,900	
Profit and loss account	17	(3,462,668)		(3,751,582)	
<b>Shareholders' funds</b>	18		<u>753,232</u>		<u>464,318</u>

These financial statements were approved by the board of directors on ~~14 October~~ 2008 and were signed on its behalf by



**F Furukawa**  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### *Basis of preparation*

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

#### *Related party transactions*

The company has taken advantage of the exemption available under Financial Reporting Standard 8 from the requirement to disclose transactions with entities that are part of the group headed by the company's ultimate parent undertaking or investees of that group qualifying as related parties, on the grounds that more than 90% of the voting rights in the company are controlled within the group and the company's ultimate parent undertaking, Sumitomo Electric Industries Limited, includes the company in its own published consolidated financial statements and these financial statements are publicly available

#### *Acquisitions and disposals*

On the acquisition of a business, including an interest in an associated undertaking, fair values are attributed to the company's share of separable assets and liabilities acquired. Where the cost of acquisition exceeds the values attributable to such assets and liabilities the difference is treated as purchased goodwill.

The profit or loss on the disposal of a previously acquired business includes the attributable amount of any purchased goodwill relating to that business.

#### *Cash flow statements*

Under Financial Reporting Standard 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that more than 90% of the voting rights in the company are controlled within the group headed by the company's ultimate parent undertaking, Sumitomo Electric Industries Limited, which includes the company in its own published consolidated financial statements and these financial statements are publicly available.

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

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Plant and machinery	-	5 years
Fixtures and fittings	-	3 to 5 years
Motor vehicles	-	4 to 5 years

#### *Fixed asset investments*

Investments are stated at cost less any provision for impairment losses

## Notes (continued)

### 1 Accounting policies (continued)

#### *Goodwill*

Goodwill representing the excess of the fair value of the consideration given and associated costs over the fair value of net assets purchased is capitalised within fixed assets and amortised by equal instalments over its expected useful economic life of 15 to 20 years. Provision is made for any impairment.

#### *Foreign currencies*

Transactions in non-Euro currencies recorded in the company's UK branch are translated into Euros using monthly average exchange rates. The resulting gains and losses are taken to the profit and loss account.

The transactions of the company's overseas branches (located in non-Euro countries) are recorded in the currency local to the branch and translated into Euros at an average rate. The resulting gains and losses are taken to the profit and loss account.

Monetary assets and liabilities denominated in non-Euro related currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Pensions*

The company provides a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to the profit and loss account as they become payable.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is the shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They are regarded as recoverable to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers. Income is recognised when the risk of ownership passes to the customer, ie when goods or services are delivered to the customer

### 2 Analysis of turnover

All turnover is derived from one class of business. Turnover is split geographically as follows

	2007 €	2006 €
Europe	11,683,093	10,146,646
South America	18,826	142,397
North America	18,926	34,288
Asia	304,401	281,153
Africa	567	-
	<u>12,025,813</u>	<u>10,604,484</u>

## Notes (continued)

### 3 Profit/(loss) on ordinary activities before taxation

<i>Profit/(loss) on ordinary activities before taxation is stated</i>	2007	2006
	€	€
<i>after charging/(crediting)</i>		
Amounts receivable by the auditors and their associates in respect of		
- audit of these financial statements	32,300	25,875
- other services relating to taxation	10,550	11,334
- all other services	67,226	63,395
Depreciation	81,274	331,145
Amortisation of goodwill	26,441	26,441
Operating lease rentals		
- land and buildings	89,977	239,633
(Profit)/loss on disposal of assets	(6,379)	17,467
	<hr/>	<hr/>
Exceptional costs		
- restructuring of UK operations	-	630,000
	<hr/>	<hr/>

Exceptional costs in 2006 comprised the moving of the European central warehousing function from the UK to Germany. These costs comprised mainly of the write down of leasehold building improvements, making good of leased premises and redundancies. These costs were included in operating expenses for 2006.

