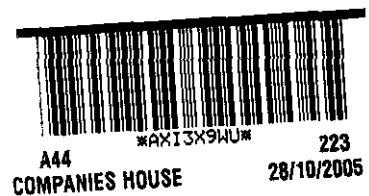


**SEI Interconnect Products (Europe) Limited**

**Directors' report and financial  
statements**

**Registered number 3639819**

**31 December 2004**



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## Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2004.

### Principal activities

The principal activity of the company during the year under review was the distribution of electric wire and cable products.

### Review of business

Turnover for the company was €15,088,984 (31 December 2003: €19,231,937).

The company's pre-tax profit was €104,260 (31 December 2003: loss of €349,703).

The full financial results of the company for the year are set out on page 5 of the accounts.

*The continued movement of business to Asia has had a significant effect on the results of the company. However, the results of restructuring undertaken over the past few years are showing positive effects which have resulted in the company trading profitably during the year.*

### Proposed dividend

The directors do not propose the declaration of a dividend (2003: *€nil*).

### Directors and directors' interests

The directors who held office during the year were as follows:

M Takahagi	(resigned 31 December 2004)
S Endo	(appointed 31 March 2004)
H Saen	(appointed 1 March 2004, resigned 29 June 2005)
A Kudo	(appointed 29 June 2005)

None of the directors who held office at the year end had any beneficial interest in the shares of the company or the group.

According to the register of directors interests, no rights to subscribe for shares or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

### Overseas branches

The company had branch operations located in France, Italy, Germany and Hungary throughout the year. The Hungarian branch recommenced trading during the year.

### Political and charitable contributions

The company made no political or charitable contributions during the period (2003: *€nil*).

## Directors' report *(continued)*

### 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

Unit 34  
Aberafan Road  
Baglan Industrial Park  
Baglan  
Port Talbot  
SA12 7DJ

21 October 2005

## 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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

Mariborough 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 on pages 5 to 16.

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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 directors' report 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.

### **Basis of audit 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 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 affairs of the company 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.

*KPMG LLP*

Chartered Accountants  
Registered Auditor

*16 October*

2005

**Profit and loss account**  
*for the year ended 31 December 2004*

		2004	2003
	€	€	€
<b>Turnover</b>	2	15,088,984	19,231,937
Cost of sales		(12,708,750)	(16,165,286)
<b>Gross profit</b>		2,380,234	3,066,651
Administrative expenses - ordinary	(2,517,936)		(2,946,369)
- exceptional	-		(377,124)
Total administrative expenses		(2,517,936)	(3,323,493)
Other operating income		223,299	-
<b>Operating profit/(loss)</b>		85,597	(256,842)
Interest receivable and similar income	6	122,923	17,661
Interest payable and similar charges	7	(104,260)	(110,522)
<b>Profit/(loss) on ordinary activities before taxation</b>	3-7	104,260	(349,703)
Tax on loss on ordinary activities	8	(31,607)	(5,634)
<b>Profit/(loss) on ordinary activities after taxation being profit /(loss) for the financial period</b>		72,653	(355,337)
<b>Profit and loss account brought forward</b>		(2,706,466)	(2,351,129)
<b>Profit and loss account carried forward</b>		(2,633,813)	(2,706,466)

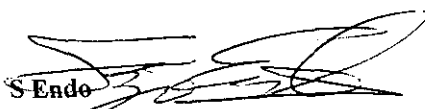
The above results represent the total recognised gains and losses for the company in both financial years.

All of the activities of the company are classed as continuing.

**Balance sheet**  
*at 31 December 2004*

	Note	2004	2003
		£	£
<b>Fixed assets</b>			
Intangible assets	9	334,554	360,994
Tangible assets	10	688,343	786,643
Investments	11	38,000	38,000
<b>Current assets</b>			
Stocks	12	1,634,678	2,355,564
Debtors	13	4,244,927	6,220,251
Cash at bank and in hand		649,858	338,791
		<u>6,529,463</u>	<u>8,914,606</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(6,008,273)</u>	<u>(8,590,809)</u>
<b>Net current assets</b>		<b>521,190</b>	<b>323,797</b>
<b>Total assets less current liabilities being total net assets</b>		<u><b>1,582,087</b></u>	<u><b>1,509,434</b></u>
<b>Capital and reserves</b>			
Called up share capital	16	4,215,900	4,215,900
Profit and loss account		(2,633,813)	(2,706,466)
<b>Equity shareholders' funds</b>	17	<u><b>1,582,087</b></u>	<u><b>1,509,434</b></u>

These financial statements were approved by the board of directors on 21 October 2005 and were signed on its behalf by:

  
S Endo  
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.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts (see note 20). These financial statements present information about the company as an individual undertaking and not about its group.