### 4 Remuneration of directors

	2007	2006
	€	€
Directors' emoluments	72,709	72,484
	<hr/>	<hr/>

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2007	2006
Distribution/office staff	33	30
	<u>33</u>	<u>30</u>
	2007	2006
	€	€
Wages and salaries	1,456,970	1,303,201
Social security costs	242,278	220,979
Other pension costs	27,239	29,920
	<u>1,726,487</u>	<u>1,554,100</u>

### 6 Interest receivable and similar income

	2007	2006
	€	€
On bank accounts	10,113	8,055
Net exchange gain	126,033	-
	<u>136,146</u>	<u>8,055</u>

### 7 Interest payable and similar charges

	2007	2006
	€	€
On loans from group companies	84,950	80,478
Net exchange loss	-	37,064
	<u>84,950</u>	<u>117,542</u>

## Notes (continued)

### 8 Taxation

#### Analysis of taxation charge for the year

	2007 €	2006 €
<i>Current tax</i>		
UK Corporation tax for the year	3,014	-
Overseas taxes (including €124,230 (2006 €nil) in respect of previous periods)	429,181	338,987
Group relief	-	101,462
<b>Total current tax charge</b>	<b>432,195</b>	<b>440,449</b>
<i>Deferred taxation</i>		
Origination/reversal of timing differences	-	-
	<b>432,195</b>	<b>440,449</b>

#### Factors affecting the tax charge for the year

The tax assessed for the year is higher (2006 higher) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007 €	2006 €
Profit/(loss) on ordinary activities before tax	721,109	(330,006)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	216,333	(99,002)
<i>Effects of</i>		
Expenses not allowable for tax purposes	13,164	14,880
Difference between accumulated depreciation and capital allowances	(5,336)	73,255
Provisions	(56,570)	10,867
Foreign tax	(43,800)	-
Utilisation of losses	(120,777)	-
Group relief	-	101,462
Overseas taxes	429,181	338,987
<b>Current tax charge for the year</b>	<b>432,195</b>	<b>440,449</b>

Any future tax charges may be impacted by the announced change in the rate of corporation tax from 30% to 28%, effective from 1 April 2008. The impact of this has not been quantified in the financial statements as the directors do not consider it practicable to do so.

**Notes (continued)**

**9 Intangible fixed assets**

	<b>Goodwill</b>
	<b>€</b>
<i>Cost</i>	
At beginning and end of year	487,747
<i>Amortisation</i>	
At beginning of year	(206,075)
Charge for year	(26,441)
At end of year	(232,516)
<i>Net book value</i>	
At 31 December 2007	255,231
At 31 December 2006	281,672

**10 Tangible fixed assets**

	<b>Plant and Machinery</b>	<b>Fixtures, fittings, tools and equipment and motor vehicles</b>	<b>Total</b>
	<b>€</b>	<b>€</b>	<b>€</b>
<i>Cost</i>			
At beginning of year	55,472	530,046	585,518
Additions	-	113,409	113,409
Transfer	(26,870)	26,870	-
Disposals	-	(101,600)	(101,600)
At end of year	28,602	568,725	597,327
<i>Depreciation</i>			
At beginning of year	19,883	346,382	366,265
Charge for year	3,072	78,202	81,274
Transfer	(6,672)	6,672	-
Disposals	-	(93,995)	(93,995)
At end of year	16,283	337,261	353,544
<i>Net book value</i>			
At 31 December 2007	12,319	231,464	243,783
At 31 December 2006	35,589	183,664	219,253



## Notes (continued)

### 11 Fixed asset investment

	2007
<i>Shares in group companies</i>	€
Cost	
At beginning and end of year	<u>38,000</u>

The following information relates to the fixed asset investment

	Country of incorporation	Principal activity	Percentage of ordinary shares held
<i>Investments</i>			
SEI Interconnect Products (Hungary) Kft	Hungary	Manufacture of flat flexible cable	1%