#### *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:

Building improvements	-	20 years
Plant and machinery	-	7 years
Fixtures and fittings	-	3 to 5 years
Motor vehicles	-	3 to 4 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 as they become payable.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In general 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 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:

	2004 €	2003 €
Europe	13,905,681	17,521,868
South America	661,093	214,611
North America	370,706	1,297,948
Asia	151,504	197,510
	<hr/>	<hr/>
	15,088,984	19,231,937
	<hr/>	<hr/>

## Notes (continued)

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

<i>Profit/(loss) on ordinary activities before taxation is stated</i>	2004 €	2003 €
<i>after charging</i>		
Auditors' remuneration:		
- audit	23,327	22,762
- other services	72,176	76,124
Depreciation	151,447	199,031
Amortisation of goodwill	26,440	26,441
Operating lease rentals		
- land and buildings	234,365	265,762
- plant and machinery	531	427
	<hr/>	<hr/>
<i>after crediting</i>		
Profit on disposal of asset	1,380	7,831
	<hr/>	<hr/>
Exceptional costs		
- restructuring of UK operations	-	377,124
	<hr/>	<hr/>

### 4 Remuneration of directors

	2004 €	2003 €
Directors' emoluments	96,939	188,929
Company contributions paid to a money purchase scheme	-	10,150
	<hr/>	<hr/>

### 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	
	2004	2003
Distribution/office staff	27	31
Administration	-	1
	<hr/>	<hr/>
	27	32
	<hr/>	<hr/>

**Notes (continued)**

**5 Staff numbers and costs (continued)**

	2004 €	2003 €
Wages and salaries	1,162,739	1,184,519
Social security costs	202,075	216,338
Other pension costs	29,198	49,761
	<u>1,394,012</u>	<u>1,450,618</u>

**6 Interest receivable and similar income**

	2004 €	2003 €
On bank accounts	7,136	9,151
Other income	-	8,510
Net exchange gain	115,787	-
	<u>122,923</u>	<u>17,661</u>

**7 Interest payable and similar charges**

	2004 €	2003 €
Net exchange loss	-	3,623
On loans repayable within one year to group companies	104,260	106,899
	<u>104,260</u>	<u>110,522</u>

## Notes (continued)

### 8 Taxation

#### Analysis of taxation charge for the year

	2004 €	2003 €
<i>Current tax</i>		
UK Corporation tax for the year	1,700	-
Overseas tax	29,907	(32,739)
Group relief payable	-	19,566
Adjustment in respect of prior years	-	18,807
	<hr/>	<hr/>
Total current tax charge	31,607	5,634
<i>Deferred taxation</i>		
Origination/reversal of timing differences	-	-
	<hr/>	<hr/>
	31,607	5,634
	<hr/>	<hr/>

The UK corporation tax charge in the year relates to tax payable on interest income only because the company has trading losses brought forward in the UK (31 December 2003: €Nil).

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

The tax assessed for the year is higher (2003: *higher*) than the standard rate of corporation tax in the UK of 30% (2003: 30%). The differences are explained below:

	2004 €	2003 €
Profit/(loss) on ordinary activities before tax	104,260	(349,703)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2003: 30%)	31,278	(104,911)
<i>Effects of</i>		
Expenses not allowable for tax purposes	9,799	14,605
Difference between accumulated depreciation and capital allowances	11,260	22,942
Provisions	3,487	40,368
Foreign taxes	20,935	7,430
Adjustment to group relief in respect of prior periods	-	18,807
Group relief charge	-	19,566
Utilisation of losses	(45,152)	(13,173)
	<hr/>	<hr/>
Current tax charge for the year	31,607	5,634
	<hr/>	<hr/>