### 12 Stocks

	2007 €	2006 €
Finished goods and goods for resale	<u>1,264,948</u>	<u>1,177,403</u>

### 13 Debtors

	2007 €	2006 €
Trade debtors	2,892,443	2,464,677
Amounts owed by group undertakings	709,589	739,966
Other debtors	72,272	77,151
Prepayments and accrued income	100,789	71,355
	<u>3,775,093</u>	<u>3,353,149</u>

There are no items due after one year (2006 *€nil*)

**Notes (continued)**

**14 Creditors: amounts falling due within one year**

	2007 €	2006 €
Trade creditors	436,275	769,450
Amounts owed to group undertakings	2,039,555	1,572,354
Loan from group undertaking	1,700,000	1,700,000
Corporation tax	3,014	-
Other taxes and social security	595,273	267,911
Other creditors	112,945	121,928
Accruals and deferred income	337,902	717,168
	<u>5,224,964</u>	<u>5,148,811</u>

**15 Provision for liabilities and charges - deferred taxation**

	2007 (Asset)/liability €	2006 (Asset)/liability €
Difference between accumulated depreciation and amortisation and capital allowances	(8,737)	(14,697)
Other timing differences	(32,223)	(91,095)
Tax losses carried forward	(123,262)	(306,987)
	<u>(164,222)</u>	<u>(412,779)</u>

The unrecognised, potential deferred tax asset of the company at 30% (2006 30%) is detailed above. This asset is not recognised due to uncertainty existing as to the level and timing of future profits in SEI Interconnect Products (Europe) Limited.

## Notes (continued)

### 16 Share capital

	2007 £	2006 £
<i>Authorised</i>		
10,000,000 ordinary shares of £1 each	10,000,000	10,000,000
<i>Allotted, called up and fully paid</i>		
3,000,000 ordinary shares of £1 each	3,000,000	3,000,000

The Euro equivalent of the issued share capital at the commencement of trading amounted to €4,215,900 (2006 €4,215,900)

### 17 Profit and loss account

	2007 €
Profit/(loss) for the financial year	288,914
Balance brought forward	(3,751,582)
Balance carried forward	(3,462,668)

### 18 Reconciliation of movements in shareholders' funds

	2007 €	2006 €
Profit/(loss) for the financial year	288,914	(770,455)
Opening shareholders' funds	464,318	1,234,773
Closing shareholders' funds	753,232	464,318

### 19 Contingent liabilities

The company had no contingent liabilities in either year

**Notes (continued)**

**20 Commitments**

- (a) The company had no capital commitments in either year
- (b) The company's commitments for rental payments under non-cancellable operating leases payable during the year to 31 December 2007 are as follows

	<b>Land and buildings</b>	
	<b>2007</b>	<b>2006</b>
	<b>€</b>	<b>€</b>
<i>Leases expiring</i>		
Within one year	-	3,840
Between 2 and 5 years	93,088	126,802
Over 5 years	-	-
	<hr/>	<hr/>
	<b>93,088</b>	<b>130,642</b>
	<hr/>	<hr/>

**21 Pension commitments**

The company operates a defined contribution scheme on behalf of its directors and employees. The charge to the profit and loss account for the year was € 27,239 (2006 €29,920).

At the year end contributions amounting to €Nil (2006 €Nil) were payable to the fund.

**22 Parent undertakings**

The company which heads up the smallest group of undertakings into which the results of the company are consolidated is SEI (UK) Holding Limited, a company incorporated in the UK. Copies of the group's accounts are available to the public and can be obtained from Companies House.

The ultimate holding company and controlling party is Sumitomo Electric Industries Limited, a company incorporated in Japan. Copies of the group's accounts are available to the public and can be obtained from Sumitomo Electric Industries Limited, Osaka, Japan.

After the balance sheet date, the directors of Sumitomo Electric Industries Limited passed a resolution for SEI (UK) Holding Limited to be liquidated.