**Notes (continued)**

**9 Intangible fixed assets**

	<b>Goodwill €</b>
<i>Cost</i>	
At beginning and end of year	487,747
<i>Amortisation</i>	
At beginning of year	126,753
Charge for year	26,440
At end of year	153,193
<i>Net book value</i>	
At 31 December 2004	<b>334,554</b>
At 31 December 2003	360,994

**10 Tangible fixed assets**

	<b>Leasehold building improvements €</b>	<b>Plant and Machinery €</b>	<b>Fixtures, fittings, tools and equipment and motor vehicles €</b>	<b>Total €</b>
<i>Cost</i>				
At beginning of year	732,087	269,101	784,013	1,785,201
Additions	-	-	74,523	74,523
Disposals	-	-	(93,317)	(93,317)
At end of year	732,087	269,101	765,219	1,766,407
<i>Depreciation</i>				
At beginning of year	232,743	178,581	587,234	998,558
Charge for year	36,604	24,817	90,026	151,447
Disposals	-	-	(71,941)	(71,941)
At end of year	269,347	203,398	605,319	1,078,064
<i>Net book value</i>				
At 31 December 2004	<b>462,740</b>	<b>65,703</b>	<b>159,900</b>	<b>688,343</b>
At 31 December 2003	499,344	90,520	196,779	786,643

## Notes (continued)

### 11 Fixed asset investment

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

The following information relates to the fixed asset investment:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Investments</i>			
SEI Interconnect Products Kft	Hungary	Manufacture of flat flexible cable	2%

### 12 Stocks

	2004 €	2003 €
Finished goods and goods for resale	1,634,678	2,355,564

### 13 Debtors

	2004 €	2003 €
Trade debtors	3,261,627	5,285,228
Amounts owed by group undertakings	409,643	406,142
Other debtors	79,912	132,638
Prepayments and accrued income	315,873	142,487
VAT and overseas tax debtor	177,872	253,756
	4,244,927	6,220,251

There are no items due after one year (2003: €5,668).



## Notes (continued)

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

	2004 €	2003 €
Trade creditors	791,086	1,566,692
Amounts owed to group undertakings	1,190,540	1,658,461
Loan from group undertaking	3,500,000	4,200,000
Other taxes and social security	61,596	94,134
Other creditors	77,107	101,907
Corporation tax creditor	1,700	-
Accruals and deferred income	386,244	969,615
	<u>6,008,273</u>	<u>8,590,809</u>

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

	2004 (Asset)/liability €	2003 (Asset)/liability €
Difference between accumulated depreciation and amortisation and capital allowances	(32,197)	(21,018)
Other timing differences	(53,263)	(31,452)
Tax losses carried forward	(369,283)	(392,619)
	<u>(443,743)</u>	<u>(445,089)</u>

The unrecognised, potential deferred tax asset of the company at 30% (2004: 30%) is detailed above. This asset is not recognised due to uncertainty existing as to whether it will crystallise in the future.

### 16 Share capital

	2004 £	2003 £
<b>Authorised</b>		
10,000,000 ordinary shares of £1 each	<u>10,000,000</u>	<u>10,000,000</u>
<b>Allotted, called up and fully paid</b>		
3,000,000 ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

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

## Notes (continued)

### 17 Reconciliation of movements in equity shareholders' funds

	2004 €	2003 €
Profit/(Loss) for the financial year	72,653	(355,337)
Opening shareholders' funds	1,509,434	1,864,771
Closing shareholders' funds	1,582,087	1,509,434

### 18 Lease commitments

The company's commitments for rental payments under non-cancellable operating leases payable during the year to 31 December 2004 are as follows:

	2004		2003	
	Land and buildings €	Other operating leases €	Land and buildings €	Other operating leases €
<i>Leases expiring</i>				
Within one year	29,004	-	-	-
Between 2 and 5 years	170,757	-	159,164	7,803
Over 5 years	13,795	-	-	-
	<u>213,556</u>	<u>-</u>	<u>159,164</u>	<u>7,803</u>

### 19 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 € 29,198 (2003: €49,761).

At the year end contributions amounting to €Nil (2003: €5,309) were payable to the fund and are included in creditors.

### 20 Related party transactions and 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